

## CSAG INFORMATION PAPER:

### Iran-KSA Peace Talks and its Implications for South Asia

Lt Col Kashif Ehtisham, Pakistan Army (CSAG/CCJ5)

*The opinions and conclusions expressed herein are those of a number of international officers within the Combined Strategic Analysis Group (CSAG) and do not necessarily reflect the views of United States Central Command, nor of the nations represented within the CSAG or any other governmental agency.*

1. **Subject.** Iran-KSA peace talks and its implications for South Asia.
2. **Purpose.** The aim of this paper is to present the analysis of CSAG on consequences of the Iran-KSA peace talks for South Asia in order to draw pertinent conclusions for US CENTCOM.
3. **BLUF**
  - a. The historic deal has created an opening towards ‘Cooperation instead of Competition or Confrontation’ between rivals.
  - b. Iran-KSA peace talks afford China the optics as ‘the capital of peace’ for the Global South; a status that only the US has enjoyed so far (Camp David Accord/ Abraham Accords).
  - c. India and Pakistan are the two major states in South Asia; Iran-KSA peace talks with increased role of China would bring opportunities and challenges for the archrivals.
  - d. South Asia has the least economically integrated entities in the world<sup>1</sup>, leading to security and economic imbalances in the region.
  - e. South Asia may experience meaningful impacts of this reconciliation, as it has the largest population of Muslims<sup>2</sup> in the world.
  - f. Nature of animosity between Iran-KSA and India-Pakistan is not comparable, but this historic peace deal offers some hope of normality between nuclear adversaries.
  - g. Improved Iran-KSA relations could present massive opportunities for trade and energy projects in the region by allowing South Asian states more diplomatic space.
4. **Diplomatic Outlook of India and Pakistan**
  - a. **India.** (Uneasy about the deal).
    - (1) India traditionally carried out a balancing act by pursuing commercial relations, especially through energy trade, both with Iran and the KSA. Since 2019, however, India has reluctantly curtailed its energy imports from Iran<sup>3</sup> to avoid U.S sanctions.
    - (2) With China and Iran on one side and the accession of KSA to the bloc, it would be a challenge for India to create a balancing act between the US and them.
    - (3) India-Iran ties have been undercut by India’s growing links with Israel and Iran’s relations with China.

<sup>1</sup> South Asia accounted for 29% of the people living in extreme poverty worldwide.

<sup>2</sup> More than 600 million Muslims, about one-third of all Muslims lives in South Asia; [https://en.wikipedia.org/wiki/Islam\\_in\\_South\\_Asia](https://en.wikipedia.org/wiki/Islam_in_South_Asia)

<sup>3</sup> Iranian oil made up nearly 11 percent of India’s overall oil intake.

- (4) An Indian diaspora of about 2.5 million live in KSA and India benefits from the remittances of this huge strength; fractured diplomatic ties with KSA would be detrimental for India.
- (5) China acting as mediator between Iran and KSA is a source of concern for India; there is a lot of distrust between the two after recent border clashes.

b. **Pakistan.** (Optimistic about the deal).

- (1) As Iran's neighbor, KSA's strategic partner and China's key ally, Pakistan may seek major benefits from the recent diplomatic breakthrough (resumption of Iran-Pakistan-India gas pipeline project).
- (2) Post Iran-KSA deal, Pakistan can maintain balanced diplomatic ties with both states, as historically the animosity between Iran and KSA had serious implications for it.
- (3) KSA is a longtime military partner and a frequent source of economic support to Pakistan; however, relations with Iran have often been at odds.
- (4) To avoid provoking the US and KSA, Pakistan has refrained from pushing closer to Iran. Aside from some commercial links, cooperation is relatively limited.
- (5) Pakistan has been plagued by sectarian violence for decades, with Sunni-Shia<sup>4</sup> tensions being exploited by external factors to fuel instability; reconciliation would have positive impacts as it could help defuse sectarian tensions.

## 5. **Analysis**

- a. The timing of this deal is crucial; China shows the world its 'moral authority' as a 'guarantor of peace'; history could judge China as a 'peace broker'.
- b. No matter the outcome of the Iran-KSA deal, India and Pakistan will take a careful approach to avoid upsetting the US by moving too close to Iran.
- c. Iran-KSA talks could also create opportunities for India and Pakistan to focus more on key energy projects with Iran, which has remained isolated due to US sanctions.
- d. Successful talks could enable China to develop BRI projects in Persian and Arabian corridors through its "modernization" plan.
- e. If China is able to successfully steer the Iran-KSA reconciliation, this could lead to a 'domino effect' that encourages China to magnify its geo-political/ diplomatic outreach in other regions to settle disputed issues (Kashmir, Palestine etc).
- f. The Iran-KSA reconciliation process may bring more stability in AFG as both hold significant influence and the emerging peace efforts could potentially lead to greater cooperation in AFG.
- g. The Iran-KSA deal will afford energy security for South Asia, as both Iran and KSA are major oil producers, and a peace deal could lead to greater stability in the energy markets.
- h. While keeping relations with both Russia and USA, India is maintaining the posture of strategic ambivalence; as a strategic anchor of the USA, it is not a success for the USA.
- i. Considering itself as 'regional competitor of China', India is perhaps perplexed by the deal; with the rising alliance power of China-Russia-Iran-KSA, India would avoid aligning with the West and instead reconcile with regional actors.

## 6. **Recommendations**

- a. The US may focus on the 'decisive decade and COG of partners'; opponents follow the same 'play book'. Utilizing its 'global clout' and 'technological strength' the US may counter China by offering better alternatives (Through PGII, it initiates projects in the least developed regions).

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<sup>4</sup> 20 percent of Pakistan's population is Shiite.

- b. US needs to do a dispassionate analysis and identify which of its partner in South Asia could be more beneficial in terms of achieving strategic objectives, owing to its pivotal location (neighbouring Iran, AFG, CAS and China) and relations with regional countries; Pakistan comes out to be that country and US may need to relook its approach.
- c. Countering China's initiatives as 'peace monger', US may leverage upon its deeply rooted strategic ties with India and Pakistan and mediate to resolve the oldest dispute of Kashmir.
- d. US may endeavor to reinstate the 'broken line of communication' between India and Pakistan— it's a win-win for all actors.
- e. Since the US kinship with India is pushing Pakistan closer to China, the US can maintain a balancing act in the region and avoid bigotry (the conventional asymmetry).