

# Linkage Between Energy Security And Foreign Policy Options: Way Forward For Pakistan

Dr. Mubeen Adnan<sup>1</sup>, Adeel Mukhtar<sup>2</sup>, Muhammad Asif<sup>3</sup>

<sup>1</sup>Associate Professor Department of Political Science, University of the Punjab, Lahore, Pakistan.

[mubeenadnan.polsc@pu.edu.pk](mailto:mubeenadnan.polsc@pu.edu.pk)

<sup>2</sup>Ph.D. Scholar School of Public Policy, Oregon State University, USA. , [mukhtaad@oregonstate.edu](mailto:mukhtaad@oregonstate.edu)

<sup>3</sup>Ph.D. Candidate Department of Political Science, University of the Punjab, Lahore, Pakistan.

[asif.316@hotmail.com](mailto:asif.316@hotmail.com)

## Abstract

Energy security is central to Pakistan's economic progress which in turns ensures domestic stability. Since last few years, country is facing serious challenges at this front. The gap between supply and demand is estimated to increase to 3,999 million cubic feet per day during FY 2019-20 and 6,611 million cubic feet per day by FY 2029-30, if gas imports be shunned. Regional environment along with Pakistan's understanding of its security is crucial to the Pakistan's energy security and hence need critical evaluation. To this end, this paper delves into understanding energy security in South and Central Asia in congruence with prospects and challenges for Pakistan's foreign policy. To this end, the study firstly investigates Pakistan's energy mix and its reliance over imports to meet its energy demands. Secondly, it explores regional environment and constraints and opportunities available to Pakistan to secure its energy needs. Finally, it suggests possible policy measures to mitigate challenges faced by energy sector and foreign policy.

**Keywords:** Energy Security, Foreign Policy, BRI, CPEC, the U.S., CARs, South Asia.

## I. Introduction

Regional connectivity and energy security has been hot topics for policy makers and analysts in Pakistan. Though Pakistan's geo-strategic location offers it plethora of opportunities, but not without challenges. For instance, Pakistan aspires for peace and prosperity in Afghanistan and productive relationship with Central Asian Republics (CARs) to ensure energy security in the country. However, the scenario also poses pronounced foreign policy challenges for Pakistan. These challenges range from navigating its relationship between China and the United States (U.S) to ensure regional as well as national counter-terrorism efforts, among other things. In the past, Pakistan could not efficiently move

around these challenges and bore the brunt of major powers' Great Game in the region. Nevertheless, potential advantages are still there for Pakistan and making most of these opportunities now only requires a clear foreign policy direction.

The energy sector is very important to a country's social and economic growth. However, Pakistan's economic growth has been slowed in the past by the widening gap between the amount of energy people want and how much energy is available. Many businesses have shut down because of the widening gap between the rich and poor, which is expected to get even bigger in the future. Pakistan's energy sector cannot meet the country's needs, even though it has a lot of natural

resources and is in a good location to be an energy corridor between the Middle East and Central Asia. In the last two decades, total demand has quadrupled, with annual growth rates of more than 9%. This number is expected to rise a lot over the next five years, until 2030.<sup>1</sup> Energy is significant in both economic and strategic terms. Energy, being central to modern day industrial based manufacturing economies, drives the engine of growth.<sup>2</sup> Its role as pivotal to running economy<sup>3</sup> makes it a strategic commodity and instrumental to political and strategic maneuvering.<sup>4</sup> It also signifies its standing as an important component of foreign policy decision making.<sup>5</sup> Interplay of political and economic calculations give way to behavior of states. And Pakistan is no exception to this. Pakistan's worldview and its dealing with the regional and global actors are largely influenced by its economic interests, to which energy is pivotal.<sup>6</sup>

In this context, Pakistan, being an energy poor country<sup>7</sup> looks towards energy rich regions to secure its energy needs. Central Asia, being one of the resource rich regions of the world<sup>8</sup> and geographically contiguous to Pakistan offers it with an enviable opportunity to keep its economy

running. This window of hope, however, is not as simple as it looks. It is marred with the range of political and strategic hurdles and constraints, such as ever deteriorated security situation in Afghanistan, regional political landscape, and India's increasing role in central Asian region.<sup>9</sup> Therefore, it requires some serious political and strategic contemplation to achieve energy security for country through sound foreign policy practices. Given the context, this paper first defined the energy security and then aims at understanding the current nature of Pakistan's energy mix and finally looks into the range of foreign policy options available to establish a favorable regional and domestic environment in this regard.

## 2. Theoretical Background

The world we live in is now fraught with challenges that are more complicated and need remodeling of existing models of redress to be revisited and modified. Apart from traditional insecurities of inter-state and threats of nuclear confrontation and their increasing intensity, the world in 21<sup>st</sup> century is now beset with range of non-traditional security challenges that has put

<sup>1</sup> Shoukat Hameed Khan, "Pakistan's Energy Vision 2030," in *Solutions for Energy Crisis in Pakistan*, ed. Mushir Anwar (Islamabad, Pakistan: Islamabad Policy Research Institute, 2013), 217.

<sup>2</sup> Rex Wailes et al., "Energy Conversion," *Encyclopedia Britannica*, available at <https://www.britannica.com/technology/energy-conversion>, accessed on January 10, 2019.

<sup>3</sup> Felix Dayo, "Energy and Economy," available at [http://www.iiasa.ac.at/web/home/research/Flagship-Projects/Global-Energy-Assessment/GEA\\_Chapter6\\_economy\\_hires.pdf](http://www.iiasa.ac.at/web/home/research/Flagship-Projects/Global-Energy-Assessment/GEA_Chapter6_economy_hires.pdf), accessed on January 08, 2019

<sup>4</sup> Magdalena Sidorczuk, "Natural Gas-A Strategic Commodity," *GAZ i ROPA*, p. 283, available at <https://infolupki.pgi.gov.pl/en/gas/natural-gas-strategic-commodity>, accessed on January 11, 2019.

<sup>5</sup> Joshy M. Paul, "The Role of Energy Security in China's Foreign Policy: A Maritime Perspective," *Maritime Affairs* 6, no. 2 (2010), p. 49-71.

<sup>6</sup> Khalid Bin Sayeed, "Pakistan's Foreign Policy: An Analysis of Pakistani Fears and Interests," *Asian Survey* 4, no. 3 (March 1964), p. 746-756.

<sup>7</sup> Rehmat Ullah Awan et al., "An Investigation of Multidimensional Energy Poverty in Pakistan," available at <http://pide.org.pk/psde/pdf/AGM29/papers/Rehmat%20Ullah%20Awan.pdf>, accessed on January 11, 2019.

<sup>8</sup> "Central Asia Atlas of Natural Resources," *Asian Development Bank*, 2010, available at <https://www.adb.org/sites/default/files/publication/27508/central-asia-atlas.pdf>, accessed on January 10, 2019.

<sup>9</sup> Mercy A. Kuo, "Asia's Geopolitical Challenges: Outlook 2019," *Diplomat*, December 27, 2018, available at <https://thediplomat.com/2018/12/asias-geopolitical-challenges-outlook-2019/>, accessed on January 11, 2019.

the countries' survival in severe danger.<sup>10</sup> These threats are more intensive in a way that they are impacting the daily lives of human beings. Amongst them, menacing environment that surrounds energy security is central to countries' well-being. Before discussing ways to address these challenges, it's highly important to understand the nature of these challenges. Some shared characteristics of these non-traditional security challenges are:<sup>11</sup>

- 1) These challenges are transnational in their character. Unlike the domestic affairs or traditional challenges of territorial sovereignty, they require multi-lateral arrangements and collaborations to get addressed.
- 2) These challenges, sometimes, apparently seem insignificant but they are likely to trigger minatory consequences of much larger scale. For instance, over-reliance on exhaustible hydrocarbon resources poses multi-pronged threats simultaneously. On the one hand, they are likely to be exhausted, leaving the economies in existential crisis. On the other hand, they are the drivers of global warming phenomenon and changing climate and are affecting lives negatively.

- 3) The object of security is not the piece of land or sovereignty of a polity but the people, their social and economic survival, well-being is at stake and is required to be addressed.

Shifting dynamics of security has induced significant transformation in the way of processing the term security.<sup>12</sup> Traditional understanding of security focused on securing states' territorial exclusivity from any external interference: mainly from military threats from foreign states.<sup>13</sup> Throughout this time, a strict division was maintained between "domestic" and "foreign" and ways to addressing them. In the 1970s, the notion of "comprehensive security"<sup>14</sup> emerged as a conceptual response to changing landscape of security. It remained focused at two levels: horizontal broadening of spectrum of security refers to as inclusion of non-military challenges, and vertical deepening by means of incorporation of domestic concerns in the definitional ambit of security. Barry Buzan, worked at theoretical level, to uplift humans as the object of security and added the aspects of governance, economy and socio-economic realm through his securitization framework.<sup>15</sup> This mechanism of comprehensive security suggested the interplay of domestic and multi-lateral

<sup>10</sup>Khalid Iqbal, "Contours of Non-Traditional Security Challenges," *Criterion Quarterly*, September 8, 2016, available at <http://www.criterion-quarterly.com/contours-of-non-traditional-security-challenges-global-regional-national-perspectives-a-top-down-appraisal/>, accessed on January 15, 2019.

<sup>11</sup> M. Caballero-Anthony, (ed.), *An Introduction to Non-Traditional Security Studies – A Transnational Approach* (London: Sage Publications, 2016).

<sup>12</sup>C. Elisabeth St. Jean, "The Changing Nature of International Security: The Need For An Integrated Definition," *Paterson Review- A Graduate Journal of International Affairs* 8 (2007), p. 22-33.

<sup>13</sup>Samuel M. Makinda, "Sovereignty and International Security: Challenges for the United

Nations," *Global Governance* 2, No. 2 (May–Aug. 1996), pp. 149-168.

<sup>14</sup>Marianne STONE, "Security According to Buzan: A Comprehensive Security Analysis," *Security Discussion Papers Series 1*, available at

[http://geest.msh-paris.fr/IMG/pdf/Security\\_for\\_Buzan.mp3.pdf](http://geest.msh-paris.fr/IMG/pdf/Security_for_Buzan.mp3.pdf), accessed on January 22, 2019; Barry Buzan, "New Patterns of Global Security in the Twenty-first Century," *International Affairs* 67, no. 3 (1991), p. 432-433.

<sup>15</sup>Sezer Özcan, "Securitization of Energy through the Lenses of Copenhagen School," *West East Journal of Social Sciences* 2, no. 2 (August 2013), p. 57-72.

responses and their alignment to ensure the security of human beings.

Owing to the inimical regional and global environment along with fragility of domestic political and security apparatus, Pakistan was doomed to be trapped by the range of traditional and non-traditional security challenges.<sup>16</sup> Country's geostrategic location and hostile neighborhood snared it to seek external help by becoming part of great power politics.<sup>17</sup> This power politics then remained central to shaping Pakistan's foreign policy preferences. During the Cold war period, shifting security environment transmogrified foreign policy tools and non-state actors become crucial to pursue foreign policy goals. Pakistan was no exception to this change. Non state actors become a formidable challenge to its internal and external security realm.<sup>18</sup> Consequently, political and military institutions, being securitizing agents, become undeniable stakeholders in foreign policy decision making and country has turned into a security state. Even though, global order has undergone significant transformations since then, determinants of Pakistan's security and foreign policy dynamics have seen no change.<sup>19</sup>

This security environment of peculiar nature has influenced other crucial sectors as well. Allocation of resources and proactive policy making required in other areas has found little

attention. Energy security remained one of those largely ignored aspect of the policy-making. Policies directed towards ensuring energy security remained flawed and continued to put country's energy security in shambles. First and foremost, imports remain primary contributors to securing energy needs, increasing the vulnerabilities in case of hostile international environment. Moreover, when one looks into the adequacy and reliability of sources of energy, one would come to know that there is a huge gap between demand and supply and it is increasing every year. More than 90 per cent of the country's populations live in fuel poverty.<sup>20</sup>

Given this context, energy security has certainly become an equivalent of a national security challenge. Social, political and economic ramifications of the issue are deep-rooted. Reorienting policy is crucial to spur industrial efficiency, accelerating growth in agriculture sector, fulfilling consumer demands, effective mobilization and allocation of domestic and foreign investment in the country. Changing patterns of energy security demand rigorous revision of resident models of perception and response.

### 3. Energy Security

<sup>16</sup>Sidra Ahmed, "Pakistan under the Non-traditional Security Threats," *The Asia Watch*, May 13, 2016, available at <https://tasianwatch.wordpress.com/2016/05/13/pakistan-under-the-non-traditional-security-threats/>, accessed on January 20, 2019.

<sup>17</sup>Maqbool Ahmad Awan, "Geostrategic and Geopolitical Interests of Super Powers; Indo-Pak Animosities: Revisited," *Journal of the Punjab University Historical Society* 26, no.2 (December, 2013), p. 27-44.

<sup>18</sup> Ibid.

<sup>19</sup>Amir Ullah Khan, "GWOt, Fata, and Non-Traditional Security Threats: The Case Study of Polio Epidemic in

NWA". *Regional Studies* 32, no. 3, (2014): 64. See also: Barry Buzan, & Lene Hansen, *The Evolution of International Security Studies* (Cambridge: Cambridge University Press, 2009), p. 16. See also, Amir Ullah Khan, "GWOt, Fata, and Non-Traditional Security Threats...", op.cit., 62; & Ken Booth, "Security and Emancipation", *Review of International Studies* 17, no.4, (1991): 313-26.

<sup>20</sup>"Poverty and Social Safety Nets," *Pakistan Economic Survey 2013-14*, available at [http://www.finance.gov.pk/survey/chapters\\_14/15\\_Poverty\\_Social\\_Safety\\_Nets.pdf](http://www.finance.gov.pk/survey/chapters_14/15_Poverty_Social_Safety_Nets.pdf), accessed on January 24, 2019.

The term "energy security" has been defined in several ways.<sup>21</sup> For many years, energy security was seen as a purely economic problem governed by market forces, while foreign policy experts saw it as a security concern intertwined with energy politics and resource management.<sup>22</sup> In today's globalised and interconnected world, energy security has evolved into a multidisciplinary issue capable of influencing a state's economic, diplomatic, and security policies. The European Commission defines the concept as: "The ability to ensure that future essential energy needs can be met, both by means of adequate domestic resources worked under economically acceptable conditions, or maintained as strategic reserves, and by calling upon accessible and stable external sources supplemented where appropriate by strategic stocks."<sup>23</sup>

According to the modern understanding of energy security,<sup>24</sup> a sound policy making is required to have three dimensions at its core: adequacy, consistency and affordability.<sup>25</sup> Firstly, it requires enough sources of energy that would meet all the energy needs of public concerned.<sup>26</sup> Secondly, it endorses uninterrupted supply of energy with reliable and secure roots of supply.<sup>27</sup> Lastly, it suggests that sources of energy are needed to be cost-friendly such that their impact over surrounding environment must not outweigh their benefit. These three pillars of policy are at the core of modern day framework of energy

security.<sup>28</sup> Not only the phenomenon of energy security is binding for Pakistan as an economic and strategic compulsion but it is an obligation under UNSC's Sustainable Development Goals (SDGs) and Vision 2025 of Pakistan.<sup>29</sup>

States operate in a rule-based environment which guides their behavior towards achieving desirable and agreed upon objectives. At the advent of 21st century, countries from across the world sanctioned SDGs and pledged to replicate agreed guidelines in their domestic policy framework. According to UNSC's 2030 Agenda of sustainable development's "Goal 7", countries are legally obliged to ensure adequate access to affordable electricity in their respective local constituencies by 2030. It dictates countries to shift to renewable resources of energy to avert negative consequences in terms of climate change and global warming. It suggests adopting clean energy resources like solar, wind and nuclear. Moreover, Vision 2025, proposed by PML (N) government in early 2014, recognizes the indispensability of sufficient, reliable and clean resources of energy. It provides a road map to move ahead in this regard to achieve energy security by the end of 2025. Six years have been passed since the promulgation of this but no significant progress has been made over this issue. Political considerations and bureaucratic obstructions have virtually halted any positive development over the subject of sustainable economic development. Country's energy mix is

<sup>21</sup> Aleh Cherp and Jessica Jewell, "The concept of energy security: Beyond the four As," *Energy Policy* 75 (December 2014): P. 415-421.

<sup>22</sup> Virginia Comolli, "Energy Security," in *Europe and Global Security-Adelphi Series* 50, no. 414-415 (2010): 177-196 (177), <http://www.tandfonline.com/doi/full/10.1080/19445571.2010.539450>.

<sup>23</sup> Gawdat Bahgat, "Energy Security: The Caspian Sea," *Minerals and Energy – Raw Materials Report* 20, no. 2 (2005): 3- 15 (5), <http://www.tandfonline.com/doi/full/10.1080/14041040500372139?scroll=top&needAccess=true>.

<sup>24</sup> Benjamin Sovacool and Marilyn A. Brown, "Competing Dimensions of Energy Security: An International Perspective," *Annual Review of Environment and Resources* 35, no. 1 (November 2010).

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> "Pakistan2025: One Nation – One Vision," *Planning Commission of Pakistan*, Available at <https://www.pc.gov.pk/uploads/vision2025/Pakistan-Vision-2025.pdf>, Accessed on February 24, 2019.

still heavily relied on exhaustible, imported, cost-expensive resources. These methods not only impact the economic growth negatively but also add to the damage done to our surrounding environment.

Pakistan's history of energy shortfall gives its commitment to energy security more importance. Energy insecurity has been a major impediment to foreign investment and economic development in the country. Even today, Pakistan experiences deficits in the power sector, though at a much lower level. Nevertheless power deficiencies are kept on costing billions of rupees to Pakistan's economy. Energy security is a prerequisite for industrial growth.<sup>30</sup> No nation on the planet can consider financial advancement without accomplishing energy security.<sup>31</sup> Moreover, power supply shortages in Pakistan have been exacerbated by the fluctuating oil costs in the global market.<sup>32</sup> Though assorted measures are required to dodge this emergency, extension and restoration of the current power plants, enlistment of new power plants, and consolation of sustainable power source are unavoidable measures at this time.<sup>33</sup>

Electricity generation in Pakistan relies on gas and oil in Pakistan wherein their contribution in the energy mix is around 38.2% and 25.4% respectively.<sup>34</sup> However, a minimal 0.2 per cent of coal contributes in the electricity production.

This lack of diversification in Pakistan's energy mix also contributes to Pakistan's energy shortfall. However, coal plays a huge role in major countries' energy production. For instance, in the United States (U.S), China and India, coal is used for electricity generation for around 22%, 45% and 67% respectively. Being not an oil sufficient country, Pakistan imports more of oil for energy production that, in turn, increases its cost. So, the cost of electricity is increasing day by day with the increase of imported energy resources. Another factor is the scarcity of water and gas resources in Pakistan that adds to the problem. For instance, 40-45 per cent electricity generation came from water in the 1980s, before a gradual decline in the water bed. Similarly, natural gas is also depleting in Pakistan and is unable to meet increasing demands. Gas stations are closed on a regular basis now and similar is the case with domestic consumers, facing gas load shedding in the winters. Surprisingly, Pakistan is ranked 5<sup>th</sup> largest country in coal reserves and is recommended by the experts to use it to quench energy crisis in the country. According to Dr. Atta ur Rahman, "coal should be given the highest national priority to meet our energy needs".<sup>35</sup> Similarly, Dr. Adil Najam states that "We are in a bind and I know coal can never be clean; we have been forced to make difficult decisions but perhaps the saving grace can be to make the cleanest decisions possible, such as

<sup>30</sup> Manuela Tvaronavičienė et al., "Energy Security and sustainable competitiveness of industry development," *Economic Research-Ekonomiska Istraživanja* 28, no. 1 (2015): P. 502-515.

<sup>31</sup> Tahir Mahmood and Muhammed Tayyab, "Energy Security and Economic Growth in Pakistan," *Pakistan Journal of Applied Economics, Applied Economics Research Centre* 28, no.1 (2018): P. 47-64.

<sup>32</sup> Afia Malik, "The Impact of Oil Prices on Inflation in Pakistan," *International Journal of Energy Economics and Policy* 6, no. 4 (2016): p. 727-737.

<sup>33</sup> Muhammad Asif and Naila Saleh, "Human Security and Energy Security: A Case Study of Pakistan," *Policy Perspectives* 16, no. 1 (2019): P. 99-116.

<sup>34</sup> "Energy," *Pakistan's Economic Survey 2018-19*, Available at [http://www.finance.gov.pk/survey/chapters\\_19/14-Energy.pdf](http://www.finance.gov.pk/survey/chapters_19/14-Energy.pdf), Accessed on December 14, 2019.

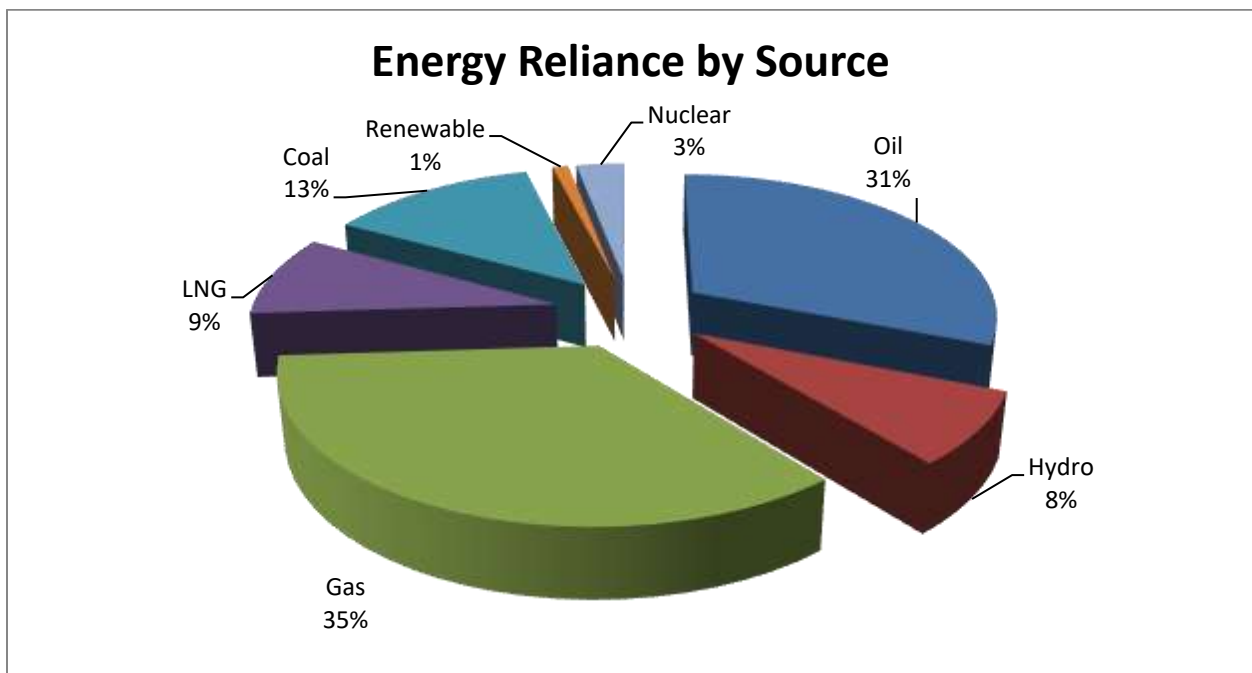
<sup>35</sup> Raza Ali Rafique, "Energy Supply Chain Design: Future Energy Security of Pakistan," *A dissertation submitted to the Graduate School-Newark Rutgers, The State University of New Jersey*, May 2015, p. 28, Available at <https://docplayer.net/102562071-Energy-supply-chain-design-future-energy-security-of-pakistan.html>, Accessed on January 3, 2020.

using relatively cleaner technologies and how we use and conserve energy we produce."<sup>36</sup> In short, energy security is a perplexing interaction of various powerful factors, national and worldwide, that affects numerous parts of economy, governance and foreign policy options. On account of Pakistan, it is additionally muddled by clashing interests of the superpowers vis-à-vis gas pipelines to Pakistan from Central Asia. Toward the beginning of year 2000, Pakistan's energy division was very unique with surplus power, just as gas. From 2000 to 2010, all surpluses, redundancies and stores were depleted, yet no venture was started. Energy security isn't just the energy independence: Japan and Morocco import 95% energy needs yet appreciate relative security, Nigeria, then again, is an exporter of oil and still experiences energy frailty.

To move towards suggesting policy proposals for energy security, it is extremely important to understand the exact nature of Pakistan's energy mix and its vulnerabilities.

### 3.1. Pakistan's Energy Mix

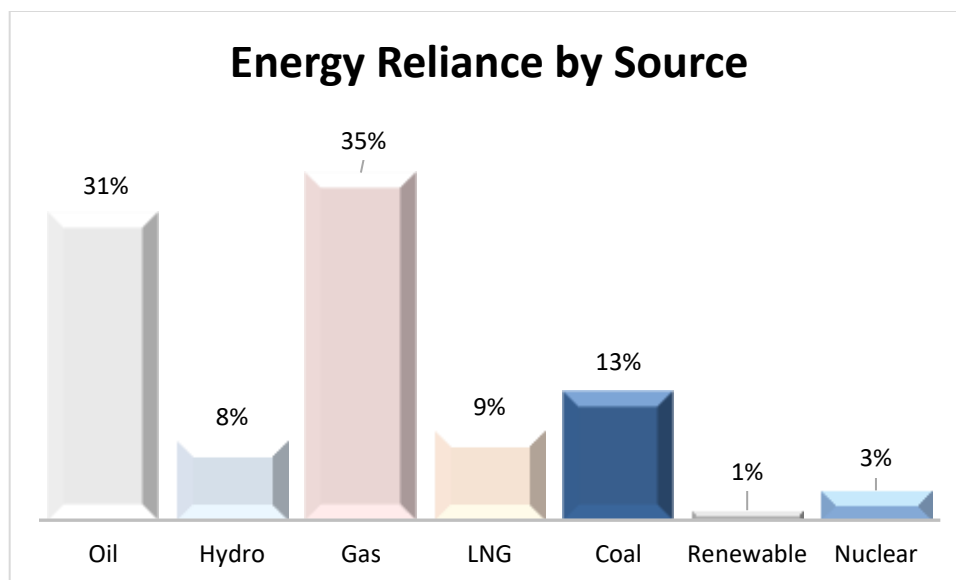
Both domestic and foreign petroleum products are used to meet the energy needs of Pakistan. Gas now makes up the majority of all energy sources, and it is getting more and more important. It made up about 48.2% of the total amount of energy available. Pakistan has one of the best gas transmission and distribution networks in South Asia. There are 11,538 kilometres of transmission, 1,14,982 kilometres of distribution, and 31,058 kilometres of service gas pipes that support the country's 7.9 million people.<sup>37</sup>



<sup>36</sup> Ibid, p. 29.

<sup>37</sup> Ministry of Finance, GoP, "Energy," *Pakistan Economic Survey 2015-16* (Government of Pakistan,

2016), [http://www.finance.gov.pk/survey/chapters\\_16/14\\_Energy.pdf](http://www.finance.gov.pk/survey/chapters_16/14_Energy.pdf), p. 239.



**Source: Economic Survey of Pakistan 2018-19**

As a result, the demand-supply imbalance has gotten bigger because of how much energy people use from it. As gas supplies have dried up, the gap has gotten bigger, making it even bigger than it was before. This means that demand for natural gas is now at 6,000 million cubic feet per day (MMCFD), with only 4,000 MMCFD of supply. This means that demand will soon reach 8,000 MMCFD.<sup>38</sup> This deficit will not be solved soon, so the government has started limiting the amount of gas that can be used. This policy is mostly used in the province of Punjab, because it has a small share (5%) of gas supply and a large share (46%) of gas use.<sup>39</sup> This policy, however, does not offer a permanent solution. During FY2006, Pakistan's relied 50.4 per cent on natural gas. While for FY 2008, it was 34.6 per cent. The reduction is because of two factors: declining natural gas reserves and the induction of LNG since 2015. The share of LNG in the energy mix in FY 2018 was 8.7 per cent, as compared to 0.7 per cent in 2015.

Most of Pakistan's income comes from oil, then from gas. The US does not have enough oil to keep up with rising demand. Due to the lack of crude oil and petroleum-based goods in Pakistan, the country has to buy them from other countries. People who drive and use electricity use the most oil. There was a big difference between how much oil the transportation and power sectors ate in July-March FY 2015 and how much they ate in July-March FY 2016. In July-March FY 2015, the transportation and power sectors used 50% of all oil, while the power sector used 42% of it.<sup>40</sup> In the 1980s and 1990s, Pakistan made a lot of efforts to find and develop oil. Political and regulatory issues kept most of these fields from becoming operational and oil production from speeding up. In order to overcome such bottlenecks, various projects were included in the supply side during years 2013-18. Further, "National Transmission and Dispatch Company (NTDC) has prepared and submitted Indicative Generation Capacity Expansion Plan (IGCEP)

<sup>38</sup> Ibid.

<sup>39</sup> Ministry of Finance, GoP, "Energy," *Pakistan Economic Survey 2014-15* (Government of Pakistan, 2015), 240, available at

[http://www.finance.gov.pk/survey/chapters\\_15/14\\_Energy.pdf](http://www.finance.gov.pk/survey/chapters_15/14_Energy.pdf), accessed on January 18, 2019.

<sup>40</sup> Ministry of Finance, GoP, "Energy," *Pakistan Economic Survey 2015-16*, 239.



2018-40 to National Electric Power Regulatory Authority (NEPRA), the electricity regulator”<sup>41</sup>-Integrated Energy Plan. In term of energy-mix, Pakistan has been able to reduce its energy reliance to 31.2 per cent from 43.5 percent in FY1998. Nevertheless, Oil-based power generation has remained the face of the power sector in Pakistan, despite efforts to reduce its share to a single digit percentage.

Even though hydel energy is Pakistan's third most important source of energy, only 11% of its potential has been used so far.<sup>42</sup> Despite what people think of as the "Golden Age of Energy," no big hydropower projects have been built since then. The Mangla and Tarbela Dams were both important hydropower projects built in the 1960s and 1970s. There are plans for the China Pakistan Economic Corridor (CPEC) to build dams, and China has been asked to help. In FY1998, the share of hydroelectricity was 13.1 per cent that has been reduced to 7.7 per cent in 2017-18. These statistics are good for national exchequer but also depicts lack of serious planning and implementation on the part of successive governments. “Hydropower plants are considered one of the most capital intensive projects and for a country like Pakistan, it is not possible to undertake such big projects without the financial support of international development agencies - a fact which brings in its own share of peculiarities and challenges.”<sup>43</sup> During July - March FY2019, “installed capacity of electricity reached 34,282 MW, which was 33,433 MW in corresponding period last year, thus, posting a growth of 2.5 percent.”<sup>44</sup> Although “electricity generation varies due to availability of inputs and other constraints, the generation increased from 82,011

GWh to 84,680 GWh, posting a growth of 2.1 percent during the period under discussion. Figure-1 gives the comparison of installed capacity (MW) and generation (GWh).”<sup>45</sup>

Coal has long been a popular source of energy across the globe, accounting for around 41% of global power output.<sup>46</sup> Coal reserves have been proven in Pakistan. As a result of the Thar coal find, Pakistan is expected to have the sixth largest coal reserves in the world. After the country became independent in 1947, it made up 60% of the country's energy use. This changed a lot when gas was found. In 1996, Benazir Bhutto (1993–96) set up the groundwork for the Thar coal power plant in Keti Bunder. Coal now accounts for about 6% of the country's total energy use, while nuclear energy accounts for about 1.7%. Pakistan has been wary of Western nuclear technology restrictions in the past, but now it wants to grow its nuclear energy production. A group called the Pakistan Atomic Energy Commission (PAEC) is in charge of the country's only nuclear power plant. KANUPP is the Karachi Nuclear Power Plant. There are four more near Chashma, C-1, C-2, C-3, and C-4. These are the five nuclear power plants in the country (Mainwali District of Punjab Province). When these five nuclear reactors were in use between July 1, 2018 and March 31, 2019, they each had a combined power output of 1,430 MW. This meant that the national grid got about 7,267 million units of electricity from them.

“An expanded civilian nuclear energy sector would enable Pakistan to fulfill various international commitments

<sup>41</sup> “NTDC submits IGCEP 2018-40 to Nepra,” *Business Recorder*, March 8, 2019.

<sup>42</sup> Ministry of Planning, Development & Reform, GoP, “Energy,” p. 203.

<sup>43</sup> “Energy,” *Pakistan’s Economic Survey 2018-19*.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> WCA, “Coal and Electricity” (London: World Coal Association), accessed January 14, 2019, <http://www.worldcoal.org/coal/uses-coal/coal-electricity>.

related to environmental protection, such as the 2016 Paris Agreement. While Pakistan has been criticized in the past for failing to do more to advance the objectives of the Paris Agreement, Islamabad's push for sustainable nuclear energy demonstrates its commitment to reducing carbon emissions. Given Pakistan's state as a developing country with a large energy deficit, international cooperation in the shape of funding for nuclear power and the transfer of clean energy technologies could assist Pakistan in further meeting international climate standards. This could ultimately help the international community meet one of the key objectives of the Paris Agreement in lowering global temperatures by 2 degrees Celsius by 2050. Civil nuclear power represents a clean and effective option to close Pakistan's energy deficit and meet the international community's ambitious goal of lowering global temperatures by two degrees in the next 30 years. The induction of the C-4 nuclear power plant was a step in the right direction and, with proper measures to prevent nuclear

accidents and diversion, a hopeful sign in addressing Pakistan's energy challenge."<sup>47</sup>

#### 4. Domestic Options for Pakistan to Ensure Energy Security

In a case scenario, where two third of country's energy requirements are being met through imports, reliability of those projects and vulnerability of being choked further worsens country's energy woes. In this regard, economically viable and politically feasible projects are needed to be completed to push the country out of prolonged energy crisis.

Indigenous resource exploitation is unfeasible due to resource limits and a lack of foreign investment. China proposed the CPEC to connect Gwadar with Kashgar as part of its One Belt, One Road (OBOR) plan.<sup>48</sup> The CPEC energy projects are very important to the current administration's plan for how to get more energy for the country. It costs \$15.5 billion to build coal, wind, solar, and hydroelectric projects that can produce 10,400 megawatts (MW).<sup>49</sup> These include coal-fired power plants in Port Qasim, Sahiwal, and Thar, as well as the Gwadar coal/LNG/oil power plant, the HUBCO coal-fired power plant in Hub, the Rahimyar Khan coal power plant, and the Quaid-i-Azam Solar Park in Bahawalpur (Punjab). These plants also use coal, oil, and gas.<sup>50</sup> In Sindh, wind energy projects include the 50 MW Dawood Wind Farm near Bhambore, the 100 MW UEP Wind Farm in Jhimpir, the 50 MW Sachal Wind Farm, and the Pakistan Wind Farm

<sup>47</sup> Adeel Mukhtar Mirza, "Pakistan and Nuclear Power: Closing the Energy Gap Responsibly," *South Asian Voices*, November 15, 2017, available at <https://southasianvoices.org/pakistan-and-nuclear-power-closing-the-energy-gap-responsibly/>, accessed on January 15, 2019.

<sup>48</sup> "CPEC to connect Gwadar and Kashgar through an oil pipeline," *China-Pakistan Economic Corridor*, May 18, 2018, available at

<http://www.cpecinfo.com/news/cpec-to-connect-gwadar-and-kashgar-through-an-oil-pipeline/NTMyNA==>, accessed on January 15, 2019.

<sup>49</sup> Ministry of Finance, GoP, "Energy," *Pakistan Economic Survey 2014-15*, p. 240.

<sup>50</sup> "CPEC-Energy Priority Projects," China Pakistan Economic Corridor Official Website, accessed January 14, 2018, <http://www.cpec.gov.pk/energy>.

near Thatta. Suki Kinari hydropower project in Khyber Pakhtunkhwa, Karot hydropower project in Azad Kashmir and Punjab, and Kohala hydropower project in Azad Kashmir are among the hydroelectric projects.<sup>51</sup> The Gadani Power Park, the Matiari-Lahore transmission line, and the Matiari-Faisalabad transmission line are all part of the CPEC. Pakistan has a lot of problems with its energy, and the energy projects in the CPEC would help some of them. But because the country is so dependent on gas and has a lot of infrastructure for transmission and distribution, it is important for Pakistan to get help from other countries.

In the politics of pipelines and energy corridors of Central Asia, Pakistan needs a clear foreign policy direction to get benefits from Central Asia's Great Game. Presently, Pakistan's position in regional politics is ideal. For instance, successful operationalization of CPEC is a ticket for Pakistan's entrance into Central Asian Republics (CARs). Secondly, Economic Cooperation Organization (ECO) and Shanghai Cooperation Organization (SCO) are best platforms for regional integration and connectivity. And Pakistan's membership to these organizations can facilitate Pakistan in achieving its foreign policy objectives. Approval of ECO Vision 2025 and Islamabad Declaration 2017 during 13<sup>th</sup> ECO Summit are tantamount of regional aspirations of energy cooperation and

connectivity.<sup>52</sup> However, there is a serious lack of leadership in ECO. But again, Pakistan has the potential to fill this leadership gap. Much of this potential comes from the successful implementation of CPEC, which would augment the efficacy of Pakistan's geo-strategic location for regional economic and energy integration. Thirdly, SCO platform can also be very effective in ensuring regional energy security. In this regard, the establishment of SCO Energy Club is a welcome initiative. It "provides an effective model for collaborative nuclear energy development, offering members the opportunity to cooperatively develop domestic nuclear programs and reduce carbon emissions, while simultaneously driving the development of nuclear energy worldwide and stabilizing Central Asia."<sup>53</sup> Pakistan supports the work of Energy Club and is ready to collaborate in making of energy strategies, implementation of collective energy security measures, implementation of member states' energy policies as well as investment plans and sharing of information regarding global energy market.<sup>54</sup> Pakistan also looks toward China for cooperation on nuclear reactors. Moreover, Pakistan's Prime Minister Imran Khan's statement during SCO meeting in Bishkek, Kyrgyzstan in June 2019 shows Pakistan's commitment towards regional development agenda.<sup>55</sup> All the above discussion

<sup>51</sup> Ibid.

<sup>52</sup> Dr. Muhammad Adnan (Director for Trade and Investment), "ECO Vision 2025: An Overview," September 2017, Available at [http://www.eco.int/parameters/eco/modules/cdk/upload/content/general\\_content/3624/150814561891935csfdk3kfgkbqp3np70hjp595.pdf](http://www.eco.int/parameters/eco/modules/cdk/upload/content/general_content/3624/150814561891935csfdk3kfgkbqp3np70hjp595.pdf), Accessed on December 12, 2019.

<sup>53</sup> CHINAHANDSMAG, "The Shanghai Cooperation Organization Energy Club: A Collaborative Future for Nuclear Energy," *China Hands*, May 30, 2018, Available at <https://chinahandsmagazine.org/2018/05/30/the-shanghai-cooperation-organization-energy-club-a-collaborative-future-for-nuclear-energy/>,

[collaborative-future-for-nuclear-energy/](http://collaborative-future-for-nuclear-energy/), Accessed on December 15, 2019.

<sup>54</sup> "SCO Energy Club: structure ready for international interaction, not Shanghai Six's elite club," *Infoshos*, March 26, 2015, Available at <http://infoshos.ru/en/?idn=13913>, Accessed on December 5, 2019.

<sup>55</sup> "Statement by Prime Minister Imran Khan at the SCO Council of Heads of State (Bishkek, Kyrgyz Republic, 14 June 2019)," *MoFA*, June 14, 2019, Available at <http://mofa.gov.pk/statement-by-prime-minister-imran-khan-at-the-sco-council-of-heads-of-state-bishkek-kyrgyz-republic-14-june-2019/>, Accessed on December 14, 2019.

also reflects Pakistan's vision and leadership potential to SCO's mandate.

Pakistan needs CARs to ensure energy security. Because of rising gap between domestic energy demand and supply, Pakistan suffers from acute energy crisis. CARs, with their rich energy resources, can pull Pakistan out of this crisis; however, there is need to build infrastructure for it. Fortunately, Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan project (TUTAP-500), Central Asia South Asia – 1000 (CASA-1000), Iran-Pakistan (IP) gas pipeline and the Turkmenistan-Afghanistan-Pakistan-India pipeline (TAPI) can ensure energy security as well as energy efficiency in the region.

TUTAP-500 project is funded by Asian Development (ADB) and aims at building transmission lines for cheap and efficient power supply.<sup>56</sup> However, the project is facing some serious issues due to unstable security situation of Afghanistan. After the completion of project, however, around 10 million Afghans will enjoy the perks of electricity. The problem is that the importing energy supply lines of the project are passing through an Afghan province which is dominated by the Shia Hazara community – Bamyan. In this context, starting from the issue of route change of the project to eruption of projects by locals, the project has been mired with ethno-political challenges.

CASA-1000 project is funded by the World Bank. The project is aimed at bringing surplus hydro-electricity to Pakistan and Afghanistan through Kyrgyzstan and Tajikistan.<sup>57</sup> It aims at facilitating electricity transmission from Central Asia to South Asia. Moreover, "the countries involved in this project are the Kyrgyz Republic, Tajikistan, Afghanistan and Pakistan. Under this project, there is no plan of additions in the generation capacity rather the surplus electricity will be transmitted to Afghanistan and Pakistan."<sup>58</sup> Furthermore, "the transmission line will provide 1300 MW electricity of which Pakistan will get 1000 MW and Afghanistan will receive 300 MW. The cost of this project is US\$1.17 billion and is expected to complete in 2018."<sup>59</sup> According to the former Assistant Secretary of State for South and Central Asia Affairs, Nisha Biswal, the "CASA would not only create an energy grid that provides direct benefits to the Tajikistani, Kyrgyzstani, Afghan and Pakistani people. It would also establish an important model for energy and economic cooperation between South and Central Asia. By working more closely together, the countries of the region can build the mutual trust needed to address other contentious issues, such as trans-boundary water sharing, in a more constructive manner."<sup>60</sup>

<sup>56</sup> "Addendum to the Afghanistan Power Sector Master Plan: Consultant's Report," Asian Development Bank, November 2014, Available at <https://www.adb.org/projects/documents/afg-addendum-afghanistan-power-sector-master-plan-tacr>, Accessed on February 15, 2019.

<sup>57</sup> Khalid Mustafa, "Pakistan seeks changes in CASA-1000 deal," *The News International*, September 22, 2019, Available at [https://www.thenews.com.pk/print/530090-](https://www.thenews.com.pk/print/530090-pakistan-seeks-changes-in-casa-1000-deal)

[pakistan-seeks-changes-in-casa-1000-deal](https://www.thenews.com.pk/print/530090-pakistan-seeks-changes-in-casa-1000-deal), Accessed on December 16, 2019.

<sup>58</sup> "About CASA-1000," *CASA-1000*, 2017, Available at <http://www.casa-1000.org/MainPages/CASAAbout.php>, Accessed on February 15, 2019.

<sup>59</sup> "CASA-1000 Project Launched, Pakistan to get 1,000 MW by 2018," *News*, May 12, 2016.

<sup>60</sup> Nate Bills, "Powering a New Silk Road: Helping Connect Supply with Demand in South and Central Asia," *Frontlines*, November/December, 2014.



Source: CASA-1000, <http://www.casa-1000.org/>

The US\$8 billion worth project, TAPI, is also funded by ADB.<sup>61</sup> But the project is most problematic one. TAPI Project is designed to transport resources of natural gas from the Galkynysh, Yoloten, Osman and adjacent gas fields in Turkmenistan to Afghanistan, Pakistan and India.<sup>62</sup> The proposed Project has capability to carry 3.2 billion cubic feet of natural gas per

annum (BCFD) to the countries of its destination, Afghanistan, Pakistan and India.<sup>63</sup> It was also envisioned that the transit fees will allow countries the generation of revenues. According to the agreement, Pakistan and India, each would receive 42 per cent of the gas transported and Afghanistan would receive the rest of 16 per

<sup>61</sup> "TAPI Gas Pipeline," *Asian Development Bank*, April 8, 2016, Available at <https://www.adb.org/news/infographics/tapi-gas-pipeline>, Accessed on February 15, 2019.

<sup>62</sup> "Turkmenistan – Afghanistan – Pakistan – India Gas Pipeline (TAPI)," *isgs*, available at <https://isgs.com.pk/ur/projects/tapi/>, accessed on February 15, 2019.

<sup>63</sup> *Ibid.*

cent.<sup>64</sup> China has also shown interest in joining this project.<sup>65</sup> This project, if completed efficiently, not only would meet the energy requirements of Pakistan and India but is also crucial in supporting crippling economies of Afghanistan and Pakistan. Furthermore, it could also emerge as a binding force between regional countries and will help eradicating hostilities between warring parties by means of contriving economic interdependence. Despite the fact that this project is crucial in economic and political well-being of the countries involved, the progress over this is fraught with political preferences and

the dictates of strategic milieu. As the pipeline crosses through the most terrorist attacks prone areas in Afghanistan and Pakistan, security the pipeline has become a Herculean task. Moreover, Enmity between India and Pakistan also has had negative implications on the work of project. In other words, the work on pipeline cannot be continued as long as tensions remain high between India and Pakistan. Nevertheless, a Host Government Agreement (HGA) was signed between Pakistan and Turkmenistan wherein both countries agreed on finalizing a 1000 MW electricity transmission line.

---

<sup>64</sup>“Progress on the TAPI pipeline,” *Spearhead Research*, April 30, 2018, available at <https://spearheadresearch.org/?p=32756>, accessed on February 17, 2019.

<sup>65</sup>“China to Join Turkmenistan-Afghanistan-Pakistan-India Pipeline?,” *Silk Road Briefing*, September 6,

2018, available at <https://www.silkroadbriefing.com/news/2018/09/06/china-join-turkmenistan-afghanistan-pakistan-india-pipeline/>, accessed on February 17, 2019.

## TURKMENISTAN-AFGHANISTAN-PAKISTAN-INDIA PIPELINE (TAPI)



Source: Stratfor, <http://www.stratfor.com/article/security-priority-tapi-pipeline>

IP aims at transporting natural gas from Iran to Pakistan. The project is expected to transport almost 750 million cubic 11th Five Year Plan 208 Energy feet of natural gas per day (BCFD) from Iran. Geopolitical considerations and hostile environment that isolates Iran are primary hurdles in the way of completion of this project.<sup>66</sup> To this end, Pakistan is required to carry out proactive diplomacy along with efficient allocation of resources to bring this project to culmination. In this regard, one can learn from Indian

maneuverings to deal with Iran despite their close strategic alignment with America.<sup>67</sup> But again, India backed out due to pressure from the US, leaving both Iran and Pakistan to redress its terms that both Pakistan and Iran cannot afford to do.

Successful operationalization of these above mentioned projects will bring economic as well as energy security in Pakistan. However, regional insecurity, border disputes, diplomatic deadlocks and lack of cooperation do not yet favor these

<sup>66</sup>Ministry of Finance, GoP, "Energy," 11<sup>th</sup> Five Year Plan, p. 207, available at <https://www.pc.gov.pk/uploads/plans/Ch19-Energy1.pdf>, accessed on February 8, 2019.

<sup>67</sup>Lisa Curtis, Ariel Cohen and Owen Graham, "The Proposed Iran-Pakistan-India Gas Pipeline: An

Unacceptable Risk to Regional Security," *The Heritage Foundation*, May 30, 2008, available at <https://www.heritage.org/asia/report/the-proposed-iran-pakistan-india-gas-pipeline-unacceptable-risk-regional-security>, accessed on February 28, 2019.

projects. The region, however, can get maximum benefit from these projects as only 43 per cent of the regional population has access to electricity. “Pakistan, in an effort to address chronic energy shortages, agreed to buy Liquefied Natural Gas (LNG) from Qatar for 15 years, from 2016 to 2030.”<sup>68</sup> According to the President of All Pakistan Business Forum, Ibrahim Qureshi, “this deal will only supply enough to meet 20 per cent of Pakistan’s demand.”<sup>69</sup> While, TAPI project can provide more relief to Pakistan, in addition to US\$200-250 million per year of transit fees from India. Plus, these projects will create economic inter-dependence that will also lead to the normalization of bilateral relationships. For Pakistan, these projects will also complement the operationalization of CPEC as CASA-1000 and TAPI will be critical for the efficient functioning of new industrial setups under the CPEC.

## 5. Making Foreign Policy a Tool

Pakistan is on the right path of development. Counter-terrorism efforts are bearing its fruits. Internal security situation is far better. Pakistan also had its third consecutive democratic transition in August 2018. National institutions are revamping. In other words, Pakistan is ready to effectively connect in the region for the first time since its inception. Having two developed economies, India and China, in its neighbourhood, having geographical location at the crossroads of Central Asia and the opportunity of CPEC enable Pakistan to redirect its foreign policy course to extract maximum benefits from existing opportunities.

Foreign policy is central to persuasion of economic objectives. Right foreign policy choices induce favorable economic environment and accelerate economic growth of a country,

both at macro and micro levels. To this end, regional environment plays an important role. Pakistan has been facing combination of economic, political and strategic challenges since last few decades. Economic woes don’t emerge in isolation and are well entwined with international political milieu and are parts and parcels of country’s foreign policy decisions. To understand and explain the phenomenon of energy security, particularly part of it related to regional energy infrastructure projects, cannot be understood without taking into account political hindrances alongside and how they can be addressed through sound foreign policy choices. To this end, first we need to explain political and foreign policy challenges for Pakistan in the region that have direct influence over its economic turmoil.

### 5.1. Pakistan-China strategic partnership

Pakistan and China are all-weather friends, and that also goes for their strategic partnership. Both came closer after China’s OBOR initiative, wherein Pakistan (CPEC) plays central role. That’s where; Pakistan’s role becomes critical, even for Asia, Europe and Africa because of OBOR’s outreach. China Pakistan bilateral relationships are not only important for Pakistan to building infra-structures and domestic industrial setup but it is also crucial in tapping indigenous natural resources. Foreign Investment from China can be directed to the exploration and then further refinement of domestic resources on suitable terms. Besides this, China’s interest in TAPI project, as it would provide Turkmen gas to reach Chinese market through Karakoram mountains in Pakistan, is important in providing strategic and strength to the project which was lacking earlier.<sup>70</sup> In this context, Pakistan is

<sup>68</sup> Salim Ahmed, “APBF Wants Early Implementation of other Projects as Qatar LNG Deal to Meet Just 20% of Demand,” *Pakistan Observer*, February 21, 2016.

<sup>69</sup> Ibid.

<sup>70</sup> Drazen Jorgic, “China interested in joining TAPI pipeline project – Pakistan official,” *Reuter*, August 8, 2018, Available at



required to play a proactive role in grabbing maximum benefits from this long-held bilateral association.

## 5.2. Pak-U.S Relations

The successful energy connectivity between Pakistan and CARs, peace and stability in Afghanistan is a pre-requisite. In this context, a larger chunk of Pak-U.S relations revolves around reconciliation efforts in Afghanistan. After the U.S. President Donald Trump's "new South Asian Strategy", Pakistan's role has become more critical for honorable American withdrawal from Afghanistan. In July 2019, a White House statement also appreciated Pakistan's reconciliation efforts. However, Pakistan's alleged support to Afghan Taliban to contain India's influence in Afghanistan has created mistrust between Pakistan and the U.S. That is why, the U.S insists on keeping a little amount of its troops in Afghanistan- a condition that Afghan Taliban are not ready to accept. Nevertheless, neither Americans can stay in Afghanistan forever (as evident from the US withdrawal from Afghanistan) nor American reliance on Pakistan for Afghan peace process is going to decrease.

Another factor in Pak-U.S relations is the China factor. China is making huge investments in Pakistan, which also include projects that will ensure energy security in the country. However, the U.S does not seem to be in favor of increasing Sino-Pak cooperation. On the contrary, the U.S itself is increasing its political, economic and military relationship with India. The U.S, in other words, sees India as a balancer to China's rise in the region. Pakistan, still, is continuously

balancing its relations with the U.S as well as China in an effort to maintain its strategic partnership with the both. Surprisingly, instead of inducing controversies between China and the U.S, Pakistan has been a bridge in times of diplomatic crisis between the two. Therefore, the U.S should not have any reason to oppose Sino-Pak relations or CPEC. Pakistan too cannot afford to disturb its relations with China. Under CPEC investments, Pakistan's energy crisis will be cured.

Besides this, through its presence in Afghanistan and its enmity towards Iran, American is inextricably linked to the future of IP and TAPI, two major regional initiatives towards achieving energy security. In this regard, Pakistan has an opportunity to take all the relevant stakeholders on-board, given the utility of these projects for the worsening economy of the Afghanistan. Future of Afghanistan is largely dependent on its ability to achieve economic stability. Adding to this, as discussed earlier, dealing with Iran in terms of IP gas pipeline requires intelligent diplomacy on both ends: with Iran and with America.<sup>71</sup>

## 5.3. Afghanistan

Afghanistan is suffering from the menaces of war for the last 40 years. Though Afghanistan has a huge potential to play the role of transit hub for energy trade, but instability in the country leaves little room for potential development. However, realization of the need of a gas pipeline has been there among Turkmenistan, Pakistan and Afghanistan since 2005. But again, restoration of peace and stability in Afghanistan is a pre-requisite for any project to be operationalized. Work on any project could not be started without

<https://www.reuters.com/article/pakistan-china-tapi/china-interested-in-joining-tapi-pipeline-project-pakistan-official-idUSL5N1UY1GR>, Accessed on January 3, 2020.

<sup>71</sup>Ebrahim Fallahi, "IP gas pipeline: A fading opportunity for Pakistan," *moderndiplomacy*, March

5, 2018, available at <https://moderndiplomacy.eu/2018/03/05/ip-gas-pipeline-fading-opportunity-pakistan/>, accessed on February 27, 2019.

establishment of stable Afghan government as well. Afghanistan, being in the backyard of Pakistan, is inevitably linked to Pakistan's domestic and foreign policy. Regarding energy security, Afghanistan is important for two reasons: Its involvement in TAPI as a partner country and its role in guaranteeing eradication of anti-Pakistan terrorist elements from its soil.<sup>72</sup> Both the countries are required to work for an effective working relationship that would help make progress at both levels. This would help Pakistan make TAPI's route more secure and reliable. The energy projects, moreover, will also enhance the living standards of Afghan population through transit fees of the pipelines. The importance of peace in Afghanistan for these energy projects can also be gauged from the fact that China looked over its policy of non-interference and got involved in eliminating instability from Afghanistan. Plus, Afghanistan is also now a part of BRI.

#### 5.4. Indo-Pak Rivalry

Normal relationship between India and Pakistan has been a lost dream. The key reason of discord between India and Pakistan is the Jammu and Kashmir (J&K) conflict. Both countries have also fought four wars. After Indian abrogation of Article 370 and 35-A of its Constitution, that changed the legal status of Indian Occupied Kashmir (IOK), relations between both countries hit new low. Because of Indian actions and violation of the Simla agreement, relations are not expected to become normal any time soon. Also, as India is unlikely to revert back its decision regarding Kashmir, the relations will remain tense as well as unpredictable. Indo-Pak rivalry is at the center of future of economic progress of the countries of region. South Asia, being the least

integrated region of the world, is fraught with the challenge of bilateral tensions between India and Pakistan. Opportunities of regional mechanisms of achieving certain level are marred by the hard borders and strategic competition between the two countries. For example, India's deliberate reluctance to pursue TAPI due to strategic and political calculations is a great hurdle in the way of materialization of the project.<sup>73</sup> Adding to this, India's involvement in Afghanistan against Pakistan has further worsened the regional environment. Therefore, to move ahead on regional solutions to address transnational challenges of energy security, considering their benefits for all the countries involved, is only way forward.

#### 5.5. Saudi Arabia and Iran

There has been improvement in Pak-Iran relations since recent past. The major change of perception happened after Imran Khan's visit, despite having Saudi Arabia and Gulf countries concerns. For energy security, Pakistan also needs the completion of IP gas pipeline project. But, the U.S withdrawal from JCPOA and recent killing of Iranian Major General Qassem Soleimani by the US further aggravated regional insecurity. There has also been downward trend in China-Iran bilateral trade and China's reluctance, in this regard, is further isolating Pakistan.

Pakistan's relationships with the Middle Eastern countries are critical to Pakistan's domestic economic woes. In a very recent development, Kingdom of Saudi-Arabia and United Arab Emirates stepped up to save Pakistani economy from going to bankruptcy and kept the economy

<sup>72</sup>"TAPI important for peace in Afghanistan," *AZER NEWS*, March 28, 2018, available at <https://www.azernews.az/region/129337.html>, accessed on February 27, 2019.

<sup>73</sup>"Bonhomie marks opening of TAPI gas pipeline," *DAWN*, February 24, 2018, available at <https://www.dawn.com/news/1391340>, accessed on March 3, 2019.

afloat.<sup>74</sup> Besides this, the future of Gwadar, in particular, and CPEC, in general depends to a considerable extent on its emergence as “the oil and gas transshipment center and a petrochemical complex.” Its feasibility would increase if KSA and other GCC members transport part of their oil, gas and refined product exports through Gwadar to China and also ship their imports through this route.<sup>75</sup> Concurrently, as mentioned earlier, the fate of Iran-Pakistan gas pipeline is also contingent with the nature of Pakistan’s relationship with Middle-Eastern world. In this regard, it is important for Pakistan to maintain a strategic balance between rival countries of the region. Hedging the bets is one such viable option to deal with this fiasco.<sup>76</sup> Pakistan should resist any temptation to play the role of mediation in Middle Eastern affairs. Pakistan’s response to Qatar-GCC rift was commendable and is required to be imitated in the future as well.

## 6. Conclusion & Recommendations

As said earlier the current geo-political environment cannot be better for revamping of Pakistan’s foreign policy direction and securing energy connectivity. For that to get benefit from, first of all, Pakistan must address some of the significant regional challenges. These foremost

challenges lie in Pakistan’s neighborhood: unstable Afghanistan and belligerent India. Taliban are now in the control of more territory in Afghanistan since 2001, reflecting unsuccessful American efforts. Though Afghan peace process was in its final phase in September 2019 but the U.S sudden withdrawal from the deal made Afghan peace process meek.<sup>77</sup> Now, Afghan Taliban now has more negotiating space on the table than America or Afghan government. Afghans government too is mired with controversies since fourth presidential elections. Therefore, there is a need of renewed Afghan peace process. According to the International Crisis Group, the terms of the peace process should remain same including, “a timeline and conditions for the drawdown of U.S forces in return for Taliban pledges to cut ties with Al-Qaeda, stop transnational terrorist groups operating from Afghanistan and, importantly, enter intra-Afghan talks.”<sup>78</sup> China and Russia are in the favor of Afghan peace process.<sup>79</sup> In this context, Pakistan’s situation becomes precarious. It has to keep all the involved parties on board in order to facilitate the peace process. Therefore, Pakistan does not have any option other than remaining committed to a consistent peace process. It also needs to be in favorable terms

<sup>74</sup>“Signing of major investment deals expected during Saudi crown prince’s visit to Pakistan: officials,” *DAWN*, February 10, 2019, available at <https://www.dawn.com/news/1462983>, accessed on March 7, 2019.

<sup>75</sup>Sabena Siddiqui, “Why Saudi Arabia Joining CPEC Matters,” *Diplomat*, February 02, 2019, available at <https://thediplomat.com/2019/02/why-saudi-arabia-joining-cpec-matters/>, accessed on March 10, 2019.

<sup>76</sup>Sabena Siddiqui, “Saudi-Iran conflict threatens to flare in Pakistan,” *Al-Monitor*, March 21, 2019, available at <https://www.al-monitor.com/pulse/originals/2019/03/iran-saudi-arabia-tension-flare-pakistan-port-oil-china.html>, accessed on March 31, 2019.

<sup>77</sup> Peter Baker, Mujib Mashal and Michael Crowley, “How Trump’s Plan to Secretly Meet With the

Taliban Came Together, and Fell Apart,” *New York Times*, September 08, 2019, Available at <https://www.nytimes.com/2019/09/08/world/asia/afghanistan-trump-camp-david-taliban.html>, Accessed on November 21, 2019.

<sup>78</sup> “Getting Afghan Peace Process Back on Track,” International Crisis Group, 2 October 2019, Available at <https://www.crisisgroup.org/asia/south-asia/afghanistan/b159-getting-afghanistan-peace-process-back-track>, Accessed on December 13, 2019.

<sup>79</sup> “U.S., Russia, China and Pakistan Joint Statement on Peace in Afghanistan,” *Media Note, U.S. Department of State*, Available at <https://www.state.gov/u-s-russia-china-and-pakistan-joint-statement-on-peace-in-afghanistan/>, Accessed on January 02, 2020.

with the upcoming Afghan government for an Afghan-led peace process. It will not only benefit Afghanistan, but CPEC's true potential can only be realized through connectivity between Pakistan, CARs and Afghanistan, for which stable Afghanistan is a pre-requisite.

India has become a permanent problem for Pakistan that needs to be handled with sheer diplomacy. First, there was Jhadav affair and then came the Kashmir crisis, Pulwama and Balakot. Now, these events do not disturb strategic stability between India and Pakistan but also affects Pakistan in the shape of making CPEC controversial and the Financial Action Task Force (FATF) saga. Therefore, Pakistan should now behave proactively rather than reactively so that Indo-Pak rivalry does not affect regional connectivity initiatives.

Pakistan is facing challenges in CPEC operationalization. So, it is need of the hour to engage its neighbours, particularly Afghanistan and Iran. This will allow Pakistan to expand its footprints in the region. In the existing second phase especially, Pakistan should further promote regional infrastructure development. South Asian Association for Regional Cooperation (SAARC) can also be included to gain more leverage. Moreover, the U.S will not have any issue to resist CPEC if Pakistan becomes a little more transparent in sharing information available to foreign investors. In this context, Pakistan can expand its narrow foreign policy that only includes Afghanistan and India yet to a broader policy, involving diplomatic and economic connectivity with CARs and other players in the region. In other words, Pakistan now must have an independent foreign policy so that India or any other country could not affect its bilateral relations with anyone. For instance, Pakistan is a villain in the foreign policies of Bangladesh, Nepal, Sri Lanka, Bhutan and Maldives because of their relations with India. Nevertheless, Pakistan can start with improving its relations

with Sri Lanka by linking Gwadar port with Hambantota port under the CPEC. This will serve as an initial point and with surely have ripple effects on the neighboring countries.

As far as CARs are concerned, stability in the region is a pre-requisite for any development to occur. Nevertheless, Tajikistan can be gateway for Pakistan for CPEC projects in Central Asia, if peace and stability keep on taking more time in Afghanistan. Moreover, forum like ECO, SCO, and even Organization of Islamic Countries (OIC) can be engaged for smooth operationalization of CPEC, besides increasing bilateral trade between Pakistan and CARs. With projects like CASA-1000, TAPI and TUTAP-500, regional security problems are not going anywhere because of trickledown effect of Afghanistan instability. To tackle the problem, CARs can be involved as legitimate stakeholders in facilitating and encouraging Afghan peace process. Again, bilateral problems between CARs need also to be resolved. This is only possible when all the stakeholders work for the collective good by focusing on the broader picture.

Similar to Central Asia, Middle East has been the hub of great power politics. If BRI is efficiently connected to Middle East, the world can enjoy a more prosperous now international economic order. Because Middle East holds such importance in the Western political and economic domains that its connection with the BRI will minimize Western influence in the region to a major extent. Pakistan, in this regard, can play a constructive role because of its religious and cultural ties with the region. Pakistan's influence on the region was evident in Pakistan's recent proactive diplomacy towards Riyadh and Tehran. Pakistan is also ready to connect Chabahar and Gwadar ports. Pakistan's influence of the region is strong enough to convert challenges into opportunities.

Most importantly, Sino-Pak relations cannot be enhanced at the expense of Pakistan's relations with the U.S. Though U.S cannot remain indefinitely in Afghanistan but it is going to keep some troops in Afghanistan, meaning it is going to be involved in regional politics. The U.S cannot be left out of the regional politics because of Indo-U.S strategic partnership and Indian involvement in Afghanistan. Therefore, the only option that Pakistan has is the balancing of its relationship and concern of China and the U.S.

Finally, Pakistan needs to enhance its diplomatic engagement in Central and South Asia. SCO membership can be utilized to achieve this objective. "The countries do not live in a vacuum or in isolation, so, there is a real synergy or benefit for all if countries cooperate, if they connect with each other and they trade with each other."<sup>80</sup> For Pakistan, the energy projects are also a matter of national security because its economic growth and survival is going to depend on these the successful completion of these.

---

<sup>80</sup> "Working Together in Central and West Asia," *Asian Development Bank*, October 27, 2017.