

## **Mand-Pishin Border Market: A Step Towards Improving Pak-Iran Bilateral Relations**

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### **Introduction**

Iranian President Seyyed Ebrahim Raisi and Pakistani Prime Minister Mian Muhammad Shehbaz Sharif launched the first Pak-Iran border market on 18 May 2023. The marketplace is the first of six, planned along the Pakistan-Iran border as a part of the 2012 agreement between the two nations and it is located in the remote village of Mand in Kech district of Pakistan's southern Balochistan province.<sup>1</sup> Iranian President Ebrahim Raisi and Pakistani Prime Minister Shahbaz Sharif also officially launched a power transmission line that will send Iranian electricity to parts of Pakistan's rural areas. In a meeting, Sharif told Raisi that Pakistan would make every effort to strengthen border security with Iran. He also invited Raisi to visit Pakistan and stressed upon strengthening mutual commercial and economic connections. Because of the cross-border attacks by extremists along their common border, ties between Iran and Pakistan had been tense. Small separatist organizations have conducted an ongoing struggle to instil instability in Balochistan. Similarly, militants targeted Iranian border guards to escalate tensions between the two nations. Therefore, such a major development is first of its kind since 2013 when the two countries negotiated a deal

allowing Pakistan to import Iranian gas though the sanctions against Iran prevented the accord from being put into effect.

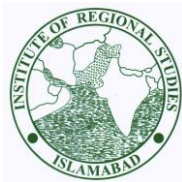
### **A Brief Overview**

The opening of the Mand-Pishin border market and the 100-megawatt Polan-Gabd power transmission line opened a new chapter in relations between Pakistan and Iran. The project would provide socioeconomic growth to Gwadar, benefiting the local populace. This development is expected to exploit the enormous potential for bilateral energy and petroleum projects between the two countries for the benefit of both the states. Regarding the opening of the Pishin-Mand border market, six such markets are planned to be developed in the area, ushering in a new era of advancement and serving as a turning point for bilateral ties.

There is a good probability that delegations from Pakistan and Iran may visit each other's country as cooperation now extends to other fields, such as solar energy. The Mand-Pishin border food market is expected to serve as a bustling hub for expanding cross-border trade, promoting economic development, and creating new business opportunities for local companies. These marketplaces are labelled as epitomes of promoting economic growth,

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facilitating regional trade, and opening up new commercial prospects for regional companies.<sup>2</sup> The Polan-Gabd electrical transmission line is anticipated to alleviate the strain of Pakistan's energy issues. The border market and power initiative would enable greater cooperation, particularly in the economic domain.

Due to Pakistan's energy shortage, it will be easier for both countries to increase their trade through the border market. Pakistan can import oil and gas from Iran at lower prices without incurring high freight costs, which will enable Pakistan to avoid spending millions of dollars on expensive oil imports. By establishing new trade channels with Pakistan, Iran can decrease its economic instability while simultaneously improving its reputation in the region. It would also alleviate the plight and address the complaints of the Balochistan border population through welfare projects for those living in the adjoining provinces of Balochistan (Pakistan) and Sistan-Baluchestan (Iran).

### **Significant Features**

Border markets are primarily meant to ensure regional connectivity. Most of the time, border markets thrive due to the presence of transnational networks present on both sides.<sup>3</sup> This allows the facilitation in imports and exports. In the case of Pak-Iran border market at Mand-Pishin, the presence of Baloch people on both sides of the border, i.e., Balochistan province of Pakistan and Sistan-Baluchestan province of Iran would allow the people-to-people contact and flourishing of the local industry.

This could help in alleviating the grievances of the local populations and improve their living standards. Furthermore, it is expected to ease the cross-border travelling as traders would be allowed to sell and purchase the products from either side. Through the border market, the regulatory measures that would be put in place would further streamline the process of trade in local currencies or in barter mechanism. This is further evident from the latest agreement which Pakistan has signed in June 2023 with Iran, Russia, and Afghanistan that allows barter trade.<sup>4</sup> Lastly, the security situation of the border region between Pakistan and Iran could be improved due to the presence of a vibrant border market. This could help in reducing the cross-border terrorism, human trafficking, and drug smuggling. One lateral benefit of this border market would also be the development of local community through cultural understandings and affinities that could further assist in the public diplomacy between Pakistan and Iran.

### **Why Now?**

Iran was the first country that recognized Pakistan while Pakistan was one of the first countries that recognized the newly established Islamic Republic after the Iranian Revolution. Despite that, most of the times, the foreign policy objectives of both countries remained not only divergent but, at times, contradictory to each other. For example, in the 1990s, Pakistan favoured the Taliban regime while Iran was hostile to the Taliban. Similarly, Pakistan became a 'Major Non-NATO Ally' in the US war-on-



terror while Iran showed its displeasure over the US presence in the region. Likewise, Indo-Iran relations and Pak-Saudi relations put both Pakistan and Iran in ambivalence regarding the pursuance of bilateral relations with each other.

Nonetheless, the US withdrawal from Afghanistan in 2021 changed the regional geopolitical situation and allowed the regional states to mutually devise mechanisms to ensure regional peace, progress, and prosperity. The quadrilateral meetings between Pakistan, Iran, China, and Russia are one example of such regional consensus that aligned the interests of both Pakistan and Iran with each other.<sup>5</sup> The second instance was the inclusion of Iran into the Shanghai Cooperation Organization (SCO), the process that started in 2021. The SCO is being hailed as an alternative platform of emerging states in Asia that has the potential to counter the traditional US-led and West-oriented global posture. Therefore, the SCO became another common ground for both Pakistan and Iran to foster their bilateral ties and converge their regional objectives. However, the most crucial factor was the recently concluded rapprochement between Iran and Saudi Arabia. The peace deal, mediated by China, helped Pakistan in re-posturing its Middle East policy that was, for the most part, a balancing act. Since Iran-Saudi rapprochement was followed by proposals on joint maritime security cooperation and Saudi investments in Iran, the establishment of border markets between Pakistan and Iran is an optimistic measure to

streamline trade connectivity. Furthermore, such a step is now expected to transform into a bigger collaboration like resuming the working on the Iran-Pakistan (IP) Gas Pipeline project. Since Saudi Arabia is willing to invest in Iran and had pledged the \$20 billion investments in Pakistan during the visit of Saudi Crown Prince Muhammad bin Salman (MBS) in 2021, the border markets alongside IP gas pipeline that be connected to the Saudi investments in energy sector in and around the Gwadar region as well.<sup>6</sup>

### **Conclusion**

The establishment of Mand-Pishin border market between Pakistan and Iran and the proposed plan of developing other such markets reflects betterment of bilateral relations. For most of its history, the Pak-Iran border has been visualized through the security lens. Nevertheless, regional tilt from geopolitics to geo-economics along with the urge to increase the avenues for trade through connectivity made it possible to practically implement the processes of bilateral economic activity between Pakistan and Iran. The phases of its implementation are also optimistic measures as, previously, both the states agreed to establish the joint border patrolling force to prevent cross-border attacks and eliminate the dogmatic segments on respective side of the border. Once, peace is ensured, economic activities would prosper. It is in line with Iran's 'neighbourhood policy' that advocates for regional peace, removal of trade barriers, and improvement of economic relations. On

the other hand, it is the manifestation of Pakistan's desire to collaborate with the neighbouring states and keep its western borders at peace. Such a development is also expected to transform into advanced economic relations like mutually agreeing on a free trade agreement. The silver lining of this development is the construction of a transmission line through which Pakistan can utilize the 100MW electricity power generation from Iran. The flow of Iranian electricity into Pakistan can further consolidate the energy relations which are

essential for Pakistan's ever-growing energy needs. Since majority of Pakistan's import bill constitutes the payments of energy products which further increased due to the ongoing Ukraine War, the alternative energy markets could ease the pressure on Pakistan's balance of trade. As the flow of Russian oil has already started, the electricity transmission line from Iran could hopefully be transformed into an advanced setup of energy relations, particularly in the wake of resuming the IP Gas Pipeline.

### Notes and References

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