

Navigating the Economic and Geopolitical Tightrope: Iran-Pakistan Relations

From 22 - 24 Apr 2024, Iran's President Ebrahim Raisi visited Pakistan, marking the first such visit by an Iranian president in 8 years. Hosted by Prime Minister Shehbaz Sharif, this event is particularly noteworthy given the backdrop of recent tensions, including cross-border airstrikes just three months ago. The visit underscores a pivotal moment in Iran-Pakistan relations, reflecting both countries' intentions to strengthen ties amid complex regional dynamics and external pressures.

During the visit, Raisi and Sharif set ambitious economic goals, aiming to quintuple their bilateral trade from \$2 billion to \$10 billion annually over the next 5 years. This target signals a significant shift towards economic collaboration, despite the looming threat of US sanctions against Pakistan, which could complicate progress.

A key component of their discussions was the Iran-Pakistan gas pipeline project, with Iran having already invested \$2 billion on its side of the border. This project is crucial for meeting Pakistan's escalating energy demands but has faced delays on the Pakistani side due to fears of US sanctions, which have historically stifled the project's progress.

The US's stringent stance on Iran, exemplified by sanctions targeting Iran's oil and petroleum sectors, poses a significant obstacle. This month, the US also sanctioned entities in China and Belarus accused of supporting Pakistan's ballistic missile program, emphasizing its strategy of using sanctions not as punishment but as a means to influence behavior.

Pakistan now faces the delicate task of balancing its urgent economic and energy needs with its geopolitical alignments and obligations, particularly in relation to US expectations and the broader regional security landscape.