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Linking Foreign Policy and Energy Security: Iran-Pakistan gas Pipeline

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ABSTRACT

Energy in the context of foreign policy has become a major political concern for the stability of the country. Pakistan's energy and foreign policy experts paid less attention to strengthening its relationship on the basis of energy with the energy-rich countries. Despite its geographical significance as a potential energy corridor between the Middle East and Central Asia, Pakistan's energy sector fails to secure its energy needs. This research study focuses on energy dynamics in the foreign policy of Pakistan and regional energy projects like the IP gas Pipeline, have been studied in detail. The study found that Pakistan is left with no other option but to execute regional energy projects if the country needs to overcome the energy crisis. The study also found that the major obstacles to executing these projects in Pakistan are a lack of financial resources, lack of investments, international pressure, the country's internal issues, regional issues and the changing regional situation. This study is proposed to be useful for policymakers to evaluate the impact of energy import dependency and to formulate foreign policy

Keywords: *Energy security, Energy Policy, Foreign Policy, Energy resources, Energy crisis, Iran Pakistan Gas Pipeline*

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Introduction

Energy is a fundamental issue for the security and economic prosperity of Pakistan, however, Pakistan has shown the least interest to integrate its energy into foreign policy dynamics. Energy has gained importance in foreign policy and recently gained attention in world politics. Many countries both developed and developing have a foreign policy based on their energy policy. The US is a major example of an energy-based foreign policy. China has an energy-based foreign policy with all the energy-rich countries. Although Pakistan has energy-rich neighboring countries and can attain energy security, however, no attention has been given to energy while making foreign policy. Pakistan can import energy from Qatar, Central Asia, and Iran. The country can also seek technical and financial assistance from developed countries. As US has threatened Pakistan to refrain from the IP gas pipeline project

and created hurdles to realize this project. Due to the dictated foreign policy choices, no regional energy project has started to develop in Pakistan. Due to the US threat and lack of financial resources IP project has not started on the territory of Pakistan.

Oil and gas bring substantial economic and geopolitical consequences in today's world, therefore these are considered to be strategic sources of energy. Natural gas is considered as the preferred energy over oil, due to its "efficiency and cost-effectiveness". Today Iran has "a 15.8 %" share of global natural gas reserves, therefore Iran needs to export its natural gas and the Asian market is the best possible option. Pakistan has limited options for energy production and has utilized its gas and hydel power, instead of coal. Pakistan's major part of Sui gas reserves has been used and is depleting. Moreover, Pakistan has been unsuccessful to exploit its hydel, oil or coal potential. The country neither has liquefied gas import terminal nor the capability to refine huge crude oil imports. Therefore, the best option left for Pakistan is the import of natural gas from Iran. However, pipeline projects have always been a highly political issue.

The article argues that political instability and unrest are two major factors in the intersection of foreign policy and energy politics in Iran and Pakistan. The regional actors and world powers, which can manage energy domination in these volatile political environments marked by political and economic instability, wars and tensions successfully meet the challenges of energy security in the years to come. Pakistan's relations with Iran particularly in the context of the Iran-Pakistan gas Pipeline project have emerged as a key opportunity for Pakistan, India and China's energy security. There are certainly some grey areas, which entail challenges that could become a liability for Pakistan's foreign policy. However, if this project is handled prudently it has an asset potential for the country. The project has prospects through energy relations with Iran by the removal or relaxation of sanctions on Iran and Pakistan's offers to China to be a member in this Project as China is already working on the Belt Road Initiative (BRI) and the CPEC project in the region. The strategy between the politics of energy and foreign policy is critical if Pakistan wants to turn these grey areas' challenges into assets.

Objectives of the Study

As Pakistan has not prioritized its energy in foreign policy and if relations of a state are not based on energy with energy-rich states then the state can face the consequences. These policies need to be implementable, and futuristic. Institutions must be held accountable. Therefore, there is a dire need for energy security and if Pakistan to formulate its foreign policy judiciously with the US, and the Middle East. This study would try to analyze Pakistan's less attention to its energy security and how foreign policy can impact its energy policy. This research study intends to find out the relationship between foreign policy and the energy security of Pakistan in current national, regional and global politics and to explore the issues and problems in Pakistan and its bilateral and multilateral relations with energy-rich countries.

Research Methodology

The method used here is the case study method. The case study can be compared in that the analysis is the national state that is Pakistan, based on a categorization of three periods of three governments starting from 2002 to 2018. The chronology will

be based on the government steps taken on national and international level in energy sector. The first period will start from 2002-2007, the second period 2008-20013 and the third period 2013-2018.

It is an analytical study based on secondary data collected from various authentic sources. The required data have been taken from officially published documents of UN, World Bank, IEA and Government of Pakistan. The information based on worldwide publications of experts in the field of energy, energy security, sustainable development andforeign policy were utilized in this study.

To determine the internal validity of the data, the originality and similarity of the contents were compared to other documents published by other governments and bodies. It was ensured that the document published by the relevant government department. The official website is ensured if the data was retrieved from web.

Opinions of those experts who have published various articles in well-reputed national and international journals on the topic of energy, foreign policy, energy crisis and management, energy security, and energy diplomacy were considered valid while making analysis and arriving at conclusion.

Theoretical Assessment

The relation between energy security and foreign policy term has a tendency in the literature to tackle these concepts by narrowing to supply security. IEA defines energy security as "the uninterrupted availability of energy sources at an affordable price". From the emerging regional political and military challenges of the 21st century, Pakistan needs to sustain the international market, energy security, and political and economic stability. Therefore, this research study focuses on understanding energy security and uninterrupted energy supply.

Another feature of energy security is national and international politics and national agenda. According to realists, military security is the dominating security issue while the availability of energy resources is related to soft power arising from liberalism.

Energy security is strategically important as it coincides with countries having different roles in energy politics as consumers, producers and transit countries therefore interaction between foreign policy and energy security is important. Due to the interdependence in energy the energy strategies and foreign policies of states are interlinked. It is clear that energy dynamics formulate foreign policy between countries voluntarily or coercively. Voluntary energy can play important role in the relations of a state with other states with cooperation and partnership. Therefore, energy operates both as a tool and an influence on foreign policy.

The impact of energy on foreign policy is crucial as both are interconnected and the impact of foreign policy on energy security is also significant. Therefore, Pakistan needs to strengthen its relations with Iran for long-term energy contracts. Likewise, Political stability and bilateral relations are important for both Pakistan and Iran for the gas pipeline project. China and India have a huge demand for natural gas, Therefore Pakistan can play a role as a transit route for both countries and can build its relations with these countries accordingly. As India was initially the partner in the project but later on India withdraw from the project. China can be an option for

Pakistan and China can use Pakistan territory as a transit route that can be beneficial for both countries.

Significance of IP Gas Pipeline for Pakistan

For Pakistan, the IP project is not a "gas pipeline" but a "Life Line". Therefore, the IP pipeline is in the best interest of Pakistan that has to be carried out. The project will fulfill 75% of energy needs. Although the project would cost over $ 3 billion, however, it would reduce the $5.3 billion oil imports of Pakistan. Therefore, Pakistan should not make any compromise for the best interest of the nation. Once the project would be completed it would not only overcome the energy crisis but would increase industrial production and also create job opportunities in the provinces of Sindh and Balochistan.

The IP pipeline can reduce the pressure on the country's energy shortage and expensive crude oil can be substituted with natural gas for energy generation. The flow of 21.5Mcm/day will boost the national economy. Through pipeline Politics Pakistan can take advantage of investment, regional trade and economic connectivity through regional connectivity, as the future economic hub will be this region. From these perspectives, Pakistan should not bow to US pressure and realize its own national economic interest. Apart from the Baloch insurgency, the Balochistan province was in favour of the IP gas pipeline as they were hoping that it would bring prosperity to the province, which would resultantly bring stability to this problematic area. The economic ties with Iran would reduce the differences between these provinces.

Background and the Development of the IP Gas Pipeline Project

Initially, the project was proposed between Iran, Pakistan and India called the IPI gas pipeline project also called the Peace Pipeline Project. India left the projects in 2009 after signing the nuclear agreement with the US. The IP project is vital for political and socio-economic development with huge investments in the infrastructure of Pakistan and Iran. Pakistan and Iran faced socio-economic and political issues owing to the U.S. Likewise, Pakistan had both ethnic and sectarian issues, which was another hurdle in Iran-Pakistan political and economic relations. As India was supposed to be the partner of this project, the Kashmir issue between Pakistan and India is another hurdle to the smooth functioning of the project. Balochistan is the southeast of Iran problem and the ethnic issue of Balochistan was the problem for Iran and Pakistan. Despite all the issues, Pakistan and Iran perceived the IP natural gas pipeline project as the provision of cooperation and economic and political development in both countries. The IP natural gas pipeline was conceptualized in 1990 with the intention to supply natural gas to Pakistan and in 1999, Iran declared to extend the natural gas pipeline to India, and later on, Iran had a pilot agreement with India.

In 1994, Pakistan discussed with Iran for the first time importing Iran's natural gas to Pakistan during the rule of PPP under the premiership of (Late) Benazir Bhutto. In 1995, Pakistan again discussed the gas pipeline with Iran and signed a preliminary agreement. In 1998, during the rule of the Pakistan Muslim League (PML-N) under the premiership of Nawaz Sharif and it was proposed for the first time to include India in this natural gas pipeline. In 1999, Iran started negotiations with India and

India agreed to join the project only after the settlement of the Kargil issue. However, transit fees and gas pricing remained to be major issues for the parties.

After the 9/11 2001 incidents, Pakistan became the strategic partner of the US, and the IP gas pipeline waned in Pakistan and India. Pervez Musharraf ignored this project and continued only lip service considering it as a Transit pipeline for India, as Iran has huge natural gas reserves and India at that time was in need of energy whereas Pakistan had no such energy strains during that time. Afterward, India also backed out of the project by signing a nuclear agreement with the US. In 2003, a group of Pakistan and Iran officials was established for further development. In 2004 the Pakistan PM, Shaukat Aziz endeavored to convince India to join the IP project during the SAARC Conference, however, India paid little concern. The major reason was Indian apprehension over the "security issues" between India and Pakistan. India showed concerns that if any issue happened to arise between the countries, Pakistan would try to block the gas supply and therefore India would be at high risk. Another factor was the transit fee, which restrained India to join the project. India would need to pay around $350 million as a transit fee to Pakistan, which was hard for India.

In 2005, President Musharraf decided to include India in the project by initiating confidence-building security measures in Pakistan and India finally agreed to join the project and to spread the pipeline from Iran to India, as by that time India was tackling with energy shortfall. Another issue was the diameter of the gas pipeline, which was not resolved during Musharraf's presidency. Once the gas pipeline is constructed, the diameter of the pipeline cannot be altered. Currently, the gas pipeline's diameter is 56 inches, however if Pakistan has to take the natural gas all the way across India at that time, an increased diameter would be required to meet the needs of India. In 2008, in Islamabad, Iran offered China to participate IP gas pipeline project, Iranian President said in a meeting with Pakistan's Prime Minister.

India signed the nuclear deal with the US in 2008 and in 2009 India withdrew from the IP project, by making an excuse for security issues and overpricing (Gupta, 2012). In 2010, the US also warned to impose sanctions on Pakistan to refrain from the IP pipeline. However, the regional understanding appeared in the policies of both countries, which happened when Pakistan-US relations deteriorated in 2011. PPP's President Zardari visited Iran twice during the last two years of his party's rule and signed the landmark pipeline project with President Ahmadinejad refuting the US pressure and threats of imposing sanctions on Pakistan. Therefore, on 2010 March 16, both countries signed a formal agreement in Ankara (Turkey). As per the agreement both countries had to construct their section of the IP pipeline till December 2014. In July 2011, Iran published that Iran had completed the gas pipeline construction in Iran and demanded Pakistan to start construction on Pakistan territory as was decided. On 2012 March 12, Pakistan's finance ministry argued that the investors were least interested in the project due to the Iranian sanctions, therefore Pakistan requested assistance from Iran, China and Russia. On 2012 September 4, the government of Pakistan announced that the survey would be completed before October and the project would start in December 2012 and the pipeline would supply natural gas about 750 million cubic feet (MCF) per day in December 2014.

In 2012, the US warned to impose strict sanctions on an individual or financial institution (not on the country) to promote Iranian petrochemical products. Iran already had strict sanctions imposed by the US. Therefore, three companies, which were financing the IP project in Pakistan, pulled out of this project.

I. **National Bank of Pakistan (NBP):** The reserves of NBP banks were in the US and the whole import and export was supervised from the US, therefore NBP would not take any risk. Thus NBP refused to finance this project as a result of the threat of US sanctions in November 2011.

II. **Industrial-Commercial Bank of China:** In 2011, China due to the US warning and its own vested interests refused to finance and pulled out.

III. **Oil & Gas Development Company Limited (OGDCL):** The shareholders of OGDCL are foreigners and therefore they have their business with them.

Therefore, to develop and pursue the IP gas pipeline Pakistan did not have its own institutions to support and China also refused to finance this project. On 2012 April 12, there was speculation that Saudi Arabia wanted Pakistan to withdraw the project and offer to compensate Pakistan, the country offered oil and cash money. The government of Pakistan granted the final approval of the project on 30th January 2013. After a lot of recent false initiatives finally, on 2013 March 11, the Presidents of both countries inaugurated the IP project. The President of Pakistan stated, "world does not understand us and does not want to understand our problems. They wish well for us but don't know how to help us; so we have to build and strengthen ourselves. Let us do it for ourselves" (Kiani, 2013). Iran had already finished the first phase of pipeline construction in its country. The second phase of the 120km gas pipeline construction was started, from the Iranshahr to the border of Pakistan through Baluchistan province while the construction of the IP pipeline in Pakistan was estimated to finish within two years. During the ceremony, the Iranian President warned the international community, "The project had nothing to do with its nuclear programme because the gas pipeline cannot help make bombs." He further said, "This is a peace pipeline and if the world wants peace it should refrain from creating hurdles. This pipeline will become a milestone in regional cooperation and this event is a message to opponents" (Kiani, 2013). Another former secretary of petroleum Ahmad Waqar said, "The caveat lies in resisting pressures and implementing the project with full focus," He said that Pakistan's national interest needed to pursue the consistency in IP project as it would provide prosperity to Pakistan. (Kiani, 2013)

In June 2013, Nawaz Sharif Pakistan's newly elected PM reassured the construction of the IP pipeline. Therefore, on 2013 November 10, Minister for petroleum and natural resource visited Iran to discuss issues with the IP gas pipeline and assured to continue the projects as a contractual obligation despite external pressure. Iran also has offered Pakistan to contract with an Iranian company, which in return would also provide a loan of $500 million to Pakistan for the construction of a pipeline in Pakistan. On 27 May 2013, the Iranian deputy petroleum minister wrote a letter to the government of Pakistan showing apprehension about the delayed construction of the IP gas pipeline in Pakistan. He stated that after a government-to-government agreement between Iran and Pakistan, Pakistan was supposed to select financing companies for the construction of the project. Pakistan didn't nominate Tadbir and

the local contractors to start the work. Pakistan refused to award the contract to Tabdir as the negotiated price was higher (Bhutta, 2013). In December 2013 Pakistani delegation visited Iran and Iran refused the $500 million loan offer but later on, the Pakistan government convinced Iran to provide the loan on Iranian conditions.

On February 25, 2014, the government of Pakistan declined to complete the project due to the US sanctions imposed on Iran. In May 2014 Prime Minister of Pakistan paid a visit to Iran and announced to continue the natural gas project, so the agreement was signed in May 2014. Iran has finished the Pipeline construction but the completion of this construction of the pipeline in Pakistan is yet to complete. The IP project is not completed to date due to the sanctions imposed on Iran by both UN, the US, and the UK.

In 2016, the PML government shelved the project under the pressure of one of the Arab countries. In February 2018, Iran threatened Pakistan to go to an arbitration court for unilaterally deferring the project under the penalty clause of GPSA. Tehran demanded payment of $1.2 billion as a penalty from January 2015, as Pakistan is compelled to pay $1 million/day provider it failed to take Iranian gas under the IP gas pipeline project. In late 2016, China's company offered to construct the pipeline from Gwadar to Iran, but could not reach an agreement then a month later in 2016 Pakistan requested the amendment of GPSA. On 2018, November 5 US imposed new sanctions on Iran. The officials of Iran in November 2018 visited Islamabad and asked Pakistan to take the waiver from sanctions imposed on Iran for the implementation of the project, as Iran emphasized that no sanctions existed on the transaction of gas, therefore Pakistan should start the construction of the IP gas pipeline. In February 2019 Iran Issued a notice for going to arbitration court under the penalty clause of GPSA, but later on withdraw the notice.

Features of IP Gas Pipeline

Initially, the Iran Pakistan natural gas pipeline was proposed to be between Iran, Pakistan and India. The proposed route would start from Iran's South Pars gas field and would pass through Bandar Abbas, Iranshahr, Khuzdar, Pakistan Sui and Multan and towards Fazilka India. The partners of the project are the National Iranian Oil Company, Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGPL). The project would expect to complete by mid-2015. The proposed length would be 2,775km in Iran, 1000km in Iran and 600km in India. The natural gas discharge would be 22 Bcmd/year and afterward, it would increase to 55 Bcmd/year. The diameter of the pipeline would be 54 inches in Iran and 48 inches in Pakistan. The estimated cost would be $ 7.5 billion. The expected completion time would be 3-5 years.

There has been a lot of discussion between the member countries for deciding the gas rate. Initially demanded $7.20 per million thermal units (MBTU), which was not acceptable to both India and Pakistan and offered "half the price" that Iran demanded. The new formula for gas price was $4.93 per MBTU, which was linked to the price of "Japan Crude Cocktail (JCC)" at the Iran-Pakistan border. If oil prices were $ 40 per barrel the equal price for gas would be $3.67 or $ 70 per barrel for oil then the gas price would be $ 5.56 and Pakistan has approved the price officially. However, a new price issue arose with the demand for the revision of the formula by Iran after every three years.

Current Status of IP Gas Pipeline

Pakistan has taken the least initiatives towards the construction of the IP project only table talk and MOUs were signed and no construction was started in Pakistan. Pakistan faced strong US opposition over the project since 2010 due to the US-Iran rivalry on Iran's nuclear program and the US warned Pakistan to impose sanctions on Pakistan on 11 March 2013 under the Iran Sanction Act if it continued the gas project with Iran. However, the question raised that if these sanctions would favour the US at the time when the US would need Pakistan's assistance for negotiation with the Taliban to completely withdraw US forces from Afghanistan and if the sanctions would be imposed on Pakistan, how Pakistan would sustain to confront the situation already facing the severe economic conditions. Therefore, there is no hope of the completion of the IP project.

Dilemmas of Pakistan's Energy and Foreign Policy: Risks and the Opportunities

Geo-Economic and Geo-Political Implications of IP

IP pipeline can bring a lot of opportunities for Pakistan. The project is an important part of the country's energy mix, which can benefit Pakistan to minimize the extent of the energy crisis as it can fill the gap between supply and demand. It will not only overcome the shortage of gas shortage, which is 1500-2000mcfd but will also reduce the electricity shortage, which is about 6000-7000MW. The cost of IP is $3 billion for Pakistan, however, the oil import will reduce by $5.3 billion which means it will save $ 2.3 billion (Munir, 2013). The project will be helpful for preserving the local gas reserves that are estimated to deplete very soon in Pakistan. The project will provide jobs in Balochistan thus it will be increasing the employment rate. Pakistan can have the transit fee provided the project is extended to India or China. In the energy sector, the supply of gas is shrinking and this sector will be the major beneficiary of this pipeline. New opportunities of cooperation will appear on the horizon for Iran and Pakistan. Iran has also proposed the Electricity Transmission Network and offered to sell this electricity at subsidized rates. Iran has also offered to cooperate to build an Oil refinery at the port of Gwadar. This pipeline can bridge the sectarian issue between both countries and there will be sectarian harmony.

Challenges to IP Project

There are lots of benefits connected to this project as discussed above, however this project has posed some critical challenges which are becoming hurdles for the construction of this Pipeline. The challenges posed by the IP project are discussed below.

Pakistan US Foreign Policy and US Threats to IP gas Project

Iran has been facing US sanctions since 1979. Sometimes the US imposed sanctions due to the reports of poor human rights and sometimes because of the allegation of terrorist activities. In 1995, the US imposed sanctions on oil and trade and further strengthened by announcing penalties for firms that invest US$40 million annually in natural gas and oil projects (Khan, 2012). The satellite images of Iranian nuclear

plants were published in 2002. In 2007, new sanctions were imposed targeting the banks (Khan, 2012) and in 2008, construction companies were the targets of US sanctions. In 2009-2010, Pakistan Richard Holbrooke warned about the impact of Iranian sanctions on Pakistan if it joined the IP pipeline. In 2010 the US offered an alternate route for energy to Pakistan. The US also offered assistance for a "Liquefied Natural Gas Terminal" and electricity from the Central Asian Republic Tajikistan through Wakhan Border, only if Pakistan restrict from IP Project but Pakistan denounced this US offer. D'Souza, S. (2011). Stated

The United States (US), for example, is propounding the project as "magic glue" that will bind the warring factions and their regional proxies into an interdependent cooperative framework. The US hopes that TAPI will in all likelihood wean India away from the Iran-Pakistan-India (IPI) gas pipeline from Iran's South Pars gas complex in the Persian Gulf. In addition to further isolating Iran, the resultant interdependence and benefits of cooperation might act as a catalyst for peace between India and Pakistan. (p.6)

The most difficult challenge is to counter the pressure of the US pressure, which may impose economic sanctions on Pakistan in the intense scenario. Iran has three types of sanctions due to its nuclear program. These are UN, US and EU sanctions. UN sanctions were imposed through the resolutions of the Security Council. These include Resolution 1737 (2006), 1747 (2007), 1803 (2008), and 1929(2010). Therefore, Russia's Gazprom and China's Industrial and Commercial Bank pulled out of the project. Similarly, OGDCL and NBP of Pakistan also denied funding the IP pipeline due to the US threat.

Balochistan Insurgents and IP Project as a Prospect for Balochistan

Balochistan's situation is another challenge for the completion of the IP project. The main route of the pipeline will pass through the problematic area of Balochistan. Therefore, Pakistan will face security issues due to tribal insurgency in Balochistan. During Musharraf's regime the "Military and Paramilitary Frontier Corps" tried to subdue the Baloch opposition by torturing, killing, abducting, and enforcing the disappearances of hundreds of Baloch Nationalists and this situation continued even after the restoration of democracy. The federal government did very less to address Baloch apprehensions demanding socio-economic and political autonomy underpinning the Baloch insurgency and a clear demonstration was the "abduction and killing of two Chinese missionaries" in Quetta in 2017.

The long-standing Balochistan insurgency can restrain the realization of regional energy projects. The Balochistan insurgency is not only an issue for gas pipeline projects but also for the internal stability of the country and resolving this issue is crucial for regional energy projects and the internal stability of the country. These feelings of deprivation combined with foreign involvement in promoting mistrust in Balochistan claimed to be a serious issue for the project. Economic and political deprivation is the major cause of insurgency in Balochistan (Javaid, 2010). Apart from the Baloch insurgency, the Balochistan province was in favour of the IP gas pipeline as they were hoping that it would bring prosperity to the province, which would resultantly bring stability to this problematic area. The economic ties with Iran would reduce the differences between the provinces.

Pakistan Foreign Policy towards Middle East and Arab Countries' implication on IP Project

Pakistan has friendly relations with Arab countries. Pakistan has cordial relations with Saudi Arabia however, most Arab countries have strained relations with Iran. Pakistan relies on foreign assistance to the tune of over 2 to 3 billion dollars each year (Munir et al., 2013). Pakistan should deal effectively to overcome this political obligation.

IP Project is technically and economically a feasible and viable project. However, the project has suffered a lot due to US non-acceptability resulting in an unprecedented delay in the accomplishment of the IP project. Iran and Pakistan are the major stakeholders in this project. Both countries have fundamental interests, which are political, economic and energy rewards. The real manifestation of the IP gas project is achievable only if all the key players and stakeholders' interests merge. The common interest's grounds are to be identified and essential diplomatic measures need to be taken to make the IP project a reality. The international players accept it or not, the IP project is a fact that can be delayed but cannot be denied.

Conclusion

Energy policy is very complicated and it has many stakeholders, therefore different levels of government are involved to formulate an energy policy. Energy security is a fundamental issue for the security and economic prosperity of Pakistan and it should be integrated into the country's foreign policy, however, Pakistan has shown the least interest to integrate its energy into foreign policy dynamics. China has energy-based foreign policy with all the energy rich countries. Although Pakistan has energy rich neighbouring countries and can attain energy security, however no attention has been given to energy security while making foreign policy. Pakistan has signed regional energy projects such as Iran Pakistan gas pipeline, however this study has observed that the execution of these projects has not started in Pakistan due to many reasons. IP project is technically and economically a feasible and viable project; however, the construction of IP gas pipeline could not be started due to the US pressure and US sanctions on Iran. Due to this pressure the local and foreign financers decided to withdraw from the project and Pakistan exchequer could not bear the burden alone to construct this pipeline. The study also observes that the IP energy project suffers due to the least initiatives taken by Pakistan in its foreign policy, lack of funds and international financial assistance. Effective national and foreign policy integration with economic and energy policy is essential for the execution of the IP project. An affordable, Sufficient and constant supply of energy is fundamental for peace and economic stability, the regional gas pipelines are the best possible option for Pakistan's energy security. Therefore, Pakistan needs to create the environment to encourage foreign investors and companies to develop the IP gas pipeline. Likewise, the effective integration of foreign policy into energy policy is necessary for the realization of the IP gas pipeline project, economic stability and energy security.

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