

RELEASE IN FULL

---

**From:** Sullivan, Jacob J <SullivanJJ@state.gov>  
**Sent:** Thursday, March 29, 2012 6:48 PM  
**To:** H  
**Subject:** FW: New Delhi 818

**See further detail below on the TAPI agreement.**

### **Indo-Pak TAPI Agreement: American Diplomacy**

**Background:** Both India and Pakistan face pressing energy issues: Indian gas demand has grown 14% annually over last five years, and they are seeking to diversify their sources; Pakistan's gas reserves are steadily depleting. The Gas Purchase Sales Agreement remains unsigned owing to ongoing Afghanistan-Turkmenistan pricing negotiation.

**Success Story:** Our diplomats have been actively engaged in encouraging this agreement for over a year-and-a-half. Daniel Stein has been doing a form of pipeline shuttle diplomacy back and forth between Islamabad, Kabul and New Delhi. The effort entailed:

- Motivating the Asian Development Bank to stay engaged on the project and to act as a sort of secretariat for the agreement.
- Pushing the 3 buyer countries (India, Pakistan, Afghanistan), through diplomatic efforts, to work together in their negotiations, rather than to allow the Turkmenistan to continue to play them against each other.
- Stein was in Islamabad in January 2012, a week later the Pakistanis were in New Delhi working out the deal.
- We have already seen spillover effects in terms of the Indians and Pakistanis continuing to work together in other energy dialogues. Regardless of whether the pipeline comes through, it appears to have been a huge confidence builder for the energy teams on both sides.

**Challenges Remain:** Stein suggests the completion of the remains a long shot, but not for reasons owing to Indo-Pak relations, rather because:

- It is proving difficult to get Turkmen to accept an onshore IOC, without which the plan can't move forward.
- While the 3 buyers have negotiated a standard boilerplate, they are negotiating price separately. The inter-agency is worried that the Afghans are growing tired of this process, and might consider pursuing their own gas reserves in the north. Without the Afghans, the geography doesn't work.

Finally, the Indians and the Pakistanis have worried aloud repeatedly that if the Afghans join the pipeline but develop their own oil, they won't properly protect the pipeline

---

**From:** Sullivan, Jacob J  
**Sent:** Thursday, March 29, 2012 6:00 PM

**To:** Klaus, Robert I  
**Subject:** RE: New Delhi 818

Tomorrow is fine too. Thanks Ian.

---

**From:** Klaus, Robert I  
**Sent:** Thursday, March 29, 2012 5:33 PM  
**To:** Sullivan, Jacob J  
**Subject:** Re: New Delhi 818

Absolutely. Not sure if the right people from ENR will still be around to give further background, but Ill rustle up all I can.

---

**From:** Sullivan, Jacob J  
**Sent:** Thursday, March 29, 2012 05:28 PM  
**To:** Klaus, Robert I  
**Subject:** New Delhi 818

Ian, can you get your hands on this cable and figure out the extent and nature of American involvement in bringing the Indo-Pak piece of TAPI to fruition? S wants to be able to tell the story of US diplomacy, on that and on the broader TAPI pipeline effort. Thanks.