

# Pakistan adds a new twist

India is back again in running for IPI after Pakistan roped in China as an alternative to India, comments  
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The politics of pipelines assumed centre-stage in South Asia in April. For the two main beneficiaries of the pipelines, India and Pakistan, this was another occasion for camaraderie. On the face of it, they seem to have done well. But in the realm of international politics one has to go beyond what meets the eye.

The first good news that hit the media headlines was quite expected. The four-nation ministerial meeting in Islamabad signed an Intergovernmental Framework Agreement on 24 April to facilitate implementation of the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline. This was expected because ADB (Asian Development Bank) had expressed its readiness on 19 April to invest \$5 billion in the project, which is estimated to cost about \$7.6 billion.

India, which was so far keeping away, decided to join it after ADB showed an interest in it. The project reportedly has the blessings of the US, which wants to promote it as an alternative to the Iran–Pakistan–India (IPI) pipeline. The US also hopes it can alter the political and economic dynamics of Afghanistan if it materialises. Moreover, it can turn India and Pakistan away from the IPI.

The TAPI pipeline will run through three countries: 145 km in Turkmenistan, 735 km in Afghanistan through Herat and Kandahar, and 800 km in Pakistan till Fazilka on the Indo–Pak border. It will transport gas from the Dulatabad gas field in Turkmenistan, which has an estimated reserve of 51 trillion cu ft.

The project will be complete by 2014 if everything goes well. It will deliver 3.2

billion cu ft (bcf) of gas per day. Afghanistan will receive about 0.17 bcf per day while the rest will be shared by India and Pakistan on a 60:40 ratio.

There was an interesting twist to the pipeline politics in South Asia on 22 April with a statement from the Pakistan Petroleum Ministry that ADB is also expressing interest in the IPI pipeline. The media reported that the ADB country director Peter L. Feden assured Pakistan Petroleum Minister Khawaja Asif at a meeting on 17 April that ADB could finance any other major gas pipeline project.

It was likely that ADB has not given any concrete assurance yet.

This was preceded by President Pervez Musharraf's invitation to China to join the IPI pipeline. On 14 April, speaking to students in Beijing University, he said that IPI might be converted into IPC. On 16 April he made a formal offer to the Chinese to join the project.

In 2005 China had done a feasibility study of this project. It had then considered laying such a pipeline across the Karakoram mountain range close to the Karakoram Highway over-expensive, given the geological and technological challenges involved. On 13 February Pakistani media reported that if India pulled out of IPI China was most likely to join it.

The day after Musharraf made the offer, Pakistan Foreign Minister Shah Mahmood Quereshi said that China had shown interest to expand the multi-billion Iran–Pakistan gas pipeline. On 25 April Chinese Foreign Minister Yang

| Project | Reserve | Length in km | Cost (\$ bn) | Sponsor | Time    | Delivery Ind: Pak (bcf / day) |
|---------|---------|--------------|--------------|---------|---------|-------------------------------|
| TAPI    | 51      | 1680         | 7.6          | ADB     | 2010–15 | 3.2 (60:40)                   |
| IPI     | 325     | 2775         | 7–7.5        | ADB?    | 2009–12 | 2.46 (50:50)                  |

Jiechi, then visiting Islamabad, said that China was considering the proposal to join IPI very seriously. Chinese interest in IPI has possibly played a role in India accelerating its efforts to at least stay the course in the project.

On 26 April India and Pakistan agreed to discuss and sort out issues like transit fee, transpiration tariff, infrastructure and security of the pipeline in the coming

days. The pipeline will pass through Pakistan's troubled Balochistan province.

Present estimates suggest that Iran will earn about \$4.5 billion a year if it succeeds in selling 2.46 bcf of gas to India and Pakistan per day.

The Iranians' dealing with India over LNG supply has, however, been far from satisfactory. They have also dilly-dallied

over the pricing of IPI gas. They have not yet got their reserves certified by any credible agency. They have also not demonstrated seriousness about evolving procedures for management of the pipeline.

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