

Speech by Dr. Kamal Kharrazi, the President of Strategic Council on Foreign Relations

at

The Council of Foreign Relations

Karachi, Pakistan

March, 29th.2018

In the name of God

Iran - Pakistan Development and Cooperation in the Indian Ocean

Mr. President

Ladies and Gentlemen

I am delighted to have the opportunity to speak in this important research institute. I am also happy to be in Pakistan, the friendly country that I respect it very much. Therefore, I would like to appreciate the organizers of this meeting.

Mr. President

The geopolitics of the Indian Ocean Rim is changing rapidly. On the one hand, a group of countries in the region are on the track of fast development or at least, on its verge. On the other hand, unfortunately, instability and insecurity, as well as geopolitical rivalries, are high in the Indian Ocean area. In fact, development, insecurity, and rivalry are the three attributes of the Indian Ocean region.

Development in the Indian Ocean

Over the last two decades, the countries of the Indian Ocean Rim, following East Asian and South Eastern Asian countries, have taken important steps towards their economic development. Abundant oil revenues in Persian Gulf has helped littoral states of Persian Gulf to develop. India has also taken the path of development and supported by western countries. Silk Road initiative, proposed by the president of China in 2013, fosters investment in economic infrastructures of Pakistan.

Instability and insecurity in the Indian Ocean

Arab uprisings, which began in North Africa and spilled over the Middle East and the Persian Gulf, has created unexpected instability in the whole region by the expansion of terrorism in an atmosphere of political vacuum created by Arab uprising.

Today, the wave of Takfiri terrorism has sparked insecurity and instability in many parts of the Indian Ocean Rim like Pakistan, Yemen, India, southern Persian Gulf states, Somalia, and East Africa.

Regional rivalries in the Indian Ocean

Despite the opportunities in the Indian Ocean Rim, unfortunately the rivalries between some countries have had negative impacts on the region's development. While China pursues its great project of One Belt, One Road initiative, India in alliance with the United States opposes that project. In fact, China has planned for a major investment of 46 billion Dollars in Pakistan, to connect Kashgar to Gwadar Port.

On the other hand, Iran has developed Chabahar Port to be a platform for Indian Ocean cooperation. India is using that port to have access to Afghanistan and Central Asia, and we welcome China, Pakistan, and Oman to join for a regional cooperation. Indian Ocean cooperation can be an effective force to reduce regional rivalries and expand security in the region.

Cooperation between Iran and Pakistan

Thanks to the geopolitical locations of Iran and Pakistan, both are located on the land and maritime routes of Chinese New Silk Road initiative. In line with fostering regional connectivity, China, Iran, and Pakistan can cooperate to complete the Silk Road by connecting Gwadar port to Chabahar.

In fact, by connection of Gwadar port to Chabahar, and using Iranian road and railway systems along Iranian south-north and east-west corridors, China would find access to Central Asia, Russia, Caucasus, Eastern and Western Europe, and off course, the Middle East.

No doubt, the economic cooperation between Iran and Pakistan creates vast opportunities for the whole region. Off course to make it a reality, security has to be intensified in the region, and in that respect cooperation between Iran and Pakistan is mandatory to make it possible.

It should be noted that promotion of economic cooperation between Iran and Pakistan is contingent on several factors as follows:

- 1- Having normal banking relations. Unfortunately, under the pressure of United States, Pakistani banks refrain to do business with Iranian banks. This is an obstacle that the government of Pakistan has to remove in order to facilitate the transfer of money between the two countries.
- 2- Doing business based on national currencies. One of best ways to overcome

the banking problem is to sign an agreement between the two countries to do business based on our national currencies.

3- Establishment of credit lines and insurance coverage by the two government to promote economic cooperation between the two sides.

4- Implementation of tariffs agreement. The already signed tariffs agreement has to be implemented in order to promote import and export between the two countries.

5- Free trade agreement. If the two countries are interested to really expand their trade and business, free trade agreement would be imperative.

I thank you