

CENTER FOR GLOBAL & STRATEGIC STUDIES



THE US POLICY FOR SOUTH ASIA AND PAKISTAN'S RESPONSE



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Seminar Report

“The US Policy for South Asia and Pakistan’s Response”



**Organized by
Center for Global & Strategic Studies, Islamabad
at
Margala Hotel, Islamabad
on
8th February 2018**

Participants

The Seminar was attended by almost 250 participants including government representatives, armed forces officers, diplomats, experts of foreign policy and individuals from public and private entities.

Host **Lieutenant General Muhammad Zahir Ul Islam, HI(M), (Retd) - Chairman, Center for Global & Strategic Studies (CGSS)**

Guest Speakers **Ambassador Ashraf Jehangir Qazi – Former Ambassador of Pakistan to United States**

Ambassador Zamir Akram – Former Ambassador of Pakistan and Permanent Representative to the United Nations

Lieutenant General Naeem Khalid Lodhi HI(M), (Retd) – Former Federal Defence Secretary of Pakistan

Dr. Ashfaque Hasan Khan - Principal and Dean, School of Social Sciences & Humanities, National University of Sciences & Technology (NUST), Islamabad

Introduction of the Speakers

Ambassador Ashraf Jehangir Qazi – Former Ambassador of Pakistan to United States

Mr. Ashraf Jehangir Qazi, was Pakistan's Ambassador to the United States between 2002 and 2004. Prior to this appointment, he was Pakistan's High Commissioner to India since 1997. During the mid-80s to mid-90s, Mr Qazi served as Ambassador to Syria, East Germany (in 1990-91), Russia and China. His association with the United Nations includes his appointment as the Special representative of the Secretary-General in charge of the United Nations Assistance Mission in Iraq after which he served as the Special Representative of the Secretary-General Ban Ki Moon in Sudan. During his tenure at the Ministry of Foreign Affairs in Islamabad, he served as Director of East Asia, Director-General for Policy Planning and Afghanistan and Additional Foreign Secretary for Policy Planning, Afghanistan, Soviet Union and Eastern Europe. Mr Qazi was also actively engaged in diplomatic assignments in Copenhagen, Tokyo, Cairo, Tripoli and London.



Ambassador Zamir Akram – Former Ambassador of Pakistan and Permanent Representative to the United Nations

Mr. Zamir Akram is the Former Ambassador of Pakistan and Permanent Representative of Pakistan to the United Nations. He is currently Advisor to the Strategic Plans Division, Government of Pakistan. Mr Akram joined Pakistan's Foreign Service in 1978. During his tenure with the Foreign Service, he served as Additional Secretary for Foreign Affairs in the Prime Minister Office, Director General for South Asia, Director for Afghanistan and Selection Officer for the former Soviet Union. His foreign postings included the capitals Geneva, Moscow, Delhi and



Washington. As Pakistan's Ambassador and Permanent Representative to the UN and other international organizations in Geneva from 2008 to 2015, he played a leading role in Disarmament, Human Rights, Refugees, Humanitarian Affairs, Trade and Development, Intellectual Property, Labour and Health among others significant areas. In 2015 he was elected as Chair-Rapporteur of the Human Rights Council Working Group on the Right to Development.

Lieutenant General Naeem Khalid Lodhi HI(M), (Retd) – Former Federal Defence Secretary of Pakistan

Lieutenant General Naeem Khalid Lodhi HI(M), (Retd) served as the Former Federal Defence Secretary of Pakistan. He has served in various command assignments as Commander Corps Engineers, GOC and Corps Commander. He has also been the Deputy Engineer in Chief and Director General Staff Duties at GHQ. After graduating from Military College of Engineering, General Lodhi commanded the Staff College Quetta and National Defence University. He remained on the faculty of all three prestigious institutions. He also served as the Secretary Defence for a short tenure and later served as a successful CEO and MD of a leading corporate organisation. Lt Gen. Naeem Lodhi (Retd) is also on the Advisory Board of the Center for Strategic and Contemporary Research and writes for well-known newspapers.



Dr. Ashfaq Hasan Khan - Principal and Dean, School of Social Sciences & Humanities, National University of Sciences & Technology (NUST), Islamabad

Dr. Ashfaq Hasan Khan is the Principal and Dean, School of Social Sciences & Humanities, National University of Sciences & Technology (NUST), Islamabad. Dr. Ashfaq is a member of the Economic Advisory Council of the Government of Pakistan. He has recently been elected as member of the Board of Trustees of the International Islamic University,



Islamabad. Dr Khan has been the Special Secretary Finance/Director General, Debt Office and Economic Adviser Ministry of Finance, Islamabad for eleven years from 1998 to 2009. He has also been the Spokesperson of the Government of Pakistan on Economic Issues for eleven years. With a Ph.D degree in Economics from Johns Hopkins, he joined the Pakistan Institute of Development Economics (PIDE) in 1979 as Research Economist, where he held increasingly senior positions.

Opening Remarks by
Lieutenant General Muhammad Zahir-UI-Islam HI (M), (Retd) –
Chairman CGSS

General Zahir (Retd) while expressing his views on the relevancy of the US Policy with reference to the Afghanistan situation, and serious implications for Pakistan, he stated the Indo-US nexus is a constant threat for the development of China-Pakistan Economic Corridor (CPEC). The Chairman, suggested a few important aspects of the issue for the upcoming speakers to elaborate:



1. Did Trump's South Asia Policy abruptly come up, or is the current policy in consistent with the previous ones for the region?
2. Was the incident of 9/11 the real trigger for the presence of US boots on the Asian grounds, or was an intervention already coming to the region?
3. What would be a peaceful solution for Afghanistan from the context of Pakistan?

Pakistan's narrative for Afghanistan was also another focus of discussion; which suggests a peaceful solution and is not communicated at international forums, the policymakers need to devise strategies to be heard. He further elaborated that our past negotiations with Taliban had also been sabotaged. General Zahir concluded his remarks by saying that '70% of Afghanistan is under the control of Afghan Taliban, it was therefore imperative to hold dialogue with Taliban, as there is no military solution to Afghanistan.'

Speaker 1

Ambassador Ashraf Jehangir Qazi - Former Ambassador of Pakistan to United States

Topic: India-US Nexus and its Impact on Pakistan



Pakistan has always let the Indo-US relations come in the way of having an independent policy with the United States and we need to resolve this difficult dilemma. He said that the West, even before the Indo-Pak independence, has had a fascination with Indian leaders such as Nehru and Gandhi. When India gained independence, US looked at it with great hope and expectation to develop relations between the oldest democracy (United States) and the biggest democracy (India). However, India's ideology was socialistic, if not socialist at that time. During the cold-war, India took up a non-aligned neutral pro-Soviet stance,

because at that time, Soviet Union seemed more progressive than its former colonial empires. Even so, whenever the opportunity was offered, US rushed to the assistance of India because the US believed that their fundamental, political and value structure was aligned with India.

Ambassador Ashraf further explained Pakistan's historical relationship with the United States by mentioning that Pakistan was born from the 'womb of British India'; and India was an adamant believer that Pakistan, was an illegitimate entity which will not last through the existential crises of military, population movement and the attitudes that went with it, currency depreciation, along with the water crisis created by India, all of which nearly lead to war. Nonetheless, US frustrations with India grew, and with the visit of John Foster Dulles to Pakistan, US found the people of Pakistan very different from Indians. Pakistanis had a long dominant history in South Asia and this marked the beginning of developing relations with the West. US, however, made it clear to Pakistan that its pacts with SEATO or CENTO were conditional to containing the Soviet Union, and not an assistance for Pakistan go to war with India. At the same time the US knew that this will help develop Pakistan's military, vis-à-vis India. However, when the Indo-

Pakistan War of 1965 took place, instead of acknowledging Pakistan as an ally, US imposed sanctions on both the countries and of course Pakistan suffered comparatively more. The US saw the war, as a violation of alliance and Pakistan felt betrayed. That's when Pakistan realized that we need an important relationship with US but we also need security from elsewhere. At the same time, after 1962, China started to develop a momentum in Sino-Pak relations.

Through Pakistan's prism, America has been strategically using Pakistan, without ever formally having a strategic relationship with the country. US has always facilitated Pakistan's security, directly and indirectly and has built upon Pakistan's military capability, but simultaneously built a strategic relationship with India, which happened to be an arch rival of Pakistan. This contradiction, he stated, Pakistan has never been able to transcend. After the end of the cold-war, regardless of the strong link between Moscow and Delhi, Indo-US strategic relations started to develop, and Pakistan was left out in the cold. Pakistan should have then realized that we could have an important relation with the US, but never a strategic one, and as long as we keep hoping for a strategic relation, we will always be on the losing end. The US dominantly had all Security Council resolutions adopted, which were in its favor, followed by the Soviet Union veto to many resolutions. The speaker stated that the power started to move away from the West, when colonial nations started to gain independence, many of which were third world countries.





Soon, it was America's turn to veto resolutions, and so it moved away from Kashmir, without formally changing its policies. It accepted the status quo, and now wished for dialogue between India and Pakistan. US wanted the two countries not to go to war, particularly now that both had nuclear weapons.

When India in 1974 conducted its first nuclear bomb test with the "Smiling Buddha", it faced no resistance from the West. But in 1998, when Pakistan and India both tested their nuclear weapons, both the nations faced sanctions from the US, and again the burden fell on Pakistan, being more economically fragile and dependent on US aid. And now, America has recognized India as a nuclear power, and is backing its membership to Nuclear Suppliers Group, and has expressed its mistrust for Pakistan. The way the US facilitated India to enhance its influence in Afghanistan, while Pakistan's has mishandled its Afghan Policy. India's influence has now become a problem, but this he mentioned 'can be resolved with a little bit of imagination and placing things in a different context'. The Afghan's depend on US pressing Pakistan, to help prevent the Afghan insurgency in Kabul and now it seems like Afghanistan, India and United States are on one-side, while Pakistan and China in the bigger picture are on the other side.

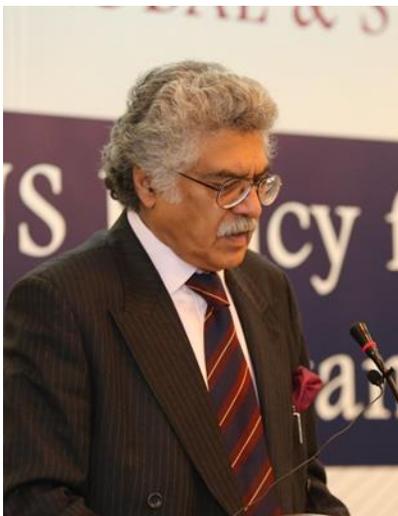
He further stated that China has provided a strategic partnership to Pakistan which America never did, nonetheless, Pakistan needs to ensure that its foreign relations with other countries are not hindered by its bilateral ties with China, because China works on a bigger canvas, it is trying to contain the influence of America, along with countries like Russia, Iran and Pakistan. China has many initiatives in play such as the BRI, and

Pakistan should try to improve its relations with the existing ally countries. He further said that if Pakistan ends up in a zero-sum game with India or China or America, Pakistan will put itself on a very weak footing. He also stated that we need to build upon our domestic challenges, to come up with an effective foreign policy, because a foreign policy cannot compensate for challenges back home. For Pakistan to overcome its domestic challenges, we must develop a lasting relationship with China which will help us develop a mutual non-strategic relationship with US and some kind of relationship with India to avoid the prospects of war. To have better relations with India; Mr. Ashraf believed, is not difficult given that both the countries have a deterrence capacity. Pakistan also needs to have a conventional deterrence policy for India, along with a stable economy and socio-political unity, so it does not always reach out for the nuclear gun. Lastly he stated, that Pakistan needs to understand that US relations with India will always be better than US relations with Pakistan, but Pakistan should work to develop important relations with US.

Speaker 2

Ambassador Zamir Akram – Former Ambassador of Pakistan and Permanent Representative to the United Nations

Topic: US Grand Strategy for Asia: It's Manifestations in the Recent US Policy



The speaker appreciated the Center for Global & Strategic Studies (CGSS) for inviting him to deliver a speech on “US Grand Strategy for Asia: Its Manifestations in the Recent US Policy”. He also thanked the senior compatriots in attendance and the learned audience.

He began his speech by highlighting the following:

The present US grand strategy as evidently personified by the US National Security Strategy (NSS) (announced in December 2017) and the US Nuclear Posture Review 2018 gives accurate guidelines about their security priorities in future. The US National Security Strategy mentions three threats:

- China and Russia
- North Korea and Iran
- Transnational Terrorism

While China and Russia is mentioned in the NSS 2017, the fact remains that it was already the US grand strategy for the past 2-3 decades. There is a consistent policy that ensures that US remains sole power and avoid the emergence of any competitor, especially China and Russia. In his view this is the guiding principles of US grand strategy since the end of cold war and has been reaffirmed in the US National Strategy, 2017.

This objective is to ensure American exceptionalism and to prevent the emergence of the bipolar world. The demand has enabled the nations to abide by the rules based system and those rules are ultimately written by the US.

Pursuit of American Supremacy: In the pursuit of the US supremacy globally, the US has seen the triumph of capitalism through ideals such as free market economy and pluralism as the ideology that defeated Soviet communism. Immediately after that, there were intellectual attempts to ensure the future belongs to American backed system such as:

- End of History by Francis Fukiyama
- Clash of civilizations by Samuel Huntington

The collapse of the Soviet Union and the reunification of Germany enabled the US to extend its influence into Eastern Europe through its allies. The continuation of such policies can be found beyond first Bush era where the policy of attempting to change the regimes in Syria, Iraq, Georgia and Afghanistan have been prominent examples.

The US violated its own commitments that it had given to the Soviet leaders such as Gorbachev and subsequent successors that it will respect the Russian interests in the Eastern Europe. A component of such reassurance pertains to:

- a) Not including the Eastern European countries into Western economic models
- b) Non-inclusion into the Western military alliance such as NATO

In Asia, the US has followed the policy of extending its influence. However, the Obama administration translated the strategy into words and coherent strategic policy. This policy was called “Pivot to Asia”. The “Pivot to Asia” involves the evolution of a quadrilateral alliance which involve countries like Japan, Australia, India and the US. In addition to that, the Trans pacific partnership (TPP) remains a potent force through bilateral relationship.

The US has made itself a party to the settlement of the territorial conflicts involving China and South East Asian countries in the South China Sea. The US has effectively created a structure along with its own military presence with bases in the South and South East Asia to extend its influence. The Chinese are being countered through these specific arrangements as China is the second largest economy in the world and possible replacement to the US.

Limitations of the US power: The first war in Iraq demonstrated the limitations to unquestioned US power at the global level because neither Soviet Union, present day Russia nor China questioned the US role in the first Iraq war. We have also witnessed the limitations of the US power with few recent examples such as the asymmetric warfare in Iraq and Afghanistan.

China and Russia have also contributed to the decline of the US influence in the global arena. These global domination efforts have also encouraged Russia and China to come together on global forums such as the SCO and cooperation on bilateral agreements



against the US. Furthermore, the Russians are seen as more proactive and determined to not allow another Iraq debacle to happen in Syria.

The US is also facing the recurring domestic economic crisis which also affects the global community. The recent stock market crash in New York brought back memories of the 2008 stock exchange crash.

The area of counter terrorism also depicts the limitations of the US power. The War on Terror is being fought for the last 17 years, however, there is no end in sight. Instead of Al-Qaeda being confronted as a major enemy, the rise of Islamic State (Daesh) has posed a credible threat to the security in the Middle East and Europe. The phenomena of Daesh is spreading to different countries from its origin countries after the US aerial bombardment. Neighboring Afghanistan is one of the main countries where the fighters went after being flushed from their safe havens in the Middle East.

Has Trump been very clear about what America really wants? The “America First” policy seems applicable in both domestic and international strategy, which implies that America does not want any competitor to emerge. The explicit naming of China and Russia can also be linked to the same paradigm, which is clearly mentioned in the recent US National Security Strategy. By admitting the fact that the US has to confront China, Russia, North Korea and Iran, is a recognition of the fact that the global order has changed.



The era of bi-polarity ended with the emergence of the US as a sole superpower after the collapse of the Soviet Union, while the era of US dominance started to recede in the beginning of the 21st century with the rise of China as an alternate power. The response of US to this development is the strategic partnership between the US and India. The US entered into good relations with India after the fall of Soviet Union. However, Indians were smart enough to grab the opportunity of an embrace and realigned its interests owing to the recognition of the collapse of bipolar world. Consequently, India also recognized the state of Israel. As the Jewish lobby is very strong in the US, therefore, this step enabled India to begin the strategic partnership with the US by using the goodwill of Jewish lobby.

The Indo-US nuclear deal is the cornerstone of the new geostrategic partnership, which has helped India, with both, conventional and strategic capabilities. The US perceives India as an effective counterweight to China. Washington has also taken a step forward, when Donald Trump urged India to play a much larger role in the South Asia in August 2017, in addition to calls for expanding India's role in Afghanistan. In hindsight, one can assess that such moves are made to check the growing Chinese influence in the region. This situation does not favor Pakistan and has created an asymmetrical situation on eastern and western borders of Pakistan.

The policy of aggressive posturing towards Pakistan is vigorously adopted by the Modi government. The situation has been escalated after India's firing on the LOC, the statement of Indian Army Chief Bipin Rawat, who termed Pakistan's nuclear program as



a bluff. This reinvigorated anarchic attitude by the incumbent Modi government may be attributed to the renewed US backing.

The cold start debate was already known but the explicit announcement of this concept is also been a major turning point in the renewed strategy as in the past, the Indians used to deny the “Cold Start Doctrine”. India should be mindful of the fact that Pakistan’s nuclear deterrence is real. In the event of any aggressive incident, they should also be ready for its negative repercussions.

The NDS and RAW nexus is present in Afghanistan which is using the Tehreek-e-Taliban Pakistan to conduct targeted operations inside Pakistan. They are being provided with the safe havens inside Afghanistan.

It is remarkable that the US and Afghanistan demands action against the Haqqani Network but ignore Pakistan’s efforts to seal the borders to curtail the movement of terrorists across the border. The question is “Why the US is reluctant to control the borders?” It is possible that the US wants “controlled chaos in Afghanistan”. It seems that the US is not interested in finding a long-lasting solution to the problem. The policy of talking and fighting with Taliban simultaneously may be counterproductive. It is a fact that aggression against Taliban is shrinking space for dialogue and Pakistan’s ability to influence them for a negotiated settlement. The example of the killing of Mullah Mansoor in a drone strike is a sufficient example in this regard.

The US might have plans to remain in Afghanistan with reduced numbers of troops and economic commitment to Afghanistan. The objective of the American bases in Afghanistan may be to serve as a counter to



China, check Iran and Pakistan as well as the Central Asian Republics and to influence Russia. Hence, it suits both India and the US to keep the Afghan pot boiling. India is escalating the hostilities across the western and eastern borders which increases the cost of war on terror for Pakistan.

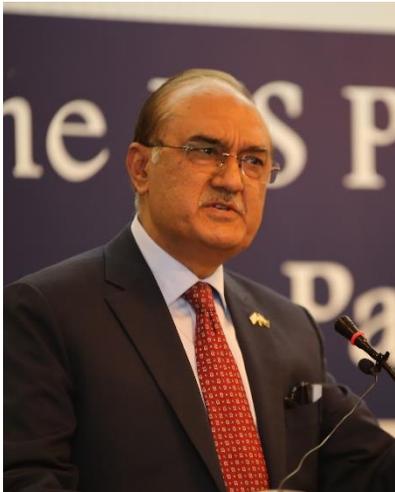
The US is taking sides in the Middle East by fuelling Shia-Sunni rivalries. The Saudi-Iran tussle is an example. It puts Pakistan in a tricky situation owing to brotherly relations with both countries. Hence, it is difficult to choose sides.

Speaker 3

Lieutenant General Naeem Khalid Lodhi HI(M), (Retd)

Former Federal Defence Secretary of Pakistan

Topic: The US Policy for South Asia and Pakistan's Response



The speaker delivered his speech on the topic of “The US Policy for South Asia and Pakistan's Response”. His speech had the following key components:

- The US can change regimes, forge coalitions on false premises.
 - On economic front, they can create circumstances through economic hitman and exploit those vulnerabilities with the help of international financial institutions.
 - Their military global reach is well understood.
- They can wage wars anywhere in the world.
 - However, if given a choice, every country would want to befriend America to survive its hostility and Pakistan is no exception.

There are two areas where the US is excelling such as:

- Monopoly in cutting edge technology like space technology
- Perception management of the global audience. They can manage to mould the thinking through information operations, false flag operations and blame game.

Furthermore, through the use of different propaganda tools, they can alienate the masses against their own government, military and intelligence.

In the historical context of cold war, both the Soviet and the US camp wanted to attract the client states and Pakistan opted for the US. After the collapse of the Soviet Union, the US is trying to create hurdles for China's rise and resurgence of Russia as "old habits die hard". However, the realization may come soon that the world has become bipolar again.

In the context of Afghanistan, the US mandate initially was to eliminate Al-Qaeda, then the curbing of terrorism. However, the US is prolonging their stay owing to different compulsions such as countering big powers i.e. China and Russia. Hence, it is quite evident that the US wants to create a controlled chaos in Afghanistan.

Pakistan's stated policy is to have a peaceful neighborhood, completion of CPEC, resolution of the Jammu and Kashmir issue and avoiding confrontation with India in a nut-cracker situation on its eastern and western borders.



To achieve regional cooperation, Pakistan is enhancing its ties with China, Russia, Central Asian

Republics and Iran. India was also invited to join the CPEC by Pakistan and China and the offer was rejected.

If we analyze the interests of the US and India vis-à-vis Pakistan, there is a complete synchronization against Pakistan. In fact, some of the vital interests of the US and India in South Asia clash with the vital national interests of Pakistan. We have to find common interests through which we can build our relationships, however, the current circumstances do not look promising.

Keeping in view to the area under the control of Afghan government, it is evident that their influence is limited while a considerable area is controlled by the opposing resistance

groups and leaders. The Afghan government and the people of Afghanistan are two separate entities due to such ground realities.

There are some pertinent questions one need to ask in order to uncover various aspects of the Pak-US relations. Some of the important questions are:

1. Do the great powers change their policies in pursuance of the long term policies in a region?

There is a minor chance that the great powers will change their policies, however, they do change the strategies and tactics to achieve those objectives.

2. Is the US winning in Afghanistan?

The comparison of tribal structure and democracy can provide us with a definite answer. For example the tribal people believe in sacrificing their lives till their last men until their goals are achieved while in democracy, certain number of casualties can be endured. Hence, due to this compulsion, the US faces imminent failure, sooner or later.

3. Are there any enough indicators that the US means business as evident from the public statements?

US is increasing pressure on Pakistan in an imperceptible way, and making sure that Pakistan goes through the “boiling frog phenomena”. In view of the current circumstances, we can get a fair idea of the mood in Washington. The indications are already occurring, for example, the increased attacks on security forces, increased ceasefire violations and casualties on eastern borders with India, and the end to coalition support fund for Pakistan, is being deliberated in Washington. Furthermore, there are suggestions in Washington’s establishment to put Pakistan on watch list for violations against the minorities. Hence, the US has taken practical steps and they are assessing the degree of pressure that Pakistan can sustain.

4. Will our ‘good’ behavior make any difference in the great alliance of Indo-US-Afghanistan?

They might change their attitude in the consequence of the following impossible steps such as:

- We make some fictitious camps, put Afghans in it and then call them Haqqanis while inviting the US to bomb them
- Winding up all the political and moral support to the Kashmir movement
- Giving up the CPEC and not developing Gwadar
- Not forging alliances with China, Russia, Iran and Turkey

Even if these steps are taken, there is no guarantee whether the US will improve its stance towards Pakistan, because great powers don't change their policies in response to what small powers do.

5. Who would like to have peace in Afghanistan?

These are the countries who would want peace in Afghanistan owing to their interests:

- Afghan people would like to have peace in Afghanistan
- Pakistan would like Afghanistan to be a peaceful country owing to the benefits of peaceful neighborhood and its positive impact on security of Pakistan.
- China is looking to expand its economic clout through CPEC and other initiatives. Peace in Afghanistan will positively impact such endeavors in the pursuit of connecting the Central Asian Republics to Middle East and South East Asia.
- Russia would like to have peace in Afghanistan owing to the threat of protraction of terrorism from Afghanistan across Central Asian Republics to mainland Russia.
- Iran would also like to have peace in Afghanistan.

6. Who would not like to have peace in Afghanistan?

These are the countries who would not want peace in Afghanistan owing to certain vested interests:

- The US wants a controlled turmoil in Afghanistan rather than complete break down
- India wants to destabilize Pakistan, therefore, it is deliberately keeping the western border volatile.

- The unity government is not the true representative of the Afghan people. The day the real stakeholders are taken on board, the unity government will break down. Therefore, the unity government would also not like to have peace in Afghanistan.
- The drug barons and the gun mafia thrive under the volatile environments, hence it's obvious that they would not like peace in Afghanistan.

7. What are Pakistan's options?

Pakistan has the following options in the prevailing environment in the region:

- The diplomatic staff of Pakistan in New York and Washington should be equivalent to that of the US in Karachi and Islamabad
- Pakistan can directly talk to Washington headquarters that CPEC is an economic corridor which should not be targeted otherwise Pakistan reserves the right of transforming the nature of the corridor by adding other strategic features to the route.
- Afghan refugees are a burden on Pakistan's exchequer and Pakistan keeps on asking Afghanistan, UN and the US to repatriate them back. This is one of the levers through which one can influence the US and Afghanistan.
- We can facilitate the peace talks and continue the efforts, even though, it is a fact that some quarters are averse to peace efforts.
- Pakistan has the option of openly joining the opposite political camps such as Russia, China, Turkey, Iran and some of the Central Asian countries.
- Pakistan should approach the Indian leadership with the agenda of conveying the simple message of peace and friendship while avoiding becoming a pawn in the great game. However, Pakistan reserves the right to respond in the same manner if India pursues the option of escalation in connivance with the US.
- People to people contacts with Afghanistan should be expanded.
- Persistently connect with the think tanks and civil society in the US to keep a check on the US hegemonic designs.
- Reduce the logistic support for the US in Afghanistan if the US keeps harming Pakistan's vital national interests

Speaker 4

Dr. Ashfaqe Hasan Khan - Principal and Dean, School of Social Sciences and Humanities, National University of Science and Technology (NUST), Islamabad

Topic: Economic Effect of New US Strategy



Dr. Ashfaqe started his speech by stating how economic and political relationships are a Mirror Image of the relationship between two countries. Growing economic ties reflects the strengthening of Political/Diplomatic Relations between the two countries, while declining economic relations represents growing mistrust/distrust between the countries. It also represents the changing priorities of two countries for which Pak-US Relationship is a classic example. He further mentioned, that in International Relations, relationship between the two countries are based on mutual interest or convergence of Interest. With the changing priorities and interest, relationship between the two countries can also change, therefore, there is no permanent friend or permanent foe in international relations. The only permanent factor is the ‘interest’.

Why US is important?

He mentioned that US has been one of the major development partner of Pakistan for decades. But currently the Pak-US relations are declining. He backed his statement by the following statistical evidence:

1. Pakistan’s total Trade Share (Exports and Imports) with US is 8% by end – March 2017
2. US is Pakistan’s largest export market (17% or \$2.5 billion)
3. Pakistan’s imports from the US is 4% (\$1.7 billion) of its total import
4. Pakistan experiences trade surplus with the US
5. US is the third largest source of workers remittances (close to \$2.4 billion or 12.6%)

6. US is one of the major foreign investors in Pakistan although the flow of FDI from the US has declined drastically from \$1.36 billion in 2007-08 to \$13 million in 2015-16
7. US has played a pivotal role in encouraging the IMF, World Bank and the Asian Development Bank (ADB) to assist Pakistan in difficult financial conditions.
8. US also played an equally dominant role in arranging the donors' meeting in Tokyo in 2010 and in other international capitals under the '**Friends of Pakistan**' to mobilize political and economic support for Pakistan
9. Relations with the United States is considered crucial in rating Pakistan's sovereign credit risks by the International Rating Agencies, such as Standard and Poor's, Moody's and Fitch

He further stated that unfortunately the two organizations; World Bank and IMF have been politicized, being used for a certain purpose. United States on the other hand, rates a country as per the individual country's relationship with the US, you get certain consideration on part of the US as per your points.

US Financial Assistance Policy

He talked about the US financial assistance policy, which addresses combating terrorism, developing bilateral military ties, promoting economic growth and investing in people as key objectives of the US assistance in South Asia including Pakistan.

| Period | Exports (Million \$) | Share in Exports (%) | Import (\$) | Share in Import (%) |
|----------------------|----------------------|----------------------|-------------|---------------------|
| 2000-01 | 2245 | 24.4 | 569 | 5.3 |
| 2001-02 | 2256 | 24.7 | 693 | 6.7 |
| 2002-03 | 2623 | 23.5 | 733 | 6.0 |
| 2003-04 | 2943 | 23.9 | 1325 | 8.5 |
| 2004-05 | 3439 | 23.9 | 1565 | 7.6 |
| 2005-06 | 4195 | 25.5 | 1658 | 5.8 |
| 2006-07 | 4176 | 24.6 | 2291 | 7.5 |
| 2007-08 | 3715 | 19.5 | 2438 | 6.1 |
| 2008-09 | 3343 | 18.9 | 1880 | 5.4 |
| 2009-10 | 3356 | 17.4 | 1597 | 4.6 |
| 2010-11 | 3957 | 15.9 | 1809 | 4.5 |
| 2011-12 | 3534 | 15.0 | 1480 | 3.2 |
| 2012-13 | 3529 | 14.4 | 1619 | 3.6 |
| 2013-14 | 3712 | 14.8 | 1752 | 3.9 |
| 2014-15 | 3696 | 15.6 | 1784 | 3.9 |
| 2015-16 | 3501 | 16.8 | 1778 | 4.0 |
| 2016-17 (July - Mar) | 2500 | 17.0 | 1700 | 4.0 |

By explaining the table, Dr. Ashfaque talked about the declining relationship between US and Pakistan. He said that over the years Pakistan's export to the US have declined, while US imports into Pakistan have stayed more or less the same. The Foreign Direct Investment (FDI) reached its peak in 2007-08, and has been declining since. If we further look into the remittance share coming in

| Period | Foreign Direct Investment (FDI) | Remittances | Share in total remittances (%) |
|---------|---------------------------------|-------------|--------------------------------|
| 2000-01 | 93 | 135 | 13.2 |
| 2001-02 | 326 | 779 | 33.3 |
| 2002-03 | 212 | 1238 | 29.5 |
| 2003-04 | 238 | 1225 | 32.0 |
| 2004-05 | 326 | 1294 | 31.2 |
| 2005-06 | 517 | 1242 | 27.1 |
| 2006-07 | 913 | 1460 | 26.6 |
| 2007-08 | 1309 | 1762 | 27.3 |
| 2008-09 | 870 | 1736 | 22.2 |
| 2009-10 | 468 | 1771 | 19.9 |
| 2010-11 | 238 | 2069 | 18.5 |
| 2011-12 | 228 | 2335 | 17.7 |
| 2012-13 | 227 | 2186 | 15.7 |
| 2013-14 | 212 | 2468 | 15.6 |
| 2014-15 | 209 | 2703 | 14.4 |
| 2015-16 | 13 | 2525 | 12.7 |
| 2016-17 | 71 | 2443 | 12.6 |

Source: State Bank of Pakistan

from US, we can observe that it has been declining, being taken over by the share of Saudi Arabia from which Pakistani workers send approximately \$5 billion a year.

He then said that whenever you may come across an American diplomat, you will hear them saying that US has given Pakistan ‘Billions and Billions of Dollars’. He said that, this is however not true, and explained the following chart:

| Program | FY 2002 FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Total |
|--|--------------------|---------|---------|---------|---------|---------|-------|
| Total Security Related Assistance | 5710 | 849 | 361 | 371 | 343 | 322 | 7956 |
| Economic Assistance | 7556 | 1067 | 834 | 608 | 561 | 226 | 10852 |
| Coalition Support Fund (Reimbursement) | 8881 | 688 | 1438 | 1198 | 700 | 550 | 14573 |
| Grand Total | 22147 | 2604 | 2633 | 2177 | 1604 | 1098 | 33381 |
| Non- CSF | 13266 | 1916 | 1195 | 979 | 904 | 548 | 18808 |
| SOURCE: Department of State, Defense, Agriculture and USAID | | | | | | | |

CSF as % of Pakistan’s Loss = 11.8 percent

Average Annual Flow of CSF (2002-11) = \$888.1 million

Average Annual Flow of CSF (2012-16) = \$1138.4 million

Average Annual Flow of CSF (2002-16) = \$971.5 million

Average Annual Flow of Security Related Assistance (2002-11) = \$571.0 million

Average Annual Flow of Security Related Assistance (2012-16) = \$449.2 million

Average Annual Flow of Security Related Assistance (2002-11) = \$530.4 million

Average Annual Flow of Economic Assistance (2002-11) = \$755.6 million

Average Annual Flow of Economic Assistance (2012-16) = \$659.2 million

Average Annual Flow of Economic Assistance (2002-16) = \$678.3 million

The \$14.5 billion of the total 33.3 billion is part of the Coalition Support Fund, which is the reimbursement of the money Pakistan spends on the War on Terror, and ‘not’ a financial assistance provided by the US. He shared his experience from the time he worked for the Ministry of Finance, explaining the extensive process of credible expenditure and how the US then reimburses the money. While, the war is continuing,

and Pakistan is taking loans from banks to meet expenses on the War on Terror, paying hefty interests to the bank, while the interest payments are not covered by the reimbursements. The interest money are, instead, paid from the Government of Pakistan's budget.

He further stated that the security assistance provided by the US which is about \$8 billion is not provided in cash, but rather in shape of collateral. The average annual flow of economic assistance, is approximately \$650 million, which is close to 1% of Pakistan's annual budget. He said, so why can we not survive without this assistance? Many of us Pakistanis must have this much amount, if we act together, this much money can even be sent by our Pakistani workers abroad. So, we can indeed survive without the assistance of United States. Furthermore, 3 quarters of the approximately \$10 billion of the US economic assistance does not come to the foreign office, but instead goes into the US-AID program.

Cost of War on Terror

Dr. Ashfaque said that while Pakistan received almost \$14.6 billion under Coalition Support Fund since the 9/11, this support is only 12 percent of the cost that Pakistan paid so far (\$123 billion). And we still always get to hear how US is giving us billions and billions of dollars. He rhetorically asked, 'who should we blame for this?' And answered by saying that it is the responsibility of our own people, to let people, internationally, know how much Pakistan has suffered at the hands of War on Terror. Our Prime Ministers have had so many chances to speak in UNGA, and make the international community aware of Pakistan, but they never found the courage to say much. Our foreign ministers,



finance ministers, have never voiced this issue, with the exception to Shah Mahmood Qureshi. When Dr. Ashfaque gave the figures of the cost of War on Terror to Mr. Shah Mahmood, he indeed presented these figures to the press at the UN General Assembly session 2008. After that a journalist from New Delhi contacted Dr. Ashfaque, and for the first and last time a portion of his report was published by Economist (London).

He then went on to explain ways we can built the financial gap for Pakistan, for which he stated that 20% of the lending of the AIIB goes to India, while we have not asked for any assistance from AIIB yet. And he said that this time, we should try not going to the IMF for assistance, because there will be many non-economic prior actions by IMF. Some of such questions may be about the sovereign guarantee of \$60 billion given by Pakistan to China. The economic hit-man will try to develop a situation under which Pakistan has to yet again have no other option but to go to the IMF. We can avoid such a situation by some policy reforms and strict actions. We can indeed come out of this balance of payment crisis.

He further stated that he has observed the changing US policy for Pakistan since 2005. The US has always maintained a Transactional Policy towards Pakistan, and this kind of a relationship cannot be furthered with a sovereign state. He said, we often talk about Pakistan supporting the Haqqani Network, but never talk about the “Haqqani” Network in Washington DC. He mentioned how Lisa Curtis has co-authored with “Husain Haqqani”, in a report on Pak-US relations. So, as long as Washington is taking guidance from the “Haqqani network”, there are no prospects of a stable Pak-US relationship.

Question and Answer Session

Brigadier Abdullah Khan (Retd)

Question # 1:

Increased drug production in Afghanistan: An inability or shared interest?

Answer: César Guedes, Representative of UNODC in Pakistan



He started off his answer by stating that the poppy seed production in Afghanistan has skyrocketed by 64% recently, and is of grave concern to everyone. He said that if God trusts our plans, Pakistan will soon be a poppy-free country. We are trying to monitor the Pak-Afghan border from Pakistan's side. We have a very specific program for the border control with alliance of the U.N. He further mentioned the support of Japan, and Turkey as a new emerging donors to the cause.

Malik Zahoor, Senior Advisor for Ministry of Food Security

Question # 2:

- a) In 1962, India had a similar opportunity, as today, to attack Pakistan, because India was (and is) the stronger nation, socially and politically. What are the current prospects of war with India?
- b) Is Trump who is really talking, or American Policy regarding us, is deliberately causing a confusion?



Answer: Ashraf Jehangir Qazi, Former Ambassador of Pakistan to United States

He said that indeed in 1962, the tense relations with India did create possibilities of war, but what could have happened? We would have attacked and taken over Srinagar. We could have then called in the U.N. to conduct a plebiscite, which the US would try to delay given their strategy, and nothing significant would come out of that. Today, Pakistan has a nuclear deterrence capability, while in 1962 we did not. Today, India does not want war, because it is a territorially satisfied power. India wishes the LOC to be declared as the international border, and it has the support of the status quo. As for now, neither of the countries have a 'first strike' capability, and if any of the two, does develop such a capability, that country would simply win. He also mentioned that, regarding Kashmir, the international community is simply unwilling to listen to Pakistan, and we need to try changing that.

Nasir Hafeez, Scholar

Question # 3:

How far has the ‘religious factor’ affected Pakistan’s foreign policy? If this has ever happened, kindly give examples.

Answer: Ashraf Jehangir Qazi, Former Ambassador of Pakistan to United States

He said that the entire relationship Pakistan has with the Middle East, is based upon Pakistan’s Islamic identity. These relationships were further developed when Pakistan was let down by its Western strategic partners, and so we started to think who really are our ‘friends’.



Answer: Lieutenant General Naeem Khalid Lodhi HI (M), (Retd) – Former Federal Defense Secretary of Pakistan

He stated that in his own opinion, the core strengths of the Pakistan’s military were the concepts of Jihad and Shahadat, and the world was scared of that. Fortunately for the world, it has taken both the concepts from us.

Answer: Lieutenant General Muhammad Zaheer-ul-Islam HI (M), (Retd) – Chairman CGSS

He mentioned how the Muslim sentiment was used as a joint strategy during the Afghan War, and so has a long been used according to the requirements of a certain situation that may arise.

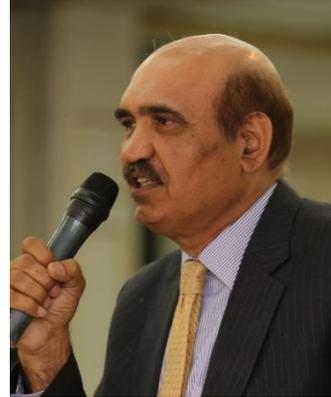
Answer: Riaz Khokar, Former Foreign Secretary of Pakistan

He mentioned that there are around 56 to 57 Muslim countries but they have failed to come up to the expectations. These countries lack unity, and their internal situation mostly involves fighting, and so has no sense of unity among one another. The long held concept of ‘Ummah’ and influence of OIC have gone away. He concluded his remarks by stating that, for Muslim nations it has been more difficult to negotiate with one another, rather than with the rest of the world.

Lieutenant General Sardar (Advisory Board CGSS)

Question # 4:

- a) Can a nuclear power restrain itself from defending itself when the opponent is escalating?
- b) There are multiple Muslim countries which are destroyed such as Libya, Iraq, Afghanistan and Yemen as well as the Palestinian territories in the past few years. The clash of civilization is transformed into clash with in Muslim civilization. There is a method to this madness. What is the response of the learned panelists to this situation?



Answer: Ambassador Zamir Akram – Former Ambassador of Pakistan and Permanent Representative to the United Nations

There is a consistency in the American grand strategy which is evident from the policies.

Ambassador Ashraf Jehangir Qazi (Former Ambassador of Pakistan to the US)

Conventionally Pakistan is smaller than India therefore it will have to resort to Nuclear deterrence for its defense. The Indians also perceive Pakistan as a dangerous country in this regards. The South Asian region faces two major threats which are; climate change and the nuclear threat. However, India would want to isolate Pakistan diplomatically.

Kaswar Klasra (Xinhua News)

Question # 5: How can Pakistan and China counter the growing Indo-US nexus in the region?

Answer: Ambassador Zamir Akram – Former Ambassador of Pakistan and Permanent Representative to the United Nations

Pakistan is certainly taking steps to counter the growing Indo-US axis. Pakistan is a key stakeholder in making efforts to find a long-



lasting peace and get all the partners on board. The military solution to any problem is not feasible. Therefore Pakistan has a major role to play in peace efforts. India is supporting TTP and Baloch insurgency to destabilize Pakistan. In the prevailing situation, Pakistan needs tight monitoring of its Western borders. Other major powers such as China and regional countries should be taken on board to counter any aggressive moves from the hostile countries.

Dr Pervez Butt (Former Chairman Pakistan Atomic Energy Commission)

Question # 6:

- a) If we have made the atomic bomb 3 decades ago, then why are we not able to produce motorcycle and railway engines? We are only assembling them. Why are we showing the industrial incapability? Furthermore, Pakistan should minimize its dependence on the US.
- b) Why don't we put our efforts to get close to Afghanistan in order to connect with the Central Asia?



Answer: Lieutenant General Naeem Khalid Lodhi HI (M), (Retd), Former Federal Defence Secretary of Pakistan

The question is pertinent and requires conscious attention from the required authorities.

Ambassador Ashraf Jehangir Qazi (Former Ambassador of Pakistan to the US)

In response to Dr Pervez Butt, Mr Ashraf Jehangir Qazi was of the opinion that it was a question of priorities. Those who are at the helm of affairs are affiliated with producing low value products, hence it is not in their interest to concentrate on the high value products as mentioned by Dr Pervez Butt.

After the disintegration of Soviet Union, Pakistan should have stepped in the central Asian Republics as prospective trading partner. However, Iran, Turkey and other countries took the initiative while we failed to enhance our ties. Ashraf Jahangir Qazi was of the opinion that Pakistan is a country which is outraged for only one day when a sad incident happens.

The unequal distribution of economic and political power. Hence, Pakistan has short memory therefore we forget major incidents and do not undertake the required measures to avoid it in the future.

Question # 6:

Although there may be issues with regards to security, why we have failed in controlling the narcotics smuggling?

Answer: Major General Syed Khalid Amir Jaffrey HI(M), (Retd) - President CGSS

It is a fact that drug smuggling is a big issue being faced by Pakistan. The porous borders with Afghanistan is one reason which needs to be tightly monitored. However, one should be proud as a Pakistani that it is top of the list as far as the seizures of illegal drugs is concerned.

Closing Remarks by Lieutenant General Muhammad Zahir Ul Islam HI(M), (Retd) - Chairman CGSS

Lieutenant General Muhammad Zahir Ul Islam HI(M), (Retd) Chairman CGSS appreciated the worthy guest speakers who have amply highlighted various aspects of Pak-US relations including practical policy recommendations. He remarked that all the suggestions regarding the topic will be shared with the concerned quarters.

At the end, on behalf of Center for Global & Strategic Studies, he expressed his special gratitude to the guest speakers for their presence in the Seminar. He also expressed his gratitude to the distinguished guests in the audience for their participation in the debate.



Pertinent Features of the Seminar: Center of Global & Strategic Studies has compiled a list of US Regional Policy Parameters as the crux of the matters discussed at the seminar titled “The US Policy for South Asia & Pakistan’s Response” held on 8th February, 2018.

US Policy Parameters for South Asia & Central Asia

- **US Overt Policies for South Asia & Central Asia**

1. Recognize China and Russia as threats to US uni-polarity
2. Prioritizing containing China’s influence as the key objective of US government
3. Three futuristic options regarding Afghanistan:
 - a. Full military withdrawal(in long term)
 - b. Limited counterterrorism engagement, and staying in the country with slightly increased military deployments
 - c. Intense political engagement in Afghanistan
4. Working on the long standing, ‘Pivot Asia Policy’
 - a. Strengthening bilateral security alliances by deepening our working relationships with emerging powers, including China
 - b. Engaging with regional multilateral institutions
 - c. Expanding trade and investment
 - d. Forging a broad-based military presence
 - e. Advancing democracy and human rights
5. Preventing the spread of "Talibanism" to other countries
6. Creating a legitimate government in Afghanistan by creating its support from all the Afghan people, to bring peace and prosperity to the region
7. Shifting troops and equipment from Iraq, where ISIS is trying to establish an insurgency, to Afghanistan, where the Taliban and other groups are waging a more conventional fight

- **US Covert Policies for South Asia & Central Asia**

1. Destabilization of Afghanistan, to maintain its regional presence

2. Creating a regional 'Power Imbalance' against China, by developing an extensive strategic alliance with India
3. Funding the Haqqani Network, both in Afghanistan and Pakistan to cause regional instability
4. Maintaining its presence in Afghanistan to keep a tab on Pakistan, Iran and China by keeping the Afghan pot boiling
5. Funding sectarianism, by promoting Shia-Sunni Rivalry in Middle East and South Asia
6. Preventing peace-talks with Afghan Taliban to take place, by regional players like Pakistan
7. Containing Chinese regional influence by supporting India's influence in Afghanistan
8. Encouraging countries in South China Sea to resolve 'Territorial Disputes', multilaterally to hamper China's historical claim
9. Funding People's Protection Units (YPG), to contain Russian influence on Syrian-Turkish border

- **US Overt/Covert Policies for Pakistan**

1. Encouraging the opium cultivation covertly for ulterior motives inside Afghanistan due to which Pakistan is the main sufferer
2. Creation of a mini-intelligence hub inside the US embassy in Islamabad, to pursue cyber warfare
3. Using its sympathizers and touts to ruin political as well as diplomatic policies of the Government of Pakistan
4. Using the 'arm twisting' against Pakistan to ensure India is not harmed in any reference
5. Using diplomatic immunity to cover its operations in Pakistan
6. Causing controlled turmoil in Afghanistan, to gain leverage over Pakistan
7. Trying to keep a check and balance on Pakistan's nuclear capability
8. Hindering the construction of CPEC, by declaring Pakistan as the breeding grounds for terrorists, providing safe havens to terrorists



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