

Policy Approaches of South Asian Countries: Impact on the Region

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IPRI is also thankful to the Chief Guests and Chairs who presided over the various sessions of the Conference and to the active participation of scholars, students and professionals who attended this event.

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Acronyms

ADB	Asian Development Bank
APTTA	Afghanistan-Pakistan Transit Trade Agreement
ASEAN	Association of Southeast Asian Nations
BBIN	Bangladesh, Bhutan, India and Nepal
CPB	Communist Party Bhutan
BCIM	Bangladesh, China, India, Myanmar Economic Corridor
BJP	Bhartiya Janta Party
BRICS	Brazil, Russia, India, China and South Africa
C2C	Custom to Custom
CA	Central Asia
CASA	Central Asia – South Asia Electricity Transmission and Trade Project
CBMs	Confidence Building Measures
CARs	Central Asian Republics
CNG	Compressed Natural Gas
CPEC	China Pakistan Economic Corridor
CSOs	Civil Society Organisations
EU	European Union
FATA	Federally Administered Tribal Areas
FDI	Foreign Direct Investment
FIATA	International Federation of Freight Forwarders Associations
FPCCI	Federation of Pakistan Chambers of Commerce & Industry
FTA	Free Trade Area
FTAs	Free Trade Agreements
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GWe	Gigawatt-electric
HoG	Head of Government

HoS	Head of State
HRCP	Human Rights Commission of Pakistan
IANGV	International Association for Natural Gas Vehicles
ICV	Infantry Combat Vehicle
ILO	International Labour Organization
IMF	International Monetary Fund
IPR	Intellectual Property Rights
IT	Information Technology
KPK	Khyber Pakhtunkhwa
LDC	Least Developed Country
LeT	Lashkar-e-Taiba
LoC	Line of Control
LTTE	Liberation Tigers of Tamil Eelam
MBT	Main Battle Tanks
MFN	Most Favoured Nation
MinFAL	Ministry of Food, Agriculture and Livestock (Pakistan)
MOC	Ministry of Commerce
NAFTA	North American Free Trade Agreement
NAMA	Non-Agricultural Market Access
NDA	National Democratic Alliance
NDMA	Non-Discriminatory Market Access
NGOs	Non-Governmental Organisations
NTB	Non-Tariff Barrier
NTC	National Tariff Commission
NPT	Non-Proliferation Treaty
OBOR	One Belt, One Road
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
PLOTE	People's Liberation Organisation of Tamil Eelam
PTAs	Preferential Trade Agreements
RAW	Research and Analysis Wing

RBI	Reserve Bank of India
RSS	Rashtriya Swaensavak Sang
SA	South Asia
SAARC	South Asian Association for Regional Co-operation
SAFTA	South Asian Free Trade Agreement
SAPTA	South Asian Preferential Trade Area
SARSO	South Asia Regional Standards Organization
SATIS	South Asian Agreement on Trade in Services
SME	Small and Medium Enterprise
SRO	Statutory Rule and Order
TAPI	Turkmenistan, Afghanistan, Pakistan and India Gas Pipeline
TBT	Technical Barriers to Trade
TIR	Customs Convention on the International Transport of Goods
TNA	Tamil National Army
TPP	Trans Pacific Partnership
TRI	Trade Restrictiveness Index
TRIMS	Trade Related Investment Measures
TTP	Tehrik-e- Taliban Pakistan
UNAMA	United Nations Assistance Mission in Afghanistan
UNCTAD	United Nations Conference on Trade and Development
UNHCR	United Nations High Commissioner for Refugees
U.S.	United States
WoT	War on Terror
WTO	World Trade Organization

Preface

**Ambassador (R) Sohail Amin,
Muhammad Munir and Aymen Ijaz**

South Asia is one of the most important regions of the world. It is facing multi-dimensional security challenges, both traditional and non-traditional. Most of the challenges faced by the region are based on deep rooted historic differences, political issues and long-standing disputes that have not allowed economic and strategic interests to take precedence in matters of policy and development. Some other threats of common concern to most South Asian nations are non-traditional security threats such as drug trafficking, terrorism, environment, climate change, food security, intra region migration, infrastructure and energy crisis. Domestic as well as external factors have played their role in influencing the process of policy formulation in South Asia.

Despite these challenges, there exists enormous untapped regional economic potential which needs to be explored. The most common approach of policy-makers in South Asia to deal with insurgencies, terrorism, or internal violence is to use security forces to establish law and order in the affected areas. Sheer use of force has not been a successful strategy. There is also a need to simultaneously use political and economic approaches to overcome internal security threats. After the withdrawal of foreign forces from Afghanistan, countries need to cooperate for regional stability and development. Inter-connectivity and sharing best practices could be a better approach towards rooting out emerging security threats and promoting mutual growth.

South Asian countries can also learn from best practices in regional cooperation. For instance, in the ASEAN region, integration has been achieved by a multi-pronged process and by following a multilateral approach.

Therefore, to evolve recommendations for transforming the policy approaches of the South Asian countries from conflict or competitive mode to a cooperative endeavour, Islamabad Policy Research Institute (IPRI), in collaboration with Hanns Seidel Foundation (HSF) decided to organise an International Conference on *Policy Approaches of South Asian Countries and their Impact on the Region*. Besides Pakistan, eminent scholars from Afghanistan, Bangladesh, China, Germany, Nepal and Sri Lanka also participated in the Conference.

This book contains eight of the papers and essays which were presented at the Conference. It is organised into two parts. The first part

includes the welcome address by Ambassador (R) Sohail Amin, *President IPRI*; opening remarks by Mr Kristof W. Duwaerts, *Resident Representative HSF Islamabad*; inaugural address by the Chief Guest, Ambassador M. Akram Zaki, *Former Secretary General and Minister of State, Government of Pakistan*; and the concluding address by Ambassador Tariq Fatemi, *Special Assistant to the Prime Minister on Foreign Affairs*. The second part consists of the papers and essays presented at the Conference. This Preface provides a brief summary of the Conference proceedings (in the order in which presented).

Dr Zafar Nawaz Jaspal spoke on **‘Policy Formulation: A Bird’s Eye View of South Asia and Pakistan’** outlining that policy formulation is a complicated process in South Asian countries. The disharmony between political systems and political cultures pose a great challenge for the decision-makers at both the policy formulation stage as well as during the policy execution. The political system and political culture collectively contribute to their considerations. He outlined how ‘sub-national actors, legislatures, interest groups and public opinion express greater interest in domestic policy formulation and exhibit an apathetic attitude towards foreign policy making.’ While categorising the forms of policy-making process, he explained policies which are neither purely domestic nor purely foreign and constitute a third type called ‘intermestic’ policy. Strategic and economic policies are the classic examples of an ‘intermestic’ policy. In the end, he concluded that in developed countries, universities play their role in the decision-making process which improves the efficiency of this process. Unfortunately, in Pakistan there is a wider gap between bureaucrats and academics. He suggested that Pakistani universities should have some role in the policy formulation arena of the country.

Dr Rashid Ahmad Khan discussed **‘Domestic Determinants of Indian Foreign Policy: Impact on Relations with Neighbouring Countries’** and explained that formulation of foreign policy is not the job of a single individual. However, in South Asia individuals play a dominant role in formulation of foreign policy in their respective countries. He was of the opinion that often foreign policy of a country contains three characteristics including characteristics of global environment, domestic political compulsions and individuals. In the context of South Asia, the second and third characteristics have played a leading role, particularly in the case of Pakistan. He stated that the political culture of South Asia has been shaped over the years due to historical developments. He identified some political trends which improved democratic norms in South Asia, and concluded that currently bureaucratic structure is more active in foreign policy formulation process. However, in future this role may shrink due to increased participatory political culture in the region.

In her presentation '**Mapping Policy Formulations and its Challenges in South Asia,**' Dr Andrea Fleschenberg identified three dimensions of policy analysis, i.e. polity, politics and policy, which are interlinked. The structure of a country's constitution and government influences the policy formulations process, while their legitimacy affects the implementation process. Dr Andrea highlighted some key challenges to policy formulation such as globalisation and multi-level governance. Moreover, the identification and prioritisation of problems are key challenges for policy-makers. According to her, local customary practices in various parts of South Asia also hinder policy formulation processes, most prominently in Khyber Pakhtunkhwa (KPK) and Federally Administered Tribal Areas (FATA) in Pakistan. She highlighted that in South Asian countries, the transnational crisis, political legacy, climate change, refugees, migrants and post-conflict developments also negatively affect policies. Moreover, transnational movements as well as grassroots level micro-movements, either violent or non-violent in nature, impede the implementation process. She concluded that consensus building between institutions and citizens regarding formulation and implementation of policies can bring positivity in political culture of the region.

Dr Syed Rifaat Hussain discussed '**Countering Terrorism and Extremism**' stating that there is no universally agreed definition of terrorism, however, the most agreed on, is killing of civilians or non-combatants by violent non-state actors to generate fear in society. Terrorists are constantly searching for 'men, material, and money' to advance their agenda. Hence, counterterrorism strategies need to prevent individuals from turning to terrorism; protect citizens and infrastructure by reducing vulnerability to attack, pursue and investigate terrorists; and disrupt support networks. In order to manage and minimise the consequences of an attack, he highlighted that finding the right combination between 'hard' and 'soft' approaches is often regarded as the key to success. He recommended that the threats of punitive action must be backed by adequate coercive power to enforce the rule of law. The military and law enforcement apparatus must work in unison to produce the desired results. Governments need to isolate terrorists from larger society, and guard and offer protection to those who are willing to speak against them.

Ms Sadia Ashfaq in her presentation on '**Climate Change: A Non-Traditional Security Threat**' explained elements of non-traditional security threats such as scarcity of resources (water, food, energy); scarcity of opportunities (economic opportunities, access to basic needs, living standards, etc.); and structural threats. Climate change is a major threat that can lead to scarcity of water, food and energy; and result in further intensification of disasters e.g. floods, droughts, cyclones, and health issues.

The 2010-11 floods witnessed widespread displacement of people throughout Pakistan. Apart from these climatic problems, the trans-boundary water issues between India and Pakistan have further aggravated.

Dr Bishnu Hari Nepal shared his paper on '**Prospects of Energy Cooperation in South Asia**' indicating that China is the world's largest energy consumer country with fifty-one per cent energy consumption. India is the third largest energy consumer country of the world and no. 1 from South Asia. Demand for energy by BRICS countries is plus 3.5 percent. He stated that South Asian states also rely on nuclear energy. Indian has twenty operational nuclear reactors which produce 4.4 Gigawatt-electric (GWe). India is also a pioneer in developing thorium fuel. Pakistani reactors in operation are three, while two are under construction. Their share in electricity generation is four per cent. Bangladesh also plans to have two power generation reactors. In China, operational reactors are seventeen which produce 13.8GWe, while thirty more are under construction. His paper highlights that China is far ahead of India and Pakistan on nuclear capacity building. Almost all countries in South Asia, including India, depend on imported gas supply to power plants. He opines that South Asia could be the hub of Asia if energy was planned well. The author also proposed SAARC energy ring involving China, Pakistan and Nepal.

Dr Kamal Monnoo in his paper titled '**Political Disputes: Implications for Regional Trade and Economic Cooperation**' pointed out that South Asia is one of the least integrated regions of the world despite strong facilitating factors such as geographical proximity, a long open border and fairly similar value systems. Over the years, there have been a number of notable initiatives undertaken by South Asian countries for greater economic integration, including implementation of preferential trade agreements by member countries of the SAARC followed by the Agreement on South Asian Free Trade Area (SAFTA). Yet, South Asia has low intra-regional trade compared with other such regions in the world, amounting to just five per cent of the total world trade; whereas in NAFTA it is fifty two per cent; in Asia Pacific region it is thirty two per cent; and in ASEAN, it is twenty two per cent. Pakistan and India, the two major economies of South Asia, due to mutual mistrust and political disputes are hurting enhancement of trade in the SAARC region. His paper outlines that the benefits of free and fair trade are limitless and manifest themselves in many other forms apart from economic, such as social progress of mankind, environment and in promoting peace. South Asian economies still chose to trade with the more distant economies of the U.S. and European Union (EU). However, removal of trade issues between Pakistan and India, both tariff and non-tariff could contribute towards equitable intra-regional trade in South Asia.

Mr Ye Hailin in his presentation on **‘Regional Benefits and Concerns of CPEC’** looked at the China-Pakistan Economic Corridor (CPEC) as an example of a foreign policy shift in China towards South Asia. According to him, Pakistan and China maintain high-level exchanges for strategic guidance in bilateral relations, and deepening practical cooperation in infrastructure, energy, transportation and other areas and to achieve progress in the CPEC. Bangladesh-China-India-Myanmar (BCIM) project is another initiative that is likely to promote regional connectivity and trade. He opined that the U.S. and India consider CPEC a tool of military expansion by China and Pakistan, however, CPEC will contribute in power generation and management, transportation systems, special economic zones, industrial complexes, education, logistics and other services. Through CPEC, China will become a member of South Asia, which will enhance regional connectivity and economic integration.

Explaining the **‘Regional Dividends of Peace in Afghanistan,’** Mr Nader Nadery deliberated upon the geo-strategic significance of Afghanistan. He shared that historically and culturally, Afghanistan has been home to various civilisations. While referring to the present state of affairs within Afghanistan, Nadery reiterated that the lack of a visionary approach is the prime cause of poverty and radicalisation. Empowerment of youth through education and employment should be a priority of policy-makers. CPEC is a milestone for the region’s uplift. In this economic corridor, Afghanistan has a pivotal position as a transit to Central Asia. He concluded that there is a need for a new paradigm with focus on economic cooperation and energy connectivity. Through economic diplomacy and cooperative policies, the regional divide can be bridged and the commercial route connecting Central Asia with the Indian Ocean via Pakistan and Afghanistan, with a network of pipelines, railways and highways can be materialised.

Dr Pervaiz Iqbal Cheema in his paper on **‘Prospects of India-Pakistan Peace Process’** discussed that over the years India and Pakistan have fought three major wars (1947, 1965, 1971), and a number of border skirmishes along the Line of Control (LoC). Besides, episodes like demolition of the Babri mosque, Siachen front, Kargil crisis, Mumbai attacks coupled with Indian duplicity over Kashmir have time and again generated negative vibes. During the Cold War era, India and Pakistan were part of opposite blocs. In the post-Cold War period, globalisation and emerging economic imperatives have led to regional integration and many regional organisations like the European Union (EU) and Association of Southeast Asian Nations (ASEAN) have emerged on the world scene as economic blocs. Both countries realise that conflict and military approach is not the solution rather economic prowess is the order of the day. Thus, both

sides have been working towards resumption of a peace dialogue, a number of Confidence Building Measures (CBMs) have also been initiated. As regards terrorism, both consider it a threat to regional peace. But, the differing security perceptions are a major dividing factor between the two states. India under the garb of War on Terror (WoT) has not only tried to discredit Pakistan's anti-terrorism moves but, has also campaigned to destabilise Pakistan. In the recent past, India has violated the LoC, infuriating Pakistan. U.S.-India nuclear deal is also seen as a destabilising factor and accelerating arms race in the region. He concluded that for the resumption of peace process between India and Pakistan, the Kashmir issue has to be resolved, with Kashmiris also included in the peace process.

Mr Shamindra Ferdinando's essay on '**Future of South Asia: Inter-State Politics and Geo-Strategic Alliances**' discussed how current regional initiatives need to remain cognizant of the past policies and strategic alliances developed by South Asian countries with each other and with countries like Russia, U.S. and China. He cited several examples to indicate the complex web of history that exists between regional neighbours, such as the Liberation Tigers of Tamil Ealam (LTTE) insurgency in Sri Lanka. He stated that the Indian-sponsored insurgency in Sri Lanka was one of the bloodiest internal conflicts in South Asia. He added that Pakistan played an important role in restoring peace in Sri Lanka. While highlighting the growing interest of the U.S., he pointed out that the U.S. tilt towards Pakistan is primarily to counter terrorism, while the U.S.-India alliance is to undermine China's regional influence. He reiterated that the U.S.-China competition, emerging China-Russia ties and the frosty India-China relations have a direct bearing on the politics of South Asia. Meanwhile, the backdrop of U.S. and China regional alliances, the U.S.-Japan defence alliance and the South China Sea disputes are also likely to impact South Asia. He felt that regional stability is largely dependent on the security situation in Afghanistan and on Pakistan-India relations, and concluded that South Asia is a victim of foreign intervention and the Afghan wars are a testament to this reality. ■

PART I

Welcome Address

Ambassador (R) Sohail Amin
President IPRI

Honourable Ambassador Muhammad Akram Zaki, Former Secretary
General Ministry of Foreign Affairs,
Mr Kristof W. Duwaerts, Resident Representative, Hanns Seidel
Foundation (HSF), Pakistan Office,
Excellencies,
Distinguished Scholars,
Ladies and Gentlemen.

It is a great pleasure for the Islamabad Policy Research Institute to be
hosting this two-day Conference together with the Hanns Seidel
Foundation on ‘Policy Approaches of South Asian Countries and their
Impact on the Region.’

South Asia is home to one fifth of humanity. Located on the
confluence of West, East and Central Asia, along the shores of the Indian
Ocean and in the neighbourhood of China, it assumes even greater
significance. Unfortunately, all South Asian countries face the daunting
challenges of poverty and underdevelopment.

This Conference is being held at a time when either new governments
have taken charge or the continuity of the incumbent governments has been
confirmed by the electorate for another term in their respective countries.
During the elections held in South Asian countries between June 2013 to
January 2015, those in opposition have returned to power in Bhutan, India,
Pakistan and Sri Lanka. The electorate in Bangladesh, Maldives and Nepal
voted for the continuity of their previous leaders for another term. In
Afghanistan, a new President and a Chief Executive Officer have been
voted in.

The political leadership in all these countries have passed through the
initial settling down period and have articulated their policy approaches to
meet multidimensional challenges in the region and beyond. We see a
longer-term availability of political counterparts all over the region. This
provides a unique opportunity to engage constructively to strengthen
diplomacy and use it as first option to address multifarious challenges.

Most of the challenges in South Asia have roots in history. Due to
these outstanding political issues, regional economic cooperation has been
put on the back burner for too long. These issues and conflicts have not
allowed economic interests to take precedence in matters of policy and

development, although South Asia is blessed with enormous untapped regional economic potential. Political will and political action can positively contribute towards breaking the vicious circle of conflict, insecurity and underdevelopment in South Asia.

Another area which requires attention is regional connectivity. One of the main reasons that cross-border production networks have not developed and people do not feel connected to South Asia is lack of connectivity - not just in terms of physical infrastructure but also in terms of systems and services that enable cross-border movement. Globalisation has emerged as an important tool to attain success through peaceful means.

China with its advanced technology and booming economy has a great potential to change the destiny of the South Asian region. Therefore, in order to secure the benefits of globalisation and to achieve the objectives of SAARC, South Asian countries need to grant China full membership of SAARC. China has projects for the region such as China Pakistan Economic Corridor (CPEC) and BCIM that could unleash benefits for all SAARC countries.

The main objective of this Conference is to discuss policy formulation and implementation challenges in South Asia and imperatives of non-traditional security, such as counterterrorism, climate change and energy cooperation and regional connectivity. The Conference would also focus on issues of regional connectivity including impact of political disputes on trade and economic cooperation and suggest a way forward for enhancing regional peace and security. The purpose is to evolve recommendations for transforming policy approaches of South Asian countries from conflict or competitive mode to a cooperative endeavour.

I welcome former Secretary General of the Ministry of Foreign Affairs, Ambassador Akram Zaki who has kindly accepted our invitation to be the Chief Guest at this Conference. I very warmly welcome distinguished scholars from South Asian countries including Afghanistan, Nepal and Sri Lanka. I also welcome the representative of Chinese Academy for Social Sciences. Two scholars from India, Dr Patricia Oberoi, Vice Chairperson at the Institute of Chinese Studies, New Delhi; and Dr Subha Chandran, Director at the Institute of Peace and Conflict Studies, New Delhi had accepted our invitation to attend the Conference and present their papers. Unfortunately, they have not been able to join us for personal reasons.

I am grateful to the scholars from Pakistan who will enrich the Conference proceedings with their valuable inputs. I am sure that all the participants will benefit from the expert views of these distinguished scholars. I extend a very warm welcome to the invitees who have spared

Welcome Address

their time to contribute during the Q&A sessions and become an invaluable part of the Conference proceedings.

I thank the Chairpersons who will be presiding over the four sessions of the Conference spread over two days. Papers read here will later be compiled in the form of a book which the Islamabad Policy Research Institute together with the Hanns Seidel Foundation will publish after the Conference.■

Opening Remarks

Kristof W. Duwaerts

Resident Representative,
Hanns Seidel Foundation, Islamabad Office

Ambassador Muhammad Akram Zaki,
President IPRI Ambassador (R) Sohail Amin,
Excellencies,
Distinguished Scholars,
Ladies and Gentlemen.

Policy approaches define the outlook of the contemporary world. They touch every single aspect of life, be it social, financial, or educational, be it on a local, national, transnational or global level. There are policy approaches which have more impact and there are those which have less impact on the external relations of a state. However, one thing is for sure: They all, in their integrity, have an impact on bilateral relationships of nations.

This applies all the more in a globalised world, where news, and thereby information travels faster than any human would ever be able to. The world has become a global village; those who used to be neighbours, nowadays have become families in such an imagined global village. As obviously, families in one way or the other have to be, or at least have to come, to terms with each other, those regions have started to organise themselves in forums to discuss and ideally resolve issues and streamline their policy approaches. Whereas, there is a wide range of such forums on a global scale with the most prominent and encompassing certainly being the European Union, the Association of South East Asian Nations or the African Union, albeit with different degrees of equalisation and integration, the South Asian family, thus far, belongs to the least integrated regions in the world. Despite the presence of the South Asian Association for Regional Cooperation, despite being home to about one fourth of mankind with a huge degree of cultural, economical and historical commonalities, most policy approaches tend to be parallel at best.

Whereas in the European Union, every policy is discussed, which goes as far as prescribing the shape of bananas to be sold in its member states, and for that very purpose multinational committees are being formed, most policy approaches in SAARC are to date largely discussed informally, and thus, do not have any legal implications in case of non-adherence. Also, rarely do notions in State A about policy approaches in State B go beyond

Opening Remarks

an educated guess, and are oftentimes prey to superficial and biased media reports. Hardly any committees are convening on a regular basis, and if they do, seldom have concerned actors present throughout, with a large gap between policy-makers and policy-analysts. This leads to many misunderstandings and a disturbingly little degree of integration and understanding within the South Asian family. Policy approaches remain national, partly adversary, integration does not really take place, rather gaps grow.

There is a pressing need for a more in-depth understanding and analysis of what South Asian countries are doing, why they are doing it, and how they are doing it, find joint potentials, and means of transnational, regional cooperation in order to bench on the enormous potential this region holds. This can only be obtained through bridging the gap between analysts and politicians.

It is a big success of the Islamabad Policy Research Institute for having brought together a number of very prominent policy-analysts and policy-makers from all over South Asia to share their perspectives and analysis. This will bring about scholarly deliberations in a comparative perspective, which will form the basis not only for better understanding, but better cooperation. It is through this kind of informed dialogue that misunderstandings can be avoided and a joint and shining future jointly drafted and implemented. It is sincerely hoped that the results of this Conference, papers, deliberations, and discussions, will not only be heard, but also digested by the policy-making communities in the region. It is, furthermore, hoped that such kind of forums form the basis for more endeavours of this kind, and ignite an institutionalised exchange between all family members involved, be it on economical, financial or educational, non-traditional or traditional, local, national or regional scale. ■

Inaugural Address

Ambassador M. Akram Zaki

Former Secretary General and Minister of State for Foreign Affairs,
Government of Pakistan.

First of all I want to pay my sincere compliments to the Islamabad Policy Research Institute (IPRI), its President, Ambassador Sohail Amin and his team for organising this important Conference. Policies directly impact the lives of each and every one of us and also influence the hopes and aspirations of millions, who live in South Asia. Compliments are also due to Mr Kristof W. Duwaerts, Resident Representative of Hanns Seidel Foundation of Germany for kindly co-sponsoring and supporting this Conference.

Before discussing the policy approaches of South Asian countries, we must clearly understand what do we mean by South Asia Region. In 1980, Bangladesh proposed to set up a regional organisation of South Asian countries. After five years of discussions about the reservations, doubts and hopes of potential members, in December 1985 seven countries, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka, decided to set up the South Asian Association for Regional Cooperation (SAARC). There was much debate about whether Afghanistan was in Central Asia or South Asia. Finally, in 2007, Afghanistan was also accepted as a full member of SAARC.

South Asia now consists of a region of the eight member countries of SAARC. It is becoming an important region of the world. It has an area of 5.2 million square kilometres and a population of 1.7 billion, developing at around seven per cent annually, yet lately in 2013 and 2014, the growth rate has been around five per cent.

This energy deficit region is facing many problems and conflicts. There are two nuclear powers facing each other in mutual mistrust, because of unresolved disputes. Terrorism, extremism, separatism, drug trafficking, organised crime leave less time and resources to deal with basic problems of poverty, ignorance, and health. Every crisis, be it water shortage, food security or energy deficit is a major issue. Natural disasters such as floods and earthquakes make things much worse and pose serious challenges. Nepal, the least developed mountain country, suffered terrible earthquakes recently, which highlighted the need for cooperation to meet such emergencies.

South Asia, at present, is going through an important phase of political transition, which requires revision of policies. It is interesting that all countries have relatively new governments. In 2013, Pakistan, Nepal,

Maldives and Bhutan had elections. In 2014, India, Afghanistan and Sri Lanka had elections and Bangladesh in 2015.

All governments of South Asia have sufficient tenure time available to them to take important policy decisions to determine the direction for a common future. They should seize this opportunity and decide to adopt a course of action in favour of peace, stability and progress. Opportunities do not last long; they come with an expiry date.

People want peace and development. Anti-war and pro-peace consensus is developing not only in South Asia, but also in NATO countries. Public pressure obliged U.S. and NATO governments to reduce their involvement in Afghanistan.

However, there are also negative policy trends emerging. There is a global geo-strategic triangle of three Great Powers, U.S., China and Russia. Policies of all three have an impact on South Asia. Russia and China have a partnership, but not an alliance to resist U.S.'s assertive policies in Eurasia, Asia Pacific, Ukraine, Middle East, and South Asia. Then, there are many inter-locking triangles involving one of these Great Powers and two South Asian countries, which are influencing policies in South Asia.

There is also a major regional power in SAARC, which is larger than all other SAARC countries put together. That country also has ambitions of becoming a regional hegemony and extra-regional ambitions of playing a larger role on world stage. It keeps all neighbouring countries under pressure. It is building its massive 'war capability' and its defence budget has risen to nearly forty billion dollars. Apart from expansion and modernisation of its Army and Air Force, it is building Blue Water Naval aircraft carriers and nuclear powered submarines. It is stockpiling nuclear weapons and long-range missiles; and seeking a permanent seat in the Security Council of the United Nations.

Seventy years ago, nations of the world created the United Nations with a Charter, which provided rules for establishing a peaceful world on the basis of sovereign equality, rejecting use of force or threat of force, non-interference in internal affairs of others, peaceful settlement of disputes and decolonisation on the basis of self-determination. All countries of Asia and Africa, starting with South Asian countries, gained their freedom after the adoption of the UN charter, except the unfortunate people of Palestine and Kashmir, who became victims of neo-colonialism. Injustice in Palestine has kept the Middle East in turmoil; the Kashmir dispute has been responsible for wars in South Asia and lack of progress in promoting cooperation and development.

The SAARC region is tense, unstable and insecure. Development and Security are interrelated, there can be no development without security, and security cannot be assured unless development provides the resources and

the means to pay for meeting the needs of security. The troubled and unstable world is in transition towards a multi-polar system; and Peace, Security and Stability face many traditional and non-traditional threats, which require common efforts, cooperation and joint action. We must get together and make joint efforts to save our common abode and human heritage.

The new government of Pakistan, which took office in 2013, had a development agenda and it has given high priority to developing good relations with neighbouring countries. The Government took many initiatives to improve relations with Afghanistan and India. After the election of the new government in Afghanistan, relations between our two countries have considerably improved, and the two are cooperating in fighting terrorism. Pakistan and China are working for stabilising Afghanistan and supporting an inclusive Afghan peace process, which is Afghan-initiated and Afghan-owned.

India's response to our positive initiatives, however, has been discouraging. The outgoing Indian government felt helpless and the new extremist rightwing Indian government has adopted an even more hostile attitude. Pakistan's efforts to resume dialogue and the peace process; to find a peaceful settlement of all disputes, including Kashmir and water have faced a stone wall. Pakistan's proposal for a Nuclear Restraint Regime has also not made any forward movement.

While Pakistan is fighting a serious battle (Zarb-e-Azb) against terrorism, India has started provocations and firing across the line of control in Kashmir and across the working boundary in Sialkot sector. India's National Security Adviser Ajit Doval and Minister of State for Foreign Affairs V.P. Singh (Former Army Chief) are very hostile and perusing a policy of 'offensive defence' which is a revised version of preemptive strike and mean clandestine interference in internal affairs. This has increased involvement of RAW in promoting terrorism in Pakistan. Afghanistan and Pakistan have agreed to take joint action against terrorists operating close to the common border. Pakistan wants similar arrangements with India also.

Bangladesh also has a positive approach towards regional cooperation under SAARC. Recently, though, their government's belated revival of hostilities towards Pakistan for the events of 1971, manifested itself in the executions of old Muslim religious leaders. This has created a negative impact in Pakistan and there is need for corrective action. Instead of living in the past, we should focus on what we can do now to build a better tomorrow.

Despite the bitter memories of prolonged conflict with Tamil insurgency, Sri Lanka is making special efforts not only to normalise but also to develop cooperative relations with India and to promote regional

cooperation and stability. Similarly, Maldives, Bhutan and Nepal attach great importance to regional cooperation within South Asia. Nepal and Bhutan have great potential to produce hydro-electric power. They can achieve great economic and financial benefits by exporting electricity to other SAARC countries.

When SAARC was established, there was a reservation in the basic document that controversial issues will not be raised at the SAARC forum. However, SAARC meetings, including summits provided opportunities for informal discussions between member countries on bilateral controversial issues. At the Tenth SAARC Summit, it was agreed that some informal mechanisms must be developed for resolving disputes between members. Without that, SAARC will never become effective and this aspect should be given some attention.

My more important suggestion for consideration of the Conference is that our important neighbour China, which is already an Observer at SAARC should be made a full member. China has the second largest world economy. It is a sufficiently developed country, having expanding economic and commercial cooperation with all SAARC countries. It is building an economic corridor to link Bangladesh, China, India and Myanmar (BCIM). The BCIM-EC directly links China and India via Bangladesh and Myanmar. The second, China Pakistan Economic Corridor (CPEC) will connect Kashgar to Gwadar. China's membership of SAARC will make SAARC a more balanced ASIAN organisation and SAARC countries might receive favourable attention at the Asian Infrastructure Investment Bank (AIIB).

The People of South Asia have a great opportunity to take advantage of important changes that are taking place in the world. The Geo-Economic and Geo-Strategic centre of gravity has shifted from Euro-Atlantic to Asia-Pacific. The nineteenth century was the century of Great Britain. The twentieth century was the century of the United States. The twenty first century is likely to be the century of Asia, with peacefully developing China as the main engine of growth, making determined efforts to promote the vision of a Harmonious World, which is peaceful, stable and prosperous.

Let us avoid conflict. We should not only manage our disputes, but also resolve to settle disputes through dialogue and other peaceful means. Let us focus our efforts on peace and development. Join the mainstream of Asian progress and participate in making the 21st Century really an Asian Century.

Thank You. ■

Concluding Address

Syed Tariq Fatemi,

Special Assistant to the Prime Minister on Foreign Affairs,
Ministry of Foreign Affairs, Pakistan

Ambassador (R) Sohail Amin, President IPRI,
Mr Kristof W. Duwaerts, Resident Representative, Hanns Seidel
Foundation,
Excellencies,
Distinguished Guests,
Ladies and Gentlemen.

I would like to begin by commending the Islamabad Policy Research Institute for convening this Conference on ‘Policy Approaches of South Asian Countries and their Impact on the Region’ and extend a warm welcome to all the delegates, especially our guests from neighbouring countries.

It is indeed a laudable initiative to bring together key opinion-makers from across the region to share perspectives on important policy issues and explore prospects for furthering regional cooperation.

I feel privileged to share my thoughts with such an eminent group. I am confident that you have had highly useful deliberations over the last two days and I look forward to hearing your recommendations. Such initiatives are important in reinforcing our collective efforts for enhancing mutual understanding and advancing the cause of peace and prosperity in the region.

As you are aware, a country’s foreign policy is always a mix of its aspirations, ambitions and apprehensions. Each country has its own priorities, dictated by the unique contours of its geography, demography, power projection capability and natural endowments. South Asia is an important sub-region of the Asian continent with a rich culture, history and heritage, yet relations among the countries of the region have remained incoherent and antagonistic, admittedly much of it on account of historical reasons. Consequently, intra-regional cooperation as a group, has not been as vibrant, as is the potential.

We are living in a complex world. Developments are taking place at a rapid pace, affecting the basic fabric of our lives and thoughts. We are definitely passing through defining moments, in terms of economic, regional, global and strategic developments. Changes in the global power

equation and structure that we are currently observing, will shape the future strategic and economic map of the world.

Power Politics

At the same time, the world is witnessing new global alliances taking shape over the post-Cold War power structure. Post-Cold War dispensation experienced low intensity wars, where certain powers took unilateral actions in places such as Afghanistan, Iraq and elsewhere, in the aftermath of the 9/11 tragedy. More recently, attempts to engineer regime changes shook the Arab and Islamic world, encouraging determined resistance of an intensity not seen before. This issue needs close monitoring and observation, with concrete suggestions to be framed by conferences like this one, in order to sustain regional and international peace and security.

U.S. Pivot to Asia

In the face of monumental challenges, the United States is now focusing on reorienting its foreign policy. Known as ‘Pivot to Asia’, it aims at building military and economic partnerships with major Asia-Pacific players including India, Japan, Australia and South Korea. The concept, also described as ‘strategic pivot’ or ‘rebalancing’, is premised on the recognition that the political and economic history of the 21st century will be written in the Asia-Pacific region. This reconfiguration of power balance in Asia will definitely impact South Asia in the context of regional stability, security, and cooperation.

Govt. of Pakistan’s Vision for South Asia

In the above backdrop, Prime Minister Nawaz Sharif’s vision of peaceful and good neighbourly relations with all countries of the region and his policy of ‘Peace for development’ is the cornerstone of the Government’s domestic and regional agenda. In order to proactively advance our core national objective of economic development, creating a peaceful external environment is a prerequisite. Therefore, our foremost priority is building a ‘peaceful neighbourhood.’

As I went through the Concept Paper of this Conference, I noticed that the vision articulated by the Prime Minister is more apt today than ever before, as we share common challenges that require a collective response.

I would, therefore, like to highlight the Government’s commitment to work for peace and stability in South Asia, which is essential for the political, economic and social development of not only Pakistan, but for development of the entire region.

The global challenges I outlined above are relevant to South Asia. Today, our region is confronted with numerous challenges which present formidable policy-making difficulties to the decision-makers. We continue to grapple with the aftershocks of the global economic slowdown, and a restive extended region.

Terrorist outfits with regional and global footprints have already wreaked havoc in the region. Climate change and natural disasters pose serious risk to our poverty alleviation efforts. Increasing populations continue to strain our food security. Rapid and sustainable growth is the need of the hour to provide education, healthcare, and adequate employment opportunities to our young populations.

To achieve all this, we need to work on integrating our region.

Despite numerous bilateral efforts and existence of SAARC for almost three decades, South Asia remains the least integrated region in the world, denying the fruits of prosperity to its teeming billions.

In order to meet these challenges and ensure that SAARC becomes a vibrant organisation like its sister organisation ASEAN, we need to work together in an atmosphere that is free of mistrust and hostility. One of the main reasons why this region has not embarked upon the road to prosperity is because it remains festered by lingering political and territorial disputes. We need to work collectively to resolve these differences so that we can march ahead in our efforts to exploit the vast potential that the region is offering us.

Pakistan's Relations with India

It is precisely because of these challenges and the need for realisation of the untapped potential that the Prime Minister, even before coming into power, highlighted the need to move ahead in establishing an environment of peace and stability within the region. Therefore, one of the first steps taken by him after winning the elections in 2013 was to reach out to India. He wrote to former Indian Prime Minister Manmohan Singh, articulating his vision for a peaceful neighbourhood and urging that we pick up the threads from the Lahore Declaration of February 1999. Cognizant of the fact that an absence of dialogue creates misunderstandings, in our early outreach to India we proposed resumption of a sustained, meaningful and result-oriented dialogue to discuss all issues. However, prospects of the resumption of dialogue remained hostage to India's electoral compulsions.

After the 2014 elections in India, in which the BJP secured an overwhelming majority, Pakistan again made positive overtures. It was encouraging for us that the common emphasis, of the leadership in both

countries, on the development agenda presented solid basis for a mutually beneficial engagement.

We were hopeful of developing meaningful synergy between the efforts of our two countries. In this backdrop, the Prime Minister took the decision to visit New Delhi in May 2014, to convey his good wishes to the newly elected Prime Minister Modi and to express his earnest desire for turning a new page.

In his interactions in New Delhi, the Prime Minister repeatedly emphasised that cooperation, not confrontation, should be the main dynamic in South Asia. Though his vision appeared to have found resonance in India, the positive trajectory was never translated into concrete actions. The Foreign Secretary level talks were called off by India on a flimsy pretext; the LoC and Working Boundary got heated up and remained so through the best part of 2014 and early 2015; while the Indian leadership indulged in counterproductive and hostile rhetoric, thus vitiating the atmosphere further. That all this was going on while Pakistan was carrying out Operation Zarb-e-Azb, a massive operation in North Waziristan against terrorists, was deeply disappointing.

In the interest of regional peace, stability and sustainable development, improved ties between Pakistan and India remain a necessary condition. Meaningful dialogue to settle all issues, in a just manner, remain a *sine qua non* for the establishment of mutually beneficial ties between the two South Asian neighbours. India's massive military build-up, both conventional and nuclear, adds to our concerns, as it adversely impacts the strategic stability of the region. Recent statements from the Indian capital have been irresponsible and inflammatory. While our own commitment to peace remains firm, it must, however, be noted that this objective can only be achieved with dignity and honour. Our neighbour needs to recognise that an enduring Pakistan-India relationship has to be built on the basis of mutual respect and sovereign equality.

Pakistan's Relations with Afghanistan

For greater regional connectivity and integration, we must take down the firewalls. We have been successful in achieving this to a large extent with our other neighbours. With Afghanistan, our relations are improving rapidly. As the Prime Minister aptly put it, Kabul is the 'most important capital' for Pakistan and a constructive engagement with Afghanistan is a vital component of the Prime Minister's vision of a 'peaceful neighbourhood.' Since the new government came into power in Kabul, the leadership of the two countries has embarked upon an ambitious and sustainable programme of mutual cooperation in counterterrorism, border

security, beefing trade and economic ties and bringing peace and reconciliation within the two countries.

The visit of President Ghani to Pakistan, last November, opened a new phase in our bilateral relations and we look forward to a substantive and sustained engagement with the new government at multiple levels to promote these objectives. The Prime Minister's own visit to Kabul on May 12, enabled the leadership of the two countries to recommit themselves to their common resolve to remove their mutual doubts and misgivings that have plagued their relations and to embark on the road to a tangible and meaningful cooperation.

Pakistan's Relations with China

With China, we have excellent relations. It is a key pillar of Pakistan's foreign policy. Our 'all weather' relationship is a factor for stability in the region. The Chinese leadership's vision of 'peaceful co-existence' and its reach-out to the neighbourhood on the basis of 'win-win cooperation' for realising the 'Chinese Dream of National Rejuvenation' complements Pakistan's own policies towards its neighbouring countries. The China-Pakistan Economic Corridor is destined to be a game-changer in not only our bilateral ties, but for the entire region, as it will enhance regional connectivity in all sectors.

However, the Indian opposition to the Corridor is both surprising and inappropriate. As is well known, this mega project is all about regional connectivity for economic development and prosperity of the common people of not only Pakistan, but the entire region. There is, thus, a dichotomy in our neighbour's position which, on one hand, advocates regional connectivity, while on the other, stands against such positive initiatives. Such an approach not only spurs mutual antagonism and misunderstandings, but also creates a stumbling block in the way of regional cooperation.

Pakistan's Relations with other SAARC Countries

Pakistan continues to enjoy exemplary relations with Sri Lanka, the Maldives and Nepal. The recent visits of the Presidents of Sri Lanka and the Maldives contributed towards enhancing the scope of our cooperative ties. As our region witnesses the emergence of new economic blocs leading to a scramble by major powers to assert themselves in Asia and the Pacific, we need to accelerate our efforts towards regional integration and economic growth.

Conclusion

The above can only be possible if we address the challenges that I have outlined earlier, in a concerted and cooperative manner. Security and stability is foremost in this. Terrorism afflicts the entire region, and requires collective endeavours for its eradication. We have regional mechanisms in place to help counter and overcome this menace and consequently, they need to be strengthened.

A regional approach as opposed to sub-regional ones would be sustainable and far-reaching. We have examples throughout the world, including in our extended neighbourhood, where regional approaches have been effective and given dividends. We should, therefore be focusing on strengthening our own regional organisation, SAARC, in order to meet the multifarious challenges that confront us. Through this approach, we would be able to effectively identify those areas of convergence and cooperation where we can work together in addressing our common issues.

In my view, a more coherent South Asia with an appreciation of the global and regional challenges, can tackle effectively the impediments and obstacles confronting this region. If we remain at peace with each other by settling the core intra-regional issues, we could also contribute to global efforts for peace and development. We need to pool our resources and share a vision of prosperity for the benefit of the entire region. Individual efforts will not be as meaningful as our collective endeavour.

May I end by drawing your attention to a few important questions: Will we become agents of change, or continue treading the path of confrontation? Will we remain embroiled in disputes, or be able to muster the courage and vision to steer ourselves towards a better future of peace and progress?

We must not falter in giving our future generations the peace and prosperity which has eluded South Asia for generations.

Pakistan is clear about the choices before us. We will take initiatives aimed at promoting regional peace and development and reciprocate those initiated by our neighbours, in a spirit of reciprocity and accommodation. At the same time, we shall remain fully conscious of the need to protect our sovereignty in a manner that reflects the hopes and aspirations of our people.

Thank you all. ■

Concluding Remarks

Kristof W. Duwaerts

Resident Representative,
Hanns Seidel Foundation, Islamabad Office

Honourable Ambassador Syed Tariq Fatemi,
Ambassador Sohail Amin,
Excellencies,
Distinguished Scholars,
Ladies and Gentlemen.

Rarely does the notion in State A of the policy approaches of State B go beyond an educated guess. Hardly any committees are convening on a regular basis and even if they do so, actors are never present throughout. This leads to many misunderstandings and a disturbingly little desire of integration and understanding within the South Asian family. Policy approaches remain national and partly adversary. Integration does not take place rather gaps grow between countries. In order to make this family fit for the 21st century, there is a pressing need for a more in-depth understanding of South Asian countries and to fill the gaps in connectivity between them.

I am very happy that the scholars from different countries who have agreed to convene here with us today, have shared their perspectives and analysis. It is through this kind of informed dialogue that misunderstandings can be avoided and a common future, jointly and mutually beneficial be developed. For this, we should be focusing first on non-traditional security.

In the end, I want congratulate IPRI for a fruitful two days. Looking forward to positive discussions and book publication in the future.

Thank you. ■

Vote of Thanks

Ambassador (R) Sohail Amin
President IPRI

Honourable Ambassador Syed Tariq Fatemi,
Mr Kristof W. Duwaerts, Resident Representative HSF,
Excellencies,
Distinguished Scholars,
Ladies and Gentlemen.

As we now conclude the Conference, I wish to state that the past two days were useful in highlighting that the potentials as compared to challenges being faced by this region are much greater, which could transform South Asia through a win-win approach. The South Asian countries can learn from best practices in regional cooperation. For instance, in the ASEAN region, integration has been achieved by a multi-pronged process and by following a multilateral approach. Such an approach will encourage a shift towards stronger cooperation and will increase focus on regional objectives. Multilateral agreements take the existing bilateral/domestic issues to a regional level and may bind signatory countries to a timetable for implementation at a regional level.

I sincerely thank His Excellency Ambassador Syed Tariq Fatemi, Special Assistant to the Prime Minister on Foreign Affairs for sparing time from his busy schedule and for enlightening us with his concluding remarks as the Chief Guest. I take this opportunity to extend our most sincere thanks to all our guest scholars who came from different destinations for their contribution and support. I wish all the visiting scholars good luck in their endeavours and safe journey back home.

I also wish to thank all the participants who attended the Conference for their valuable contribution and gracious presence. I thank the Hanns Seidel Foundation for making the Conference possible. I am grateful to the Chief Guests at the inaugural and the concluding sessions, the Chairpersons of various sessions and the scholars who presented their papers and made valuable contributions at the Conference. As a result of their contributions, we now have a better understanding of the policy approaches of South Asian countries and their impact on the region. We have managed to formulate useful recommendations.

I thank you all. ■

Conference Recommendations

Deliberations during the Conference brought forth a number of recommendations which are summarised below:

General

- China should be made a full member of SAARC.
- Regional connectivity should be increased in South Asia for exploitation of untapped economic opportunities.
- Construction of China Pakistan Economic Corridor (CPEC) and Bangladesh-China-India-Myanmar (BCIM) Economic Corridor should be materialised to strengthen inter-regional connectivity among South Asian countries and their intra-regional association.

Revamping Policy-Making in South Asia

- There is a need of innovative, participatory, non-elite biased multi-level policy networks and alliances to address issues of transnational relevance and ramifications.
- South Asia lacks a common decision-making platform. It needs regional and multilateral forums for policy implementation about regional cooperation.
- The implementation process of policy-making in South Asian states should be de-politicised.
- Only one state should not take strategic decisions. This may be detrimental to other states of South Asia.
- There is a need for capacity-building and to avoid paper tiger policies that remain dormant as they are not backed by political will.
- There is need for more participatory policy consultations and to avoid political alienation and contentious policies.
- In South Asia, policy-making process should be democratised.
- In policy formulation phase, discourses should be discussed and scholars from multiple areas of expertise should be engaged.
- Inter-ministerial collaboration should be enhanced in order to reap greater benefits.

Peace and Stability

- All SAARC states should strive for peace and stability in Afghanistan, especially in wake of the U.S. and NATO drawdown from there.
- Anti-war and pro-peace consensus among the South Asian states should be achieved.
- The resolution of inter-state conflicts is necessary to tackle non-traditional security threats such as climate change that impact all regional countries.
- The SAARC Charter should be amended to revisit the prospects of peace, stability and economic development in the region.
- For sustainable peace in South Asia, SAARC countries should focus their policies on social, economic, political, cultural transformation to uplift standards of living for their citizens.

Trade

- There is a need to ensure that trade within SAARC is fair and equitable for all and not skewed in just one country's favour.
- Trade facilitation is an important element of current trade and development agendas. It can contribute to a reliable, transparent and predictable environment for the movement of goods and services across borders.
- To facilitate trade, single window system for clearance of goods should be introduced with online documentation.
- Existing infrastructure at the Integrated Check Posts at land corridors should be put to optimal use and vehicle scanners should be installed for speedy clearance.
- A financial agreement covering all countries should be reached for permitting more banks to operate across borders and set up branches in each other's territory.
- The Afghanistan-Pakistan Transit Trade Agreement (APTTA) is an important initiative that needs to be implemented.

Pakistan and India

- The ongoing Kashmir dispute has to be resolved. To ignore it or to undermine its centrality would strengthen adversarial relationships.
- The major world powers should be regularly made aware of ongoing human rights violations in Kashmir.
- India should stop employing its intelligence assets to destabilise Pakistan.

- More and more confidence building measures (CBMs) should be introduced between India and Pakistan to eliminate mistrust.
- Both electronic and print media in India and Pakistan should focus on how to minimise friction and maximise goodwill with a view to influencing political leaders to make efforts towards the resolution of mutual disputes.
- The future of peace in South Asia rests heavily upon the Indo-Pak equation. India should welcome Pakistan's efforts for resolution of disputes by resuming the stalled composite dialogue process.

Tackling Non-traditional Security Threats

- To end poverty in South Asia, it is vital to implement people-centric policies; invest in education and development; and defuse sources of hatred and violence in the region.
- Climate change has raised the threat of migration, conflict over water and realignment of power among nations. It is essential to address these issues to reduce possibility of rising tensions between riparian countries.
- With South Asia experiencing a youth bulge, regional countries should work together to provide lucrative academic and employment opportunities to young people so that they do not become disenfranchised.
- South Asia needs to focus on hydropower generation and alternative sources of energy to reduce the cost of importing fuel from abroad. ■

PART II

Policy Formulation and Implementation

- Policy Formulation: A Bird's Eye View of South Asia and Pakistan
- Domestic Determinants of Indian Foreign Policy: Impact on Relations with Neighbouring Countries

Policy Formulation: A Bird's Eye View of South Asia and Pakistan

Dr Zafar Nawaz Jaspal*

Abstract

Policy formulation is a complicated process in South Asian countries. The disharmony between political systems and political cultures pose a great challenge to the decision-makers of these countries, both at the policy formulation stage as well as during the policy execution phase. The general trend is that sub-national actors - legislatures, political parties, interest groups and even public opinion express greater interest in domestic policy formulation; yet exhibit an apathetical attitude towards foreign policy-making. However, there are many policies, which are neither purely domestic nor purely inter-state. Instead, they have elements of both types that result in or constitute a third kind of policy, i.e. 'intermestic policy'.¹ Strategic and economic policies are a classic example because these policies affect both international relations and domestic environment, in terms of inter-state relations, jobs, trade, and numerous other factors. The issues that constitute 'intermestic policy' necessitated and also increased role of the media, public opinion, and civil society in contemporary policy formulation processes in South Asian countries.

The following essay as an attempt to give an overview of the policy formulation processes in South Asia. It is divided into two parts. The first section consists of theoretical discussion about policy formulation, including the relevance of public opinion, the civil society and the media. The second section is a brief analysis of the policy formulation processes in Pakistan.

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¹ William R. Nester, *International Relations: Politics and Economics in the 21st Century* (Boston: Wadsworth, 2001).

Introduction

The policy formation process is a means by which the ruling elite formulate policy on an issue or resolve a problem.² Importantly, policy formulation takes place within a political system. According to David Easton,

...a political system is an interrelated set of activities, roles, and institutions that operates within an environment which provides inputs to the political system and then translates these inputs into policy outputs.³

Political System and Culture: Deterministic Factors

The interaction between public opinion and the ruling elite in policy formulation processes varies from state to state due to diverse political systems and political cultures therein. Different states have divergent domestic political systems and political cultures that could be classified as authoritarian and democratic or lie at any point between these two extremes of both political systems and cultures.⁴ An objective analysis of the policy formulation of any state necessitates an understanding of its political systems and cultures' makeup. Both have a decisive role in the policy formulation process.

The domestic system's structure of decision-making serves as an important variable that contributes to the discrepancy between the psychological and operational events of a policy formulation establishment in varied states. For instance, in an authoritarian political system and culture, a government can be highly centralised and autocratic. Conversely, in a democratic political system and culture, the government is relatively decentralised and egalitarian.

Importantly, greater the concentration of authority in a single individual or small group; the greater is the likelihood that subordinate policy-makers will withhold criticism and provide the information and recommendations that they perceive their superior desires. Authoritarian government, in other words, tend to define loyalty in terms of obedience and conformity. Conversely, democratic regimes permit criticism as one of

² G. William Domhoff, *The Powers That Be* (New York: Vintage Books, 1978), 61, quoted in "The Policy-Formulation Process," *Third World Traveller*, http://www.thirdworldtraveler.com/Ruling_Elites/Policy_Formation_TPTB.html.

³ David Easton, "An Approach to the Analysis of Political Systems," *World Politics* 9, no. 3 (1957): 384.

⁴ John T. Rourke, *International Politics on the World Stage* (New York: The McGraw Hill Companies, Inc. 1997), 88-93, and 95-96.

the criteria to judge the effectiveness and loyalty of civil servant.⁵ Accordingly, leaders in authoritarian regimes tend to be isolated from their operational environments. This is because the ruling elite's perceptions about the operability of the system in an authoritarian political system and political culture are dependent on the analysis and advice provided by the subordinates who are fearful of negating their psychological environment, and, thereby do what the rulers desire. Authoritarian leadership also fails to benefit from appropriate participation of non-governmental bodies or apparatuses such as the media, civil society, and public opinion in interest aggregation and interest articulation at the input level; and also during the feedback processes in the political system.⁶ Hence, these three have a marginal role in decision-making, in fact, are often completely disregarded in the authoritarian political system.

The 'bottom-up approach' is expected in a democratic political system—that the general public have a measurable and distinct impact on the state's policy formulation processes. For instance, the trends of opinion are identified and taken into consideration in the formation of state policy. In sum, leaders follow the masses. A democratic decision-maker is always aware of being responsible to the society, which lies behind the political process. According to Christopher Hill,

...the responsibility is ambiguous and relational, because there are many constituencies which must be borne in mind simultaneously: at home there are colleagues in government, the party machine, the constituency voters who brought you to power in the first place, sponsors of various kinds, and ultimately the electorate as a whole.⁷

Theoretically, the role of public opinion and civil society are encouraged in a democratic political system. Decision-makers view criticism of their policies in and by the media as benign. However, even in democratic systems too much must not be expected of public opinion. Only a very small fraction of the public has any real knowledge of any single issue. Most matters are too complex and remote; confusion creates indifferences. Only groups directly touched are more interested, and mass public is different unless it perceives a threat to the state. More precisely, in a democratic political system, public opinion, civil society and the media, definitely, have an effective role in the policy formulation processes.

⁵ James N. Rosenau, *World Politics* (New York: The Free Press, 1960).

⁶ For understanding the role of interest articulation and interest aggregation at the input level and during feedback, see the David Easton model of decision-making.

⁷ Christopher Hill, *The Changing Politics of Foreign Policy* (New York: Palgrave Macmillan, 2003), 250.

Public Opinion

The concept of public opinion is difficult to pin down. It refers at once to an actor in the political process and to an object of influence. The elected ruling elite in a democratic political system always argues that their hands are tied by public opinion, or at least they have to work within the limits set by it. In democratic polity, the decision-makers seem more receptive to public opinion instead of interest groups. Sussane Lohmann wrote,

It is puzzling that rational political leaders with majoritarian incentives would ever respond to political action by interest organisations.⁸

Though interest organisations have an influential role in the decision-making processes, yet decision-makers do not deny public opinion in a democratic polity. In the words of Paul Burstein, “even if interest organisations may be influential, their political activities may be most effective when consistent with public opinion.”⁹ Rational politicians or elected representatives always exercise their powers in light of the views of their voters who gave them power. Hence, the ruling elite in South Asian states have to be sensitive about public opinion during policy formulation.

Civil Society

A participatory democratic society nourishes civil society because an active civil society—that is, the existence of numerous independent (non-governmental), civilian-based organisations non-violently and freely pursuing civilian values on issues of societal significance—is indispensable for the sustainability of its democratic political system.¹⁰ Civil society in a state influences the decision-makers through direct and indirect contacts with politicians and political parties. Nowadays, the electronic and print media has become an important mode of communication between the civil society and policy formulators. A vigilant ruling elite always remains attentive to public opinion, which increases the significance of civil society because it provides information useful to legislators, including information

⁸ Sussane Lohmann “A Signalling Model of Informative and Manipulative Political Action,” *American Political Science Review* 87, (1993): 319, quoted in Paul Burstein, “The Impact of Public Opinion on Public Policy: A Review and an Agenda,” *Political Research Quarterly* 56, no.1 (2003): 31.

⁹ Ibid.

¹⁰ Peter Wallenstein, *Understanding Conflict Resolution: War, Peace and the Global System*, 2nd ed. (New Delhi: Sage Publications, 2007), 150. Voluntary organisations, professional associations, student movements, trade unions, religious groupings, clans, tribes, women’s movements, environmental groups and so on would be part of such an independent society.

about what the public desires. The civil society role is not only useful in policy formulation, but it is equally important at the time of execution for feedback about the failure or success of the policy. The civil society is, therefore, serving as an effective intermediary between the public/masses and the government or policy formulators. The interaction between civil society and elected leadership is reflected in the legislative process.

It is pertinent to point out that an elected government in a democratic political system, which discourages the emergence of a vibrant civil society, lacks public support during times of crisis, such as, military coup d'état. For instance, the elected government of Prime Minister Nawaz Sharif did not receive public support in the wake of the military takeover in Pakistan in October 1999. The indifference of the electorate was remarkable. Continuity of a democratic political system during the 1990s was not possible because of the incapacity of viable civilian institutions in Pakistan, which are imperative for civilian supremacy in any country.

When civilian bureaucratic institutions fail to act or perform their functions and duties according to standard operating procedures and legal norms, their neutral functioning is reduced to the level of subsidiaries of ruling political parties. The malfunctioning of civilian bureaucracy and undemocratic policy formulation of the ruling political elite cause perilous societal polarization and obstruct policy formulation. In addition, tainted bureaucratic institutions become a means of the ruling elite to gain access to national resources. Such societal polarisation and kleptocracy, which encourages corruption due to faulty policy formulation, can only be prevented by a vibrant civil society.

Media

The print and electronic media to some extent reflect public opinion, or at least the atmosphere as they feel it; they also lead opinion, not only by gathering news, but also by selecting, shaping, and interpreting it. Leading newspapers, broadcast commentators, and even columnists have a decisive role in policy formulation. The journalists' community is viewed as a power pressure group during the policy formulation process in many developing states having immature democratic political systems.¹¹ This is because, decision-makers read the papers, view the newscasts, and follow the polls to understand national sentiments. Surely, one of the functions of the press is

¹¹ Robert G. Wesson, *Foreign Policy for a New Age* (Boston: Houghton Mifflin Harcourt, 1977), 184-185.

to monitor the integrity of policy-makers and government institutions objectively and to make them accountable for their actions and promises.¹²

Policy formulation varies in South Asian countries due to the political systems' accountability and economic stability. Public involvement in policy formulation processes in these countries has increased due to the interdependence of economic factors and awareness created by a vibrant media. In the words of Fawaz A. Gerges,

Decision makers and members of the policy elite get much of their information from the press.¹³

The preceding discussion manifests that civil society, public opinion and media effectively contribute in policy formulation processes, especially in democratic political systems. Civil society frames issues according to the public opinion, and also in some cases molds public opinion in its favour through the media. Importantly, while framing issues, civil society is equally influenced by the mainstream media whose news coverage conditions public perceptions. The next section briefly looks at the forms of government in South Asia, with a more detailed focus on policy formulation in Pakistan.

Forms of Government in South Asia and Policy Formulation in Pakistan

South Asia

The political system or forms of government varies from state to state in South Asia, and their political cultures are not identical either. Therefore, the policy formulation processes in South Asian countries are different. Table 1 presents the forms of governments in South Asia:

¹² Charles W. Bray, "Opinion: The Media and Foreign Policy," *Foreign Policy* 16 (1974): 110.

¹³ Fawaz A. Gerges, "Islam and Muslims in the Mind of America: Influences on the Making of U.S. Policy," *Journal of Palestine Studies* 26, no. 2 (1997): 8.

Table-1
Forms of Government in South Asian Countries

Countries	Form of Government	Executive	Legislature
Afghanistan	Presidential democracy.	HoS and HoG: President.	<i>Mesherano Jirga</i> (House of Elders). <i>Wolesi Jirga</i> (House of the People).
Bangladesh	Parliamentary democracy.	HoS: President ceremonial. HoG: Prime Minister: Chief Executive.	<i>Jatiyo Sangsad</i> (National Parliament or the House of the Nation).
Bhutan	Since 2008, a constitutional monarchy.	HoS: King, ceremonial. HoG: Prime Minister: Chief Executive.	National Council (Upper House of Parliament). National Assembly (Lower House of Parliament).
India	Parliamentary form of government: Democracy.	HoS: President ceremonial. HoG: Prime Minister: Chief Executive.	<i>Rajya Sabha</i> (Upper House). <i>Lok Sabha</i> (Lower House).
Maldives	Presidential democracy.	HoS and HoG: President.	People's <i>Majlis</i> (Unicameral).
Nepal	Since 2008, parliamentary democracy (earlier a constitutional monarchy).	HoS: President ceremonial. HoG: Prime Minister: Chief Executive.	No Parliament as such: Only a Constituent Assembly with the task of drafting the new constitution.

Pakistan	Parliamentary form of government: Democracy (intermittent military rule).	HoS: President ceremonial. HoG: Prime Minister: Chief Executive.	Senate (Upper House). National Assembly (Lower House).
Sri Lanka	Semi-presidential: Democracy.	HoS and HoG: President. Prime Minister: ceremonial.	Sri Lankan Parliament (Unicameral).

Source: Author's own.

Pakistan and Policy Formulation

At present, Pakistan has a democratic political system. According to the 1973 Constitution,

...the responsibility of policy formulation rests solely with the executive branch, with further division among the federal, provincial and local governments. Under the 18th Amendment, the concurrent list has been abolished and most of its powers transferred from the Centre to the provincial governments. The provincial government can further delegate authority, powers and resources under its control to the local governments.¹⁴

Theoretically, the federal and provincial Cabinet members with the support of their concerned ministry staff analyse and formulate the agenda item. After its finalisation through a consensus within the Cabinet, the approved agenda is placed before the legislative body for final authorisation and subsequent policy implementation.¹⁵ In the parliamentary system of government, the executive can bypass the parliament because it has majority in the house and implement the policy. A critical examination of the current government policy formulation process (2013-14) in Pakistan reveals that serious revamping of the process is required for political and

¹⁴ Ishrat Husain, "Formulating Public Policy," *Dawn*, November 14, 2013, <http://www.dawn.com/news/1056309>.

¹⁵ Wayne Hayes, "Defining Policy Formulation," The Public Policy Cycle Website, last modified January 6, 2014, <http://profwork.org/pp/formulate/define.html>.

'Policy formulation is the development of effective and acceptable courses of action for addressing what has been placed on the policy agenda.'

economic stability in the country. For instance, Ishrat Husain, the former governor of the State Bank of Pakistan highlighted the following deviations from the 'ideal process' of policy formulation:

- First, the stakeholder consultation is either superficial or the views of the stakeholders, if found at variance with those of the formulators, do not find any place in the revised documents. The motions of consultation having been fulfilled, it does not matter whether substantive changes have been taken cognizance of or not.
- Second, the inter-ministerial consultation is more confrontational than collaborative in nature. Ministers feel personally offended if their policy documents are criticised by other ministers...
- Third, very little attention is given to implementation modalities and the constraints that may arise during the implementation phase. Dispute-resolution mechanisms are non-existent and the diffusion of responsibility and lack of clarity make accountability for results difficult...
- Fourth, the monitoring mechanism is not only weak and sporadic, but highly lopsided. Some slick players with the gift of the gab can make impressive PowerPoint presentations and mesmerise the audience. They create the impression that things are going well while the facts are to the contrary...
- Fifth, the capacity of the ministries and provincial departments in preparing policy papers is limited. They do not have the necessary expertise or competence in the subject to come up with evidence-based options. The use of systematic data is normally shunned...
- Finally, the communication strategy of explaining the rationale and disseminating the policy widely is almost non-existent in most cases. As the success of the policy depends upon people outside the government their understanding and support are absolutely crucial.¹⁶

In reality, despite the existence of civilian bureaucratic institutions, parliamentary system of government, continuity of general elections and transfer of power through a democratic process over the last decade, the policy formulation process in Pakistan is highly personalised. For instance, the Metro Bus in Islamabad and Rawalpindi was constructed without consultation and public debate on its costs and benefits. The electorate have no idea about issues such as: How long will it be subsidised? What would be its impact on the ecology of Islamabad and Rawalpindi?

¹⁶ Ishrat Husain, "Formulating Public Policy."

In addition, the bureaucracy has also assumed a larger role in policy formulation due to the absence of: think tanks; culture of credible research; professionalism in political parties, federal and provincial legislative bodies; and above all ignorant political elite. In a culture where research is not valued, whimsical, personalised and interest-driven decision-making becomes a way of life. These trends in the polity of Pakistan weaken the political elite and increase their dependency on the bureaucracy. Consequently, in Pakistan both policy formulation and implementation roles have been assumed by the bureaucracy instead of elected public officials.

Conclusion

The policy formulation process in South Asian countries is complex and highly personalised.¹⁷ Transformation in this process is critical for political stability and economic prosperity and requires that the ruling elite, civil society and media collectively work for the evolution of participatory political cultures in the whole region. Simultaneously, a process ought to be initiated to redefine the politician-bureaucrat relationship in South Asian countries, including Pakistan, so that the political elite alter their attitude towards civilian bureaucrats and treat them like government employees, instead of their personal cronies. Instead of encouraging loyalty in bureaucracy, the elected ruling elite in Pakistan should support the principle of merit and institutional hierarchy in civilian institutions. Depoliticising Pakistan's civilian bureaucracy will have a positive impact on the policy formulation process as well as policy execution in the country. ■

¹⁷ Policy formulation in India also reveals 'personality domination'. For instance, Prime Minister N. Modi's decision-making style.

Domestic Determinants of Indian Foreign Policy: Impact on Relations with Neighbouring Countries

Dr Rashid Ahmad Khan*

Abstract

Foreign policy formulation is a complex process in which is determined not by a single factor or one set of factors, rather by a combination of factors. However, they can be divided into two broad categories: global and domestic. This paper proposes to identify and discuss the domestic/internal determinants of India's foreign policy formulation process, and assess their impact on India's relations with its neighbours Pakistan, Nepal, Bangladesh and Sri Lanka.

Introduction

Although from a realist viewpoint, the internal factors in foreign policy formulation process, which include 'the leaders who make foreign policy, the types of government they lead, the characteristics of their societies, and the internal economic and political conditions of the states they lead are unimportant,'¹ the domestic factors, especially political and economic conditions of the state cannot be delinked from external factors in the present age of globalisation. The categorical distinction between the global level and state level influences may still be useful for the purpose of foreign policy analysis; the globalisation of international relations has led to an increasing fusion of these two otherwise traditionally discrete realms. States now experience increasing pressure for coordinating their domestic and foreign policies, and as members of an international system are no longer isolated or unitary actors. Their internal and external policies impact each other: it is no longer possible for them to ignore domestic compulsions in the formulation of foreign policy. In case of states with diverse social, geographical, cultural, religious and economic conditions, such compulsions gain added influence.

In the South Asian region, India is a colossus in terms of physical size, population, resources, market size, level of economic development and military strength. At the same time, the country is diverse socially, racially,

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¹ Charles W. Kegley, Jr., *World Politics: Trend and Transformation*, 11th ed. (Belmont, CA: Thomson/Wadsworth, 2008), 67.

culturally and religiously. According to the latest data on demographic composition of India, four major population groups of the country, namely Hindus, Muslims, Christians and Sikhs comprise 79.8 per cent, 14.2 per cent, 2.3 per cent and 1.7 per cent of the total population (121.09 crore), respectively.² This diverse nature of Indian society has necessary implications on the shape of the political system of the country. For example, it is one of the main reasons for the retention of the federal structure of the Indian political system first formally introduced under the Government of India Act, 1935. Political pluralism, as the basis of India polity, also owes its existence to the diverse nature of the Indian political system under which a multi-party democracy functions.

This paper will examine how Indian federalism and political pluralism influence the country's foreign policy with its concomitant impact on its relations with its South Asian neighbours. But before that, it will identify other determinants of the India foreign policy that have been more pervasive and conspicuous since the country's independence in 1947.

Determinants of Indian Foreign Policy

Historical Background

India has a long, ancient and culturally rich history. Indians not only have strong memories of their history, they have evolved a peculiar worldview of their place in the contemporary world, which is largely based on their conception of the birth of their country, its development, and interaction with neighbouring civilisations in the past:

How Indians conceive of their country, its origin, its development through history and its past relations with others is a vital component of how they imagine, construct and aspire to develop India's contemporary international relations.³

Modern history of India is generally organised into three periods: ancient, Muslim and European (British) periods. The ancient period, which is also called the period of Vedic Hindu civilisation was thought to have begun with the arrival of Aryans in the sub-continent in the second millennium BC. There have been a number of myths associated with the arrival and nature of the Aryans. It was claimed that the Aryans had conquered India by invading it and then subjugated the local people because

² "India has 79.8% Hindus, 14.2% Muslims, says 2011 census data on religion," *The First Post*, August 26, 2015, <http://www.firstpost.com/india/india-has-79-8-percent-hindus-14-2-percent-muslims-2011-census-data-on-religion-2407708.html>.

³ David M. Malone, *Does the Elephant Dance?: Contemporary Indian Foreign Policy* (Canada: Oxford University Press, 2011), 19.

of their superior culture and civilisation. Both of these myths have been proved wrong. The Aryan's arrival in India was marked by a slow process of migration from areas lying in the northeast of India. Contrary to the generally held perception, they did not represent superior culture and civilisation: the excavations in Mohenjo-Daro (Sindh) and Harappa (Punjab) have produced enough evidence that the people inhabiting India before the arrival of the Aryans had a more developed civilisation, and knew the techniques of agriculture and building urban localities. It was during this period that Hinduism with its strict caste system was born. The period is also marked by the rise of Hindu empires such as the Mauryan Empire. After the decline of this empire, India is said to have descended into a long period of decentralisation with no central power until the dawn of Muslim rule in eleventh century AD. The Muslim rule, which was in fact the rule of Turkish, Afghan and Mughal rulers, lasted till the middle of nineteenth century, when India was formally incorporated in the British Empire as a colony.

India's memories of history (comprising all these three periods) has an irrevocable impact on her foreign policy behaviour, and her attitude towards other states and the international system as a whole.⁴ These memories have given birth to certain ambitions such as restoring the perceived past status (glory) of India and threat perceptions, which have prevented India from fully normalising its relations with its neighbours through the resolution of bilateral disputes. The pursuit of global status has been a constant foreign policy goal of the Indian elite throughout the sixty eight years of its independent life. The impact of this domestic factor i.e. history and its memories have largely been associated with the Nehru-Gandhi family.⁵ But others have also demonstrated strong proclivities towards maximising India's global status. Leaders like IK Gujral, Manmohan Singh and Narendra Modi have only evolved and adjusted the process by responding to a host of internal and external conditions. It is, therefore, not only domestic factors that have impacted upon Indian foreign policy; these external structural factors have also influenced its nature and direction and attitude towards neighbours. The dominant nature of the international system has, thus, interplayed with domestic factors, and vice versa.⁶

India's Indian Ocean policy is also heavily coloured by the deep shadow of its historical experience, particularly in the colonial period,

⁴ Chris Ogden, *Indian Foreign Policy: Ambition and Transition* (Cambridge: Polity Press, 2014), 3.

⁵ See Jawaharlal Nehru, *The Discovery of India* (New Delhi: Oxford University Press, Centenary Edition, 1989).

⁶ Chris Ogden, *Indian Foreign Policy: Ambition and Transition*, 4.

which commenced by the arrival of Vasco de Gama on the western coast of India in 1498. An account of subsequent events in the region clearly reveals that the Indian Ocean played an important role in deciding the fate of India. The Portuguese were the first European nation to enter the Indian Ocean, and were quick to recognise its strategic significance for establishing their colonial empire from the Strait of Hormuz in the west to the Straits of Malacca in the east with a base at Ceylon (now Sri Lanka) in the middle. This strategy, which was developed by their famous Admiral Albuquerque, based on the occupation of three strategic points in the Indian Ocean enabled the Portuguese to establish their colonial empire in the region.

However, they could not retain control over the Indian Ocean as other militarily more powerful European states like the Dutch, the French and the British had entered the Ocean in a race for colonial acquisition. The Portuguese were replaced by the Dutch; but soon the British became a dominant power in the Indian Ocean following the capture of Ceylon. When the French jumped into the fray, they were heavily disadvantaged as they had no naval base in the Indian Ocean, which could help them against the British in the struggle for India. According to Indian historian K.M. Panikkar, it was the superior British naval power reinforced by their base in Ceylon, which resulted in the defeat of the French forces in India. Learning from their experience during their rivalry with the European powers to win the battle for India, the British consolidated their control over Ceylon and set up a huge naval base at Colombo. At the same time, the British built strong naval and military bases at Singapore and Aden to ward off the entry of any hostile power into the Indian Ocean from the east and the west. This strategy converted the Indian Ocean into what was called the 'British Lake' and helped them defeat the Japanese bid to enter into the Indian Ocean during the Second World War. Although the Japanese had overrun Southeast Asia, Indo-China, Singapore and Burma; and their vessels had appeared in the Bay of Bengal, they could not advance westward due the resistance offered by the British navy in the Indian Ocean. The Indian Ocean strategy with Ceylon as its fulcrum - often compared to a large aircraft carrier - played a decisive role in thwarting the Japanese attempts to sail through the Indian Ocean to reach the shores of the Persian Gulf and Arabian Peninsula in a planned rendezvous with the advancing forces of the German General, Ervin Rommel who had reached the borders of Egypt after overrunning North Africa in 1941.

Post-independence Indian foreign policy, especially with regard to neighbours such as Pakistan, Sri Lanka and Bangladesh, is still based on its concerns about the domination of the Indian Ocean by any hostile power by developing bilateral relations with these countries. For example, India has been deeply perturbed over the expansion of China-Sri Lanka bilateral

relations during the reign of former President Mahinda Rajapaksa (19 November 2005 to 9 January 2015). The same feelings of concern were aroused by the growth of China-Bangladesh relations, even though India enjoys very close economic, trade and cultural relations with Bangladesh. Similarly, Chinese association with the construction of the deep seaport at Gwadar, and now the planned China Pakistan Economic Corridor (CPEC) evoke similar Indian fears and apprehensions as this transit trade route will not only lead to a phenomenal growth in China's economic, trade and commercial relations with the countries of West Asia, but is also likely to project Chinese influence into the strategically important Arabian Sea and beyond.

Level of Economic Development/Economic Conditions

India aspires for a global status, but its endeavours are heavily constrained by rampant poverty, underdeveloped infrastructure, lack of capital, both domestic and foreign investment and sluggish growth in the industrial sector. According to one view, India must attain 8-9 per cent annual growth rate in its Gross Domestic Product (GDP) in order to overcome these challenges. The acceleration of growth rate in GDP has, therefore, been one of the primary goals of state policy under every government of India. Under this policy, India has been trying to diversify its trade and economic relations with the outside world, with a focus on attracting foreign investment. It is also this goal, which has pushed India to promote trade and economic relations with its neighbouring countries both at bilateral and multilateral level, such as through the framework of the South Asian Association for Regional Cooperation (SAARC) and the South Asian Free Trade Area (SAFTA). Economic and trade initiatives from the Indian side date back to mid-1990, but they picked up during 1990s and accelerated in 21st Century. During 2003-06 to 2007-08, Indian GDP growth rate averaged 9 per cent, but fell to 6.7 per cent in 2008-09. However, growth rate further fell to around 5-6 per cent during the United Progressive Alliance (UPA)-II period. This economic slowdown during the second term of Prime Minister Dr Manmohan Singh is said to have greatly helped the National Democratic Alliance (NDA)/Bharatiya Janata Party (BJP) secure a landslide victory in the 2014 parliamentary elections and installation of Narendra Modi as Prime Minister. The government of Prime Minister Modi has set before itself the task of restoring the annual GDP growth rate to at least 7 per cent in the next five years. International financial institutions, like the International Monetary Fund (IMF) have also projected high growth rate for India in the next decade and beyond. An IMF paper, 'Pressing the Indian Growth Accelerator: Policy Imperatives' has projected that India's

annual GDP growth rate will reach 7 per cent in the near future, and then ascend to 8-9 per cent in the following quinquennial periods from 2017-2032.⁷ These goals continue to drive successive Indian governments to not only seek closer trade, economic and investment relations with the countries of the regions lying on its east and west, but also impel Indian policy-makers to expand interaction with their neighbours. The approach adopted by the present government of India headed by Prime Minister Narendra Modi seems to be motivated largely by these considerations. In a statement in August 2015, the former Indian High Commissioner to Pakistan, Dr TCA Raghavan while speaking at a seminar organised by the Human Rights Commission of Pakistan (HRCP) in Lahore confirmed this view. He said that the present government is following a policy of promoting bilateral relations with its neighbouring countries because of domestic compulsions of accelerating economic development and increasing GDP growth. These goals cannot be achieved unless there is peace between India and her South Asian neighbours.

The unprecedented step taken by the Indian Prime Minister to invite neighbouring country leaders to his swearing-in ceremony following BJP's victory in the 2014 parliamentary elections was also meant to lay the foundation for more fruitful mutual interaction. His visits to Bhutan, Nepal and Sri Lanka were, no doubt, also motivated by strategic considerations, but there were also important domestic compulsions associated with them.

Nepal carries great strategic importance for India because of its geographical location. The Himalayan state is sandwiched between India and China. In addition to that, Nepal and India are bound by ethnic, religious, linguistic and cultural ties. Nepal is the only Hindu state outside India and more than two thirds of its imports and exports pass through the common border with India. But close relations with Nepal are also important for India's economic development as Nepal has huge hydro-electric potential. Tapping this huge hydro-electric potential of Nepal has been a longstanding Indian desire, but political differences between the two countries had prevented this desire from being fulfilled. Prime Minister Narendra Modi's visit to Nepal was aimed at paving the way for the implementation of various projects for the exploitation of the country's hydro-electric potential with Indian participation in terms of investment and technical assistance.

Similarly, imperatives of economic development are an important component of India's bilateral relationship with Sri Lanka and Bangladesh.

⁷ Rakesh Mohan and Muneesh Kapur, "Pressing the Indian Growth Accelerator: Policy Imperatives," (IMF Working Paper, 15/53, Office of the Executive Director, 2015), <https://www.imf.org/external/pubs/ft/wp/2015/wp1553.pdf>, 9.

During the reign of former President, Mahinda Rajapaksa, the Sri Lankan market had to a considerable extent slipped from India, and Chinese products had flooded Sri Lankan *bazaars*. One of the considerations before Prime Minister Modi, while undertaking the visit to Sri Lanka, was to regain the Sri Lankan market for Indian goods.

Like Nepal and Sri Lanka, India's relationship with Bangladesh has an important economic dimension linked to her energy needs, transit access and investment. In order to narrow down the staggering imbalance in the bilateral trade between India and Bangladesh, the former has offered to expand its investment in the latter's transport, energy and infrastructure sectors. For India, a transit access route to its northeast states through Bangladesh is politically and strategically extremely important as it would provide much needed impetus to the process of development in these states beset with tribal insurgencies. India plans to eradicate these insurgencies by undertaking development work. But due to the long, narrow and difficult terrain, India faces difficulties in accessing these states. Bangladesh has agreed to allow India to use Chittagong port on the Bay of Bengal for transporting supplies to the northeastern states.

One of the strategic objectives that India wants to achieve through normalisation of relations with Pakistan is to secure transit trade facility of land route through Pakistan to establish links with Afghanistan and, beyond it, with Central Asia. India is an energy hungry country, whereas the Central Asian states are rich in energy resources, like oil and gas. Access to these resources is considered vital for meeting the goals of Indian economic development.

The Nature of Political System/Type of Government

Although India is a federation with a strong centre, there is a marked tendency towards greater assertiveness or say by the Indian states in foreign policy matters, particularly with regards to the countries with which they enjoy geographical proximity. This tendency has been strengthened by the rise of regionalism in Indian politics and growing demands for greater autonomy by the Indian states. The strong reaction in the Indian state of Tamil Nadu on the alleged excesses committed by the Sri Lankan army during its offensive against Tamil militants, which led to the elimination of the Liberation Tigers of Tamil Eelam (LTTE) in May 2009, forced the Union government to adopt a strict policy towards the government of President Rajapaksa in May 2009. Under almost every government of India, especially since Indira Gandhi, the policy of the Union government towards Sri Lanka has been influenced by the Tamil factor. The sensitivities of Tamil population in Tamil Nadu have always been an important

consideration with the Union government while interacting with Sri Lanka in various areas, particularly in bilateral relations.

The movement towards signing a final agreement between India and Bangladesh, like the agreement over Teesta River water distribution, has been blocked by certain reservations that the government of West Bengal headed by the former Chief Minister Mamata Bannerjee had over this issue. In a show of disapproval of the Union government's policy (that she alleged were detrimental to the interests of West Bengal), she did not accompany the former Prime Minister Manmohan Singh on his visit to Bangladesh in September 2011. Consequently, the signing of an accord on Teesta River was deferred. However, when Narendra Modi went on his maiden visit to Bangladesh in June 2015, Mamata was part of his entourage and demonstrated cordiality towards her hostess, Prime Minister Hasina Wajid. In fact, she stayed back after PM Modi concluded his visit and returned home. However, the Teesta River Agreement was not signed.

In a similar fashion, Pakistani (West) Punjab and Indian (East) Punjab have had a decade of proclivities to engage with each other not only via top echelons, but also in trade and cooperation in areas like agriculture, sports and culture. As the two countries move towards a polity based on greater devolution of power and decentralisation, the states/provinces as constituent units are likely become empowered to establish links with entities across the borders, which otherwise would look improbable at the national levels of the two countries.

Normally, a change of governments does not lead to an abrupt or radical shift in a country's foreign policy, because foreign policy in every country is based on bipartisan/national consensus. India is no exception. Its foreign policy, including the policy towards her neighbours, therefore, has remained almost unchanged since the time of her first Prime Minister Jawahar Lal Nehru (1947-1964). However, over the last 68 years, Indian politics has passed through a number of different stages of evolution. From 1947 till late 1980s (with the exception of Janata Party coalition headed by Morarji Desai (1977-79), Congress monopolised political power establishing one-party rule with governments at the union and state-level. Most of the contours of India's existing foreign policy were laid down during this period known in history as Nehru Era.

In the late 1980s, India entered the decade of coalition politics which has its own characteristics. Being composed of different political parties, a coalition government functions under various constraints and is unable to take decisions, especially in the realm of foreign policy without taking its coalition partners on board. On a close look, therefore, we can discern between the stern policy posture of a government under no constraints of a coalition government; and a government that is constrained to take its

coalition partners along on every important issue. The 2014 parliamentary elections marked an end of the era of coalition politics in India as BJP bagged enough *Lok Sabha* (lower house of Parliament) seats to be able to form a government at the union level without the support of any other political party. In the opinion of many observers both in India and Pakistan, the hard-line policy posture adopted by the BJP Government of Prime Minister Narendra Modi stems from the fact that it is free from the usual constraints of coalition government.

Whether a state has a democratic (open) or autocratic (closed) system of government, no political leader can survive forever without the support of organised domestic political interests and sometimes the main citizenry.⁸ Narendra Modi has risen to power riding on the crest of extremist and ultra-right Hindu nationalism i.e. *Hindutva* (or Hinduness). The influence of Sang Parivar⁹, especially the Rashtriya Swayamsevak Sangh (RSS) on the domestic as well as external policies adopted by the BJP government of Prime Minister Narendra Modi is too obvious. The political opponents of Prime Minister Modi accuse him of following the agenda of RSS. It is alleged that he has adopted a hard-line policy towards Pakistan to appease the extremist Hindu elements which played an important role in bringing him to power. During the last fifteen months of BJP rule under Modi, the RSS and other extremist Hindu organisations like Vishwa Hindu Parishad (VHP) and Bajrang Dal have gained influence. They have consolidated their position in state institutions and branches of government from where they continue to put pressure on the Modi government to toe their line in internal as well as external policy matters. The Home Minister of India Rajnath Singh, who was President of BJP before the installation of Modi government, admitted his and Modi's continued link with RSS, but denied that the Modi administration was being dictated by RSS.¹⁰

However, opposition parties including Congress, Janata Parivar and Left parties insist that Modi government is functioning under the pressure of RSS and implementing RSS agenda by promoting new interpretation of history, which downgraded Nehru and exalted Vallabhai Patel, the hard-line rightist Interior Minister in the Nehru cabinet credited with merging the Indian princely states into the new state of Bharat. The Communist Party of India (Marxist) has accused Prime Minister Modi of following divisive

⁸ Kegley Jr., *World Politics: Trend and Transformation*, 62-63.

⁹ Editor's Note: The Sangh Parivar refers to the family of Hindu nationalist organisations started by members of the Rashtriya Swayamsevak Sangh (RSS) or drew inspiration from its ideology.

¹⁰ "RSS not running government: Rajnath," *The New Hindu*, September 5, 2015, <http://www.thehindu.com/news/national/rss-not-running-government-rajnath/article7619455.ece>.

politics and adopting policies which incite communal violence and hatred towards religious minorities. These policies have not only created a sense of insecurity among the religious minorities, but have also led to tensions with Pakistan and Bangladesh. In his speeches during the 2014 parliamentary election campaign, Modi had denounced what he called weak response of UPA government under Congress to ‘incursions’ by China in the northern areas and ‘violations of ceasefire’ along Line of Control (LoC) by Pakistan. He had vowed to give a befitting answer to both Pakistan and China for what he claimed were attacks on Indian sovereignty and territorial integrity. Many believe that heightened tensions between Pakistan and India on claims and counter-claims surrounding ceasefire violations of LoC is a result of the policies the Modi government is following to keep his promise made to his hard-line supporters during the election campaign.

The Modi government by adopting an indifferent attitude towards religious minorities internally and a bellicose policy towards India’s neighbours, particularly Pakistan, externally has created a political environment, which is conducive to the ‘growth and expansion of RSS’ in the country. It is payback by Modi because RSS played a crucial role in bringing him to power. As a consequence, RSS has become a major beneficiary of BJP rule. This was openly acknowledged by the leadership of RSS in July 2015 in a meeting at Nainital attended by its top leadership, including its president Mohan Bhagwat. According to Akhil Bharatiya Prachar Pramukh Manmohan Vaidya, ‘The previous government (UPA) used to deliberately create obstacles (in Sangh’s works), at least now we won’t have to face any obstacles.’¹¹

Military Capabilities

The link between a state’s foreign policy priorities and its military capabilities is too obvious. It is due to its military power that has enabled the United States to pursue unilateralism in dealing with certain crises in the world, such as Afghanistan (2001) and Iraq (2003). In its quest for global status in the comity of nations and dissuade the smaller countries of South Asia from following a course in their foreign policies without taking into consideration what India calls her ‘interests’ in the region, the country continues to undertake military build-up and modernisation of its armed forces. For this purpose, India allied itself with the former Soviet Union till the end of the Cold War and has now gravitated towards the United States to enhance its military capabilities through cooperation in the fields of

¹¹ Kavita Upadhyay, “RSS a Beneficiary of Modi Rule,” *The Hindu*, July 24, 2015, <http://www.thehindu.com/news/national/other-states/rss-meeting-in-nainital/article7461273.ece>.

defence production. The United States has also accepted India as its important strategic ally in view of the rise of China in the Asia-Pacific and Indian Ocean region. During his visit to New Delhi in June 2012, the U.S. Defence Secretary Leon Panetta called India the ‘linchpin in Washington’s emerging “re-balancing” strategy in the Asia-Pacific.’¹²

The present Indian military capabilities comprise of 1.1 million soldiers (six regional commands, a training command, thirteen Corps, and thirty eight divisions). The Indian Armoured Corps consists of the Main Battle Tanks (MBT) and Infantry Combat Vehicles (ICV) which are the ‘driving forces’ of its conventional military power. India is modernising its armour fleet by inducting two regiments of the indigenously developed Arjun MBT and importing 310 T-90S MBT from Russia. India has also signed a contract for local assembly of 347 additional T-90S tanks.¹³

India also has an ambitious plan for the modernisation of its artillery by the ‘acquisition of towed, wheeled and self-propelled 155-mm guns and howitzers for the plains and mountains through import as well as indigenous development.’¹⁴

Indian Navy’s modernisation plan is based on its Maritime Capabilities Perspective Plan (MCP), whose objective is to dominate the Indian Ocean ‘by acquiring blue water operational capability while effectively countering current and emerging threats closer to the coastline.’¹⁵

The Indian Navy ‘plans to expand to a fleet of 150 ships in the next ten to fifteen years, with 50 warships now under construction and 100 new vessels in the acquisition pipeline. The navy is also engaged in setting up operational turnaround bases, forward operating bases and naval air enclaves with a view to enhancing India’s surveillance efforts in the Indian Ocean region.’¹⁶ As a result of ongoing modernisation efforts, the Indian Navy is on the cusp of acquiring the capabilities necessary to join key strategic partners such as the U.S. Navy in safeguarding the sea lanes of communication in the northern Indian Ocean and ensuring unfettered freedom of the seas for trade and commerce.¹⁷

The country has also embarked on an ambitious plan for its Air Force in order to expand its global footprint from its strategic sphere between the

¹² Gurmeet Kanwal, “India’s Military Modernisation: Plans and Strategic Underpinnings,” (Policy Brief, National Bureau of Asian Research for the Senate India Caucus, September 24, 2012),

http://www.nbr.org/downloads/pdfs/Outreach/NBR_IndiaCaucus_September2012.pdf, 1.

¹³ Ibid., 3.

¹⁴ Ibid.

¹⁵ Ibid., 4.

¹⁶ Ibid., 6.

¹⁷ Ibid., 6.

Gulf of Aden in the west and Strait of Malacca in the east. It appears that the Indian Air Force is ‘gearing up to provide the strategic outreach that India needs as a growing regional power and to project power where necessary in order to defend vital national interests.’¹⁸

At present, the Indian Air Force consists of thirty four squadrons against its sanctioned strength of thirty nine. It plans to enhance its strength to forty two squadrons by 2022.¹⁹ Its main objective is ‘to maintain an edge over the regional air forces.’²⁰ For this purpose, India plans to acquire an additional 126 multi-mission medium range combat aircrafts.²¹ ‘India is also developing a fifth generation fighter jointly with Russia’²² expected to be inducted soon. ‘New fighter bombers include a fleet of 272 Sukhoi-30 MKIs, half of which have already been built. AEW aircraft are being acquired from Israel as well as being developed indigenously. India has also acquired six C-130J Super Hercules aircrafts for its special forces and is likely to order six more from the United States. C-17 Globemaster heavy lift aircraft are also likely to be acquired shortly, which will take India’s defence cooperation with the United States to new level.’²³ India has also signed a contract with a Swiss firm for seventy five Pilatus PC-7 basic trainer aircrafts,²⁴ but wants more such planes.

It is not only in conventional forces that India has embarked upon an ambitious plan for modernisation and expansion. Her strategic forces are also being modernised ‘at a steady pace’. India’s inter-continental long range missiles, Agni-I and Agni-II have become fully operational. Efforts are afoot to acquire ‘Agni-V intermediate range ballistic missile, which has a 5000 km range, and nuclear-powered submarines with suitable ballistic missiles to provide genuine second-strike capability.’²⁵

India’s bid for enhancing military capabilities through a rapid process of modernisation and expansion of both conventional and strategic forces and collaboration with outside powers such as the United States, is aimed at securing a dominant role in South Asia and the Indian Ocean region. India justifies this plan on the basis of its power and special responsibilities for the defence and security of the region that it believes to be its sphere of influence.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid., 6-7.

²⁴ Ibid., 7.

²⁵ Ibid., 7.

Conclusion

Over the last sixty eight years, India has adopted different approaches, while formulating its policy towards its South Asian neighbours. The historical approach, whose most prominent exponent was the country's first Prime Minister Jawahar Lal Nehru, was based on the Indian view of its own position in the region and the status of peripheral nations. Nehru compared the position of India in South Asia to that of the United States in the Western Hemisphere; and it was for this reason that in the years close to the departure of the British from India, he had proposed a sort of Munroe Doctrine for the region, which stretched from the Suez to Malacca Straits. Nehru claimed that both history and geography demanded of India to play a special role in this vast region, which had been under the British control for about two centuries. He had even floated the idea of linking Nepal and Sri Lanka with India under a federal structure. But his proposal was strongly opposed by the Nepali Congress and Ceylonese Congress. Thereafter, India accepted the status of its smaller South Asian neighbours as separate, independent and sovereign states; but reserved the right to raise objections to any move by these countries in their external relations, which in the Indian view might undermine its strategic interests in the region. Indian objection to Nepalese Prime Minister's visit to the U.S. in the early years of its independence; and sharp reaction at the conclusion of a bilateral security agreement between Pakistan and the United States in the early 1950s could be explained in this context. This approach also explains the Indian concerns at the decision of Nepal to purchase weapons from China in 1960s; and the movement of Decca (now Dhaka) to Peking (now Beijing) to have closer bilateral relations in the late 1970s.

Establishment of strong bilateral relations with its South Asian neighbours in trade, commerce, tourism, culture, transport, sports and people-to-people contacts have always enjoyed top priority in Indian foreign policy. In order to facilitate these links, India followed in the early years a liberal visa regime for visitors from neighbouring countries, including Pakistan. India also supported cooperation with its neighbours at multilateral level and became a founding member of the SAARC in 1985.

However, in establishing bilateral and multilateral relations with its neighbours, Indian policy was guided by its approach to put aside bilateral disputes with countries like Pakistan, Nepal and even Sri Lanka. Contrary to this, other countries of the region had hoped that development of bilateral relations with India and cooperation for regional development within the SAARC framework would facilitate the resolution of bilateral disputes. This Indian approach to expand bilateral relations with its neighbours without resolving the bilateral disputes; and its insistence on keeping these

contentious issues out of the SAARC framework, has neither led to strengthening India's relations, nor has it enabled the SAARC process of regional cooperation to move ahead.■

Challenges for South Asian Policy-Makers

- Countering Terrorism and Extremism
- Future of South Asia: Inter-State Politics and Geo-Strategic Alliances

Countering Terrorism and Extremism

Dr Syed Rifaat Hussain*

Abstract

Terrorism is defined as an operational technique where violence or the threat of using violence is used to convey a message to a wider target audience.¹ Acts of terror have wreaked havoc on peace and tranquility across the world, where attacks on the World Trade Center, the recent carnage in Iraq and Syria by the Islamic State (IS) and the Army Public School (APS) attack in Peshawar, Pakistan serve as classic examples of delivering a message to a wider target audience by terrorist groups.

Yet despite the definitional criterion of terrorism laid out by Dr Jeffrey, the intricacies of terrorist mindsets and their operational techniques makes it difficult to provide an overarching, universal definition of the concept. Terrorism can also be defined as the killing of combatants, civilians, government officials, military commanders by violent non-state actors with the objective of instilling fear in wider society. The motivations behind instilling fear can range from political or social factors or religious goals which vary from one non-state actor to another, based upon ideological inclinations. A prime example is the Ku Klux Klan which was a white supremacist organisation during the 1860s and targeted immigrants in the United States as well as African Americans, given that they viewed them as a threat to their ideology of a 'purified America' which is based upon White Supremacy.² This stands in stark contrast to the motivations of the Islamic State of Iraq and Syria (ISIS), which believes in establishing a 'Pan Islamic' caliphate, seeks the purification of religion based upon their interpretation and targets what they view as 'Infidel' regimes such as Saudi Arabia and Qatar who support the West and are preventing

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¹ Jeffrey M. Bale, "Definition of Terrorism," California: Middlebury Institute of International Studies at Monterey,

http://www.miis.edu/academics/researchcenters/terrorism/about/Terrorism_Definition.

² Eric Foner, *Reconstruction: A Finished Revolution* (Maryland: The John Hopkins University Press, 1989), 458.

the establishment of a ‘pure Islamic Caliphate’, which is their true goal.³

Hence, in order to understand the concept of terrorism and in the process devise strategies for countering it, it is imperative that a framework is devised which seeks to elaborate the background, ideological motivations and the underlying factors which have caused individuals to resort to operational techniques which involve violence or the threat of violence.

This paper will examine and explore these underlying motivations as well as recommend policy steps for eradicating terrorism and extremism.

Introduction: Framing the Issue

Terrorism as a concept has evolved over time and gained significant amount of scholarly importance in the wake of the attacks on the World Trade Center in New York on September 11, 2001 orchestrated by Al- Qaeda. As a term, terrorism stems from the French word ‘Terrorisme’, which referred to acts of violence to instill fear amongst the French population by the French government during the 1793-1794 ‘Reign of Terror’.

However, the threats posed by terrorism and the tasks for policy-makers to devise policies which secure populations as well as the general prosperity and security of the world at large, requires that the issue of terrorism be framed. The definition of terrorism and the derivations of the term in the 1700s were starkly different from the concept of terrorism in the Post 9/11 era given the manner in which the scholarly community views terrorism today. Similarly, to bifurcate the war on terrorism as a war between the forces of ‘good’ or morality against ‘evil’ or immorality, would negate several factors which have resulted in the emergence of extremism and terrorist groups in the first place.

To overcome this dichotomy, it is imperative that a ‘reductionist’ approach towards viewing terrorism should pave the way for a historically informed perspective which is more appropriate in analysing the issue. A historically informed perspective will be cognizant of the different factors which have resulted in the emergence of groups which resort to terrorism, and also highlight the underlying factors of extremism as we see it today. In

³ M. Alex Johnson, “Deviant and Pathological: What Do ISIS Extremists Really Want?” *NBC News*, September 3, 2014, <http://www.nbcnews.com/storyline/isis-terror/deviant-pathological-what-do-isis-extremists-really-want-n194136>.

addition, it is also important to identify the causal factors which have resulted in the emergence of extremist ideologies, the tactics which have been employed by terrorist groups as well as their defiance towards established norms, practices and laws. With a thorough understanding of the underlying factors, it would become easier to comprehend the dynamic nature of the concept, the activities of groups and various actors conducting operational techniques through a historical lens. Hence, a historically generative structure is suitable for analysing the concept of terrorism.

Behavioural and Structural Causes of Terrorism

Developing a concrete and coherent counterterrorism narrative requires a historical analysis of the context in which acts of violence have taken place and why certain individuals or entities resort to extremism instead of remaining peaceful. The historical context helps in identifying important trends for policy formulation. The primary causes can be bifurcated into two main categories which include:

1. Behavioural Factors
2. Structural Factors

Behavioural Factors

Behavioural factors encompass the psychological aspects of resorting to extremism by individuals or entities, where a particular mindset is inspired by a unique ideology which results in the decision to employ violence to achieve certain goals. It focuses on the psychological disposition of the perpetrators of terrorist groups which act as a stimulant or motivational factor for carrying out heinous acts against a target audience. The psychological disposition may include obsession with concepts such as ‘Apocalyptic Millenarianism’ which is an ideology that espouses the complete transformation of society and the *status quo* after which all aspects of the society being targeted will change.⁴ This concept is heavily influenced by religious doctrines such as Christianity, where the notion that Jesus mentioned the coming of the Kingdom of God and any challenges to that particular notion, is met with severe violence by groups as was the case with Christian Identity that was founded in the mid-1920s, which was ‘White Supremacist’ in its orientation and held that ancient Israelites are

⁴ David A. Snow, Donatella della Porta, Bert Klandermans, and Doug McAdam (ed.) *The Wiley-Blackwell Encyclopedia of Social and Political Movements*, s.v. “Apocalyptic and Millenarian Movements,” (Hoboken: Wiley-Blackwell, 2013).

Anglo Saxons.⁵ Similarly, the worldviews of the founder of Al-Qaeda, Osama Bin Laden also centred on reforming the world order in favour of a strict interpretation of Islam called *Qutbism* and the imposition of Sharia Law instead of international law.⁶ Bin Laden's animosity towards the West which he believed, was biased towards persecuting Muslims across the world including support for Israeli activities in the West Bank and Gaza, had a bearing on his decision to form Al-Qaeda. By championing the cause of his own interpretation of Islam, (which to him was devoid of innovation), Bin Laden became the ideological father of the Al-Qaeda and much of its activities across Western Asia and the September 11th attack on the World Trade Center is reflective of that animosity towards the world order which is defined by the West and is harmful to Muslim interests at large.

As organisations, the rank and file of terrorist groups also traces their ideological motivations to the founding fathers of the organisations themselves. The mindset of the perpetrators is one of the key considerations, through which policy-makers can rightfully analyse the operational techniques of such groups and also extrapolate who the target audience of these extremist groups will be. It is important to note that the mindset of the perpetrators vary from one group to another and can range from an array of different issues such as Anti-Immigration, White Supremacy, Racism, Religious Supremacy or even Environmentalism. Understanding the mindset is critical in enabling policy-makers to devise counterterrorism measures to tackle terrorist groups.

Structural Factors

The other factor which explains the causes due to which certain individuals or groups become terrorists or resort to extremism is largely structural in nature. Structural grievances often boil down to the broader international environment which is widely viewed as repressive towards certain segments of society or developing nations at large. The perception that the existing international order promotes violence, discrimination and racism towards those hailing from a particular group often elicits violent reactions and becomes the sole cause of rebellion or challenging the *status quo*. Structural factors also centre on genuine grievances such as economic deprivation or exploitation as was the case with the Tamil population in Sri Lanka in the 1970s, which resulted in an armed insurgency planning to carve an

⁵ Chester L. Quarles, *Christian Identity: The Aryan American Bloodline Religion*, (North Carolina: McFarland, 2004), 89-105.

⁶ William W. Copper, *Challenges of the Muslim World, Present, Future and Past* (Bingley: Emerald Group Publishing Limited, 2008).

independent land for those who were discriminated against and deprived.⁷ In addition, religious fundamentalism might itself result in genuine grievances, where a certain segment decides to use violence to tackle other religious groups which are involved in exploiting members of their religious community. One such example is the demolition of the Babri Mosque in India in 1992 by Hindu fundamentalists which was then cited as justification by the Indian *Mujahedeen* (those engaged in *Jihad* or holy war) to carry out reprisal attacks against the government which took place in Delhi and Ahmadabad.⁸ Religious fundamentalism is often cited as a reason why groups which have contrarian or divergent religious views or are largely secular in their orientation resort towards using violence to cater to their genuine grievances.

Another important point which is critical towards understanding the structural aspect of terrorist violence is the need to hijack compromises, confidence building measures or dialogue processes between different groups, entities, governments or religious groups. As an operational technique to deliver a message to a wider target audience, many terrorist groups cite peaceful measures as unacceptable or certain agreements as too accommodating for the adversary, which results in a divergence instead of a convergence of interests between different groups. The role of ‘spoilers’ in hijacking bilateral dialogues between states stems from the need to ensure that relations between states are soured so that a vacuum is provided for terrorist groups to conduct their operations with impunity. However, some groups believe that violence is the only resort through which their goals and objectives can be truly realised and hence ‘softer’ elements which are willing to negotiate or the entire concept of negotiating bilaterally becomes hijacked. Certain acts such as blasphemy or desecration of religious texts are considered ‘non-negotiable’ by terrorist entities and hence, violence is the only recourse which needs to be taken at all costs.

Both behavioural and structural causes have a bearing on why extremism does take place and for policy-makers, considering the salience of both is crucial in understanding the underlying motivations for groups to resort towards extremism and developing concrete counterterrorism measures towards dealing with them.

⁷ Jayshree Bajoria, “The Sri Lankan Conflict,” Council on Foreign Relations, May 18, 2009, <http://www.cfr.org/terrorist-organizations-and-networks/sri-lankan-conflict/p11407>.

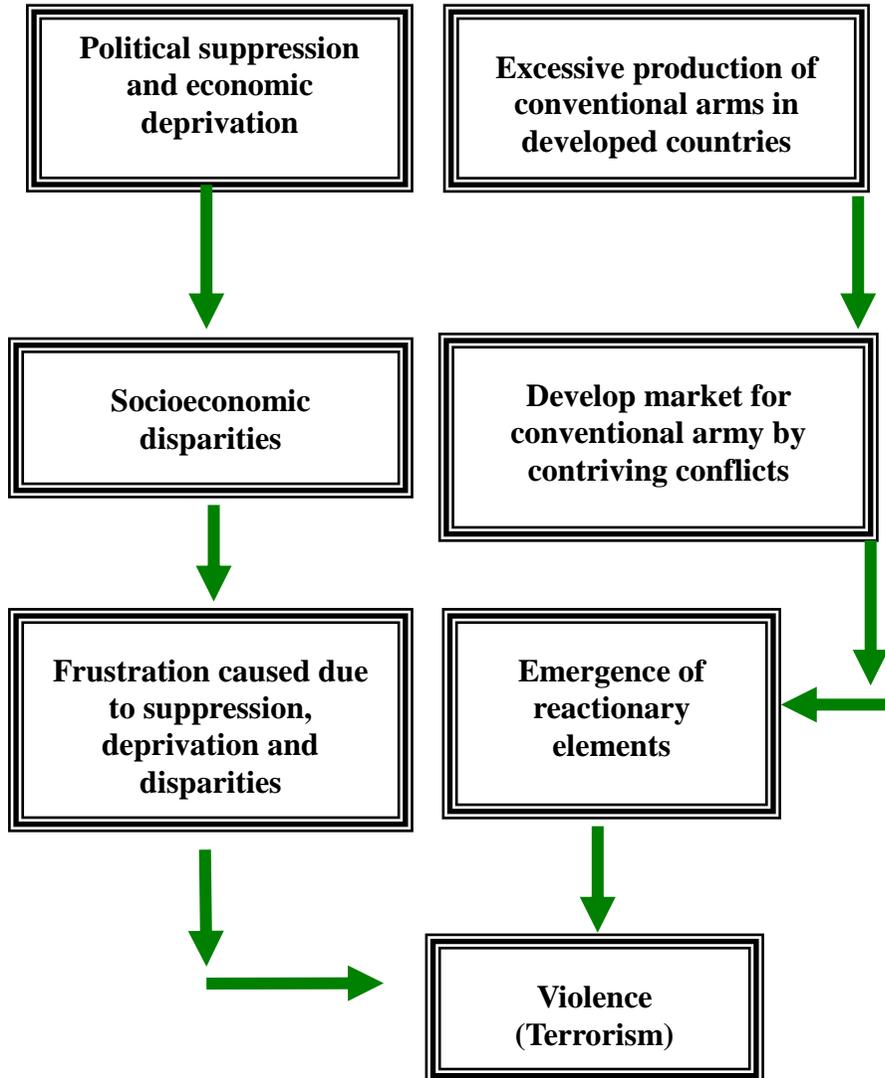
⁸ Amitabh Sinha, “Blast a Revenge for Babri,” *The Indian Express*, September 14, 2008, <http://archive.indianexpress.com/news/blast-a-revenge-for-babri-mail/361167/1>.

Table-1
Behavioural and Structural Causes of Terrorism

Behavioural	Structural
Minds of the perpetrators.	Broader international environment.
Jealousy, caprice, racial hatred and so on.	Genuine grievances including exploitation, exclusion, deprivation, and alienation.
Religious fanaticism, fundamentalism and so on.	Religious fundamentalism may itself express collective grievances.
Influencing or changing behaviour.	Changing norms, rules, structures and processes in the international system.
Violence must be met with violence.	Peaceful dialogue and compromise.

Source: Author's own.

Figure-1
Flow Chart of Political and Economic Factors
leading to Terrorism



Source: Author's own.

Characteristics of Terrorist Groups

A considerable amount of literature exists on groups which subscribe to extremist ideologies and much of the deductions and conclusions which have been drawn by erudite scholars have been based upon factual data and empirical evidence.⁹ The activities of rogue groups, their recruitment strategies, and the target audiences they use violence against and the chronology of events which resulted in their inception and in certain cases their demise over the course of time, have helped experts of the discipline come up with defining characteristics of groups which range in their capacity, ideologies and modus operandi. Nevertheless, three basic characteristics of terrorist groups include the following:

- i. They are primarily evolutionary organisations which are dynamic in nature, have an organisational structure and are often defined by a rigid hierarchy.
- ii. Terrorist groups have an elaborate and extensive network, which facilitates their ability to conduct devastating acts of violence with impunity. Networks include connections with criminal syndicates, intelligence agencies, and in certain cases, sovereign governments as well, which enhances their ability to conduct operations with considerable latitude.
- iii. Terrorist groups also have elaborate recruitment strategies, where they constantly strive to accumulate considerable financial clout as well as manpower. A strong and elaborate recruitment base is one of the reasons why they are able to conduct operational techniques involving violence with impunity and tactics of recruitment include luring potential recruits through ideological indoctrination, offering incentives or through outright coercion.

Each of the three characteristics are important in order to understand terrorist groups as organisations and in the process, devise counterterrorism strategies to deal with them. As with any other organisation, a terrorist group also has central leadership which it pays allegiance to and are often strictly hierarchical in their organisational make up. The Islamic State of Iraq and Syria for example, traces its central leadership to Abu Bakr Al-Baghdadi who is viewed as the ideological figurehead and his commands and edicts are considered inviolable.¹⁰ However, many terrorist

⁹ Eric Price “Selected Literature on Terrorism and Political Violence/ Conflict in Africa since the Second World War.” Monographs, edited volumes, non-conventional literature, and prime articles published since 2001, Terrorism Research Initiative, 2011, <http://www.terrorismanalysts.com/pt/index.php/pot/article/view/164/html>.

¹⁰ U.S. Department of State, “Terrorist Designations of Groups Operating in Syria,” (Press Release, United States Department of State, May 14, 2015),

organisations are often flexible in their approach despite tracing their authority to central leadership given that they also have militant offshoots, training centres as well as youth wings which help in maintaining their elaborate and comprehensive nature.

Terrorist groups, regardless of their ideological leanings, often survive in tandem with entities which are sympathetic to their cause which include right wing political parties or national governments. While they may operate independently as far as their causes and goals are concerned, which may or may not converge with entities which are sympathetic to their cause, many modern groups such as the Bodu Bala Sena of Sri Lanka, would not be able to function without the tacit approval of their sympathisers which could range from prominent organisations to members of the general population.¹¹ Networking also involves building nexuses with criminal gangs and militant wings of political parties despite the fact that the goals and objectives of terrorist groups often fail to converge with their sympathisers.

In addition, the ability of terrorist organisations to function with impunity is also due to their elaborate recruitment strategies which range from ideological indoctrination to coercion. As with other organisations, terrorist groups strive towards securing funds and recruit sophisticated manpower which helps them in implementing their operational techniques by using violence. A prime example, is the large Tamil diaspora which lived in countries such as Australia and the UK, of which certain segments provided funding to the Liberation Tigers of Tamil Eelam (LTTE), which was a separatist terrorist group waging war against the Sri Lankan government to secure a separate land for Tamils citing discriminatory policies of the government since 1976.¹² Similarly, the recruitment strategies of ISIS in Europe where they manage to lure in disgruntled segments of the European population (especially the youth) is largely due to incentives which are offered and appeals to popular sentiment through platforms such as the social media.¹³

Incentivising the potential human resource base is one of the salient factors through which terrorist organisations manage to carry out acts of

<http://www.state.gov/r/pa/prs/ps/2014/05/226067.html>.

¹¹ Adam Dean “When Buddhists Go Bad,” Photograph, *TIME*, New Zealand Edition, June 20, 2013.

¹² International Crisis Group, “*The Sri Lankan Tamil Diaspora After the LTTE*,” Asia Report 186, 2010, International Crisis Group, <http://www.crisisgroup.org/~media/Files/asia/south-asia/sri-lanka/186%20The%20Sri%20Lankan%20Tamil%20Diaspora%20after%20the%20LTTE.pdf>, 8-10.

¹³ “Feeling Left Out of the Society Drives European Youth to ISIS, Expert Says,” *Newsweek* 2015, <http://www.newsweek.com/feeling-left-out-europe-drives-youth-isis-expert-says-324523>.

violence with impunity, given the strength of their cadres as well as the elaborate funding that they receive from diasporas which are sympathetic to their cause as well as governments which use them as proxies to further their national interests in regional and global contexts. This reliance on ‘enablers’ often helps them carry out attacks of considerable gravity, given the use of ‘insiders’ or personnel which manage to penetrate through elaborate security apparatuses or be covertly involved as members of the civil society at large. Enablers also help such groups to map out their specific locations which they wish to either gain control over, or use to conduct their operations successfully. In addition, many organisations also have an elaborate command and control structure which is often remotely located to help in ensuring that the organisation functions properly and manages to achieve its goals.

Towards Counterterrorism: The 3PR Matrix Method

As organisations which seek to recruit, finance and operate under a central leadership structure, devising counterterrorism mechanisms need to take place in light of these characteristics. A matrix can be devised which not only addresses the violent operational techniques of terrorist groups, but also sheds light on the indoctrination techniques as well as the mass public appeal of these organisations which could prove to be helpful in truly dismantling and thwarting their ability to function as potent forces. In this case, the 3PR Matrix Method¹⁴, which considers the following factors that are cognizant of the dynamic nature of terrorist organisations, can be used as a useful mechanism. The salient features of the 3PR Matrix are as follows:

- i. Prevent (individuals from turning to terrorism);
- ii. Protect (citizens and infrastructure by reducing vulnerability to attack);
- iii. Pursue (investigate terrorists and disrupt support networks);
- iv. Respond (manage and minimise the consequences of an attack).

Prevention

The first factor of the 3PR matrix is prevention and is the most pivotal one. It strives to prevent individuals or entities from subscribing towards extremist views or puritanical ideologies which results in them becoming terrorists or terrorist organisations. Prevention also entails localising efforts

¹⁴ Editor’s Note: Introduced by the European Union in 2005 to systematically analyse the counterterrorism strategies of member countries.

in various societies to educate citizens of the demerits of joining terrorist groups and spreading awareness through education. In societies where turbulence and social upheavals take place due to lack of basic facilities, poor governance and a weak economy, reaching out to disadvantaged segments of the population by building the necessary infrastructure, undertaking measures such as community empowerment as well as ensuring that economic development has a trickledown effect on those at the fringes of economic development could prove to be effective. ‘Deradicalisation’ can also prove to be effective if the core centres of indoctrination are addressed, for example, certain *madrassahs* (religious schools) in Pakistan which subscribe to a puritanical version of religion, which are potential breeding grounds for groups such as the Tehrik-i-Taliban Pakistan, who often rely on such centres for manpower.¹⁵

Another important aspect of prevention is to ensure that policies are implemented towards the provision of political accommodation for disadvantaged segments of society. It is a misnomer to believe that addressing general societal problems such as abject living conditions and lack of education will rid society of potential terrorist recruits. History has been witness to an array of different terrorist groups which are ‘separatists’, who have held longstanding animosity with sovereign governments for their lack of political accommodation, granting of sovereign status as well as discrimination in various walks of life. Such groups include the Irish Revolutionary Army or the Liberation Tigers of Tamil Eelam, which became separatist groups and resorted towards violence over grievances such as Irish Republicanism for the former and supporting the cause of rebellion by the Tamil population over what is viewed as colonial as well as Sri Lankan government discrimination such as the ‘One Sinhala Act’, for the latter.¹⁶ In such cases, policy-making must concentrate on addressing grievances which result in populations becoming alienated due to discrimination by enacting laws which ensure their empowerment. A discriminated population which is stripped of its lingual, political and ethnic rights by the majority is more likely to act as a potential recruitment base for separatist organisations, which often cite the grievances of disadvantaged segments of the population as justifications for carrying out violence to achieve their goals.

¹⁵ “The Trouble with Madrassahs in Pakistan,” *The Express Tribune*, January 25, 2012, <http://tribune.com.pk/story/326941/the-trouble-with-madrassas-in-pakistan/>.

¹⁶ Benedetta Berti, *Armed Political Organisations, From Conflict to Integration*, (Maryland: The John Hopkins University Press, 2013), 130-176.

Protection

Along with devising strategies to curb the eventuality of individuals or entities resorting towards extremism, it is also important to initiate measures to curb acts of violence against a state's institutions or the civilian population. This brings in the second factor of the 3PR Matrix, which is to protect a state's infrastructure from acts of violence. Preemption includes the ability to construct robust security structures that are multi-layered in their disposition as well as devise approaches which are dynamic and cater to the evolving nature of terrorist threats. Being able to respond to tactics such as suicide bombings that have severe implications for the targeted populace or audience is one such example. Protection also includes measures to curb the influence of centres which are engaged in 'hate mongering' and ideological indoctrination of the civilian population and steps need to take into account the financing of such centres which could range from *madrassahs* (religious schools) to cultural centres. Banning organisations which preach hate helps a society tackle the influence of terrorist groups by denouncing such actions as vagrancies and stripping these organisations from a vital support base which they thrive on. Protection however, should not be limited to 'damage control' as far as policy-making is concerned and should be preemptive in nature so that unwarranted acts of terror do not inflict considerable damage on a state's infrastructure, the general population or have a crippling effect on the economy. As an operational technique, policy-makers must devise strategies which serve as adequate preparation for eventualities such as suicide attacks, genocide or target killing which are all tactics employed by groups to advance their goals. Hence, the security apparatus employed by state institutions must evolve with new threat perceptions and evolving tactics of terrorist groups in order to effectively protect their institutions and above all, mitigate the losses incurred by civilians as casualties, particularly during wartime.

Pursuance

The two factors of protection and prevention in the 3PR matrix, however, would only be useful in degrading or demoralising certain terrorist groups, but may not serve as effective tools in dismantling them. As discussed earlier, terrorist groups are effectively, organisations which have a multi-layered set up, have strong central leadership command and evolve with recruitment strategies and financing. They also heavily rely on a diverse range of networks for sustaining their operations which range from criminal syndicates to intelligence agencies. Hence, the need to pursue these groups

is of utmost importance by addressing the challenge of dealing with their various support networks which is where the third factor of the 3PR Matrix comes in. Addressing operational techniques without properly addressing their support base (such as diaspora communities that live in remote areas and are often provided funds by state institutions and governments), would become pointless. Pursuing terrorist funding and networking is often the most difficult task for policy-makers given that the entities are dynamically very different. A prime example includes the funding of *madrassahs* in South Punjab in Pakistan, where it is alleged that Gulf states such as Qatar, Kuwait, Saudi Arabia as well as the United Arab Emirates are financing seminaries which result in a popular support base for terrorist groups such as the Jaish-e-Muhammad, the Lashkar-e-Jhangvi and the Tehrik-i-Taliban Pakistan.¹⁷ To curb the influence of such centres would require massive policy overtures on part of the state which includes monitoring, auditing and devising recommendations as points of reference to curtail their activities. Pursuing terrorist organisations has plenty of merits in the long run, given that their ability to function as potent and well organised organisations becomes severely hampered when they lose the popular support base which they had initially enjoyed if adequately pursued by the state.

Response

The final component of the 3PR Matrix is ‘Response’ or the ability of a state to manage or minimise the consequences of an attack. The response factor deals specifically with the operational techniques employed by various terrorist groups, where an act of violence needs to be dealt with proportionally and the gravity of the attack needs to be mitigated to prevent loss of civilian life or damage to a state’s economic infrastructure. This is particularly important, given that without an adequate response, terrorist groups could exploit potential loopholes in the state’s ability to respond effectively and increase the severity and gravity of their attacks against it. The response of the state could include military strikes on terrorist hideouts which is taking place in the North Waziristan region of Pakistan or the use of ‘proxies’ to ward off the threat of groups which challenge the writ of the state and cause severe damage to state institutions. Nevertheless, a state’s ability to effectively respond to acts of violence is the key towards deterring

¹⁷ “Saudi Arabia and UAE Financing Extremism in South Punjab,” *Dawn*, May 21, 2011, <http://www.dawn.com/news/630599/saudi-arabia-uae-financing-extremism-in-south-punjab>.

terrorists, without which they would be able to operate in a vacuum and continue to cause massive damage.

The 3PR Matrix is, thus, a useful way of understanding the methods through which terrorist organisations and their activities can be holistically curbed and should be implemented given that the matrix itself takes the unique characteristics of the groups into consideration. The 3PR also places considerable emphasis on both the ‘soft’ as well as the ‘hard’ approaches towards dealing with terrorists, where the soft approach emphasises counter narratives and rehabilitation programmes by the government and state institutions, whereas the hard approach is to prepare an effective response to the activities of terrorist groups through military force and coercion.

Recommendations and Conclusion

After assessing the causes and characteristics of various terrorist groups devising a concrete, overarching policy which sheds light on the dynamic nature of such entities becomes increasingly relevant. Policy-making entails a clear understanding of various factors which have contributed to the rise of militancy and extremism which ranges from a basic understanding of ideological leanings of certain groups to a more in-depth and rigorous comprehension of the *modus operandi* employed by groups to secure their vested interests such as the use of suicide bombings as an operational tactic. To develop a comprehensive counterterrorism strategy, policy-makers should give due importance to the following salient factors:

- i. Beliefs
- ii. Mentality
- iii. Background
- iv. History
- v. Ideology and Motivations
- vi. Organisational structure of extremists and radicals.

Beliefs and Mentality

The beliefs and the mentality of extremist groups range considerably from Pan Islamism, *Hindutva*, anti-globalisation, separatism, white supremacy, occultism, and ‘Apocalyptic Millenarianism’ to racism. However, to truly address the issue of terrorism in the long run, it is imperative to look at the historical background through which genuine grievances have emerged. Systematic discrimination which has taken place in the form of inadequate access to employment, religious discrimination, ethnic cleansing and genocide have often resulted in groups who find themselves at the wrong

end of this systematic discrimination and resort towards violence as reprisal attacks. The evolution of such organisations, the emergence of a central leadership and the ability to garner public support must be analysed from a historical context.

Historical Context and Background

Ideologies and motivations of extremist groups also have a historical context, where citing religious edicts and challenging the existing *status quo* which threatens the worldview of terrorist groups, have often resulted in the emergence of counter ideologies such as the establishment of an Islamic Caliphate or a *Hindu Rashtra* in India. Religion acts as a powerful tool to mobilise public support for those at the fringes of society and who are subject to abject poverty and are deprived of facilities such as health, education and security. A worldview which is based upon subjective interpretations of religion is championed to try and foment discord in societies and countries so that the objective of securing popular support as well as achieving the desired goal is truly realised. In addition, the necessity to emerge from poverty to dealing with the effects of discrimination often results in the emergence of separatist movements which often use violence to further their cause. An important distinction, however, needs to be made between movements and terrorist groups. Protesters and those who resort towards boycotts or civil disobedience are different from terrorists, given that terrorists use violence or threat to use violence to target a specific audience. Genuine grievances can also be articulated through nonviolent means and the motivational factors may or may not be associated with strict interpretations of ideologies or religious fundamentalism.

Organisational Structure and Hierarchy

Policy-makers must understand that decoding terrorist organisations requires an in-depth analysis of the organisational/hierarchical structures and the central leadership of various terrorist groups. As entities which are defined by command and control and often have varying degrees of flexibility as far as their operational techniques are concerned, dismantling them requires viewing them as organisations rather than rogue elements which are malleable. In addition, doctrinal preferences and ideological considerations should not detract from the fact that such groups exhibit considerable amount of professionalism as far as carrying out their tactics are concerned, nor should it obviate from the reality that they have a sound recruitment base, a robust human resource base and proper funding channels. Hence, studying organisational theory is imperative towards

developing sound policy recommendations, which do not simply challenge the existence of such groups, but aim to dismantle them in the long run for sustainable and achievable peace and security both regionally and globally.

Sustainable Policies and Development State Infrastructure

As discussed earlier, policy-makers must ensure that the policies they devise are sustainable and formulated in light of factors such as beliefs, historical backgrounds, ideological motivations and organisational structures. Devising policies should not be limited to warding off immediate threats from terrorist groups, but must be sustainable in eradicating extremism in the long run. Using coercion and threats of punitive action must be backed up by institutions enforcing the rule of law as well as deradicalisation techniques which include rehabilitation and reaching out to the moderate voices in society such as community leaders, members of the religious clergy and academia who can act as reformers and provide invaluable input to the constructive debate of eradicating extremism.

At the same time, internal strength of a state which requires a strong foreign policy, adequate development in education and a strong law enforcement mechanism is the key towards eradicating terrorism and dealing with extremism. Without a strong internal infrastructure, the possibility of groups sustaining themselves as extremists would continue, given that they are provided with a vacuum through which they could realise their potential and also recruit without inhibition from those at the fringes of societal development. Pakistan, for example, has a deplorable literacy rate with over fifty per cent of the female population lacking access to basic education.¹⁸ Furthermore, strengthening laws towards political accommodation of groups which are potentially, or are sympathetic towards the cause of the extremists, can help in isolating groups which are prone towards violence. As the Sri Lankan Model has clearly demonstrated, repeated initiatives towards negotiating with the LTTE by the Sri Lankan government became hostage to dualistic activities of the group, which meant that any chances of negotiating with groups subscribing to puritanical ideologies and resorting towards violence was not successful. Instead, accommodating the local Tamil population and beefing up measures to ensure that they were integrated in society and isolating rogue elements were key in ensuring that the LTTE became dysfunctional and eventually dismantled. The decision to launch an operation in the North of the Island in Jaffna after isolating the rogue elements reaped rewards for Sri Lanka,

¹⁸ Peter Jarvis, ed. *The Routledge Handbook of Lifelong Learning* (New York: Routledge, 2009), 49.

which is now devoid of extremism as far as the LTTE is concerned.¹⁹ A combination of hard and soft approaches is the crucial in formulating robust policies to tackle extremism.

The approach needs to be heavily ‘people centric’ as far as tackling internal terrorist threats is concerned, however, ensuring that the networks which provide them sustenance also requires international cooperation. Funding sources, diaspora communities which are sympathetic to their cause as well as political parties, crime syndicates and even other extremist elements, need to be dealt with through international cooperation to thwart the progression of cross-border terrorism. A joint counterterrorism mechanism could allay fears between states which are hostile towards one another, yet also suffer from the menace of terrorism equally, such as India and Pakistan.

At the societal level, it is important to empower civilians with the ability to critically think about terrorist organisations and provide them with ample evidence that such rogue actors are a threat to peace, security and co-existence. Terrorism as an operational technique is strictly ‘irrational’ behaviour and its success needs to be judged along a spectrum ranging from minimal success to absolutely no success in order for results to materialise as far as counterterrorism efforts are concerned. ■

¹⁹ M.R. Narayan Swamy, *The Tiger Vanquished, LTTE's Story* (New Delhi: Sage Publications, 2010), 147-177.

Future of South Asia: Inter-State Politics and Geo-Strategic Alliances

An Essay

Shamindra Ferdinando*

Introduction

A two-day conference (June 2 and 3), jointly organised by the Islamabad Policy Research Institute (IPRI) and Hanns Seidel Foundation (HSF) couldn't have been held at a more appropriate time with tensions running high over the recently launched China Pakistan Economic Corridor (CPEC). The U.S.\$46 billion project has caused major furore amidst the two nuclear powers stepping up accusations against each other.

Chinese President Xi Jinping, in April 2014, launched the mega project meant to build a 3,000 kilometre corridor between Pakistan's southern Gwadar port, on the Arabian Sea, to China's western Xinjiang region. The economic corridor, comprising a network of roads, railways and pipelines, would pass through Pakistan's restive southern Balochistan province. The corridor is part of China's plans to create a new 'Silk Road' to markets in the Middle East and Europe. India has, in no uncertain terms, opposed the project, whereas Pakistan has repeatedly declared its right to go ahead with it on the basis that no third party can interfere with a bilateral undertaking. Indo-Pakistan relations could further deteriorate over the Corridor. India's concerns stem from her longstanding fears that Pakistan and China are working together to undermine the country. Urgent Confidence Building Measures (CBMs) are required to prevent the CPEC issue exploding into a major 'confrontation.' For the immediate future, at least:

- Senior government representatives and prominent figures on both sides should refrain from making inflammatory statements.
- A genuine dialogue should take place among member-states of the South Asian Association for Regional Cooperation (SAARC).
- Relevant stakeholders should prevent external elements from exploiting domestic, bilateral and regional issues.
- All parties should desist from encouraging disruptive elements hell-bent on causing chaos.

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As Pakistan and India are obviously trapped in their past conflicts, it is necessary to examine recent developments, as well as battles, partnerships and treachery, years ago, to comprehend what is going on in the region. For example, the recent defection of a top U.S. and Russian trained Tajik police commander to the Islamic State,¹ as well as a spat between India and Pakistan over a statement attributed to Indian Defence Minister, Manohar Parrikar² will not only undermine peace and stability in South Asia, but influence the entire world. The Tajik commander vowed to bring *jihad* (holy war) to Russia and America,³ whereas the Indian Defence Minister declared that terrorism should be used to deal with terrorism. The Indian statement, with a reference to terrorists fighting in Jammu and Kashmir, drew an immediate Pakistani response. Pakistan declared that the Defence Minister's statement confirmed their apprehensions about India's involvement in terrorism.⁴

Crisis in the South China Sea is another matter for concern which can have an impact on South Asia as well due to various existing political and security alliances being put in place by the U.S. and China. In the very first meeting between President Obama and newly elected Xi Jinping in June 2013, the Chinese President had remarked that 'The vast Pacific Ocean has enough space for two large countries like the United States and China.'⁵ This was again reiterated more recently in May 2015 when the Premier met Secretary of State John Kerry, 'The broad Pacific Ocean is vast enough to embrace both China and the United States.'⁶ However, U.S. is likely to undermine China's position. The U.S.-China battle for supremacy is certainly going to dominate the world scene, with the conflict in the Middle East taking a heavy toll.

However, while some parts of the world are in almost never-ending turmoil due to major conflicts involving governments and terrorist groups capable of facing sustained air offensives, South Asia remains free of major

¹ Dmitry Solovyov, "Commander of Elite Tajik Police Force Defects to Islamic State," *Reuters*, May 28, 2015, <http://www.reuters.com/article/us-mideast-crisis-tajikistan-idUSKBN0OD1AP20150528>.

² "Pakistan Criticises Defence Minister Parrikar's Terrorism Remarks," *Zee News*, May 24, 2015, http://zeenews.india.com/news/india/pakistan-criticizes-defence-minister-parrikars-terrorism-remarks_1600499.html.

³ Solovyov, "Commander of Elite Tajik Police Force Defects to Islamic State."

⁴ "Pakistan Criticises Defence Minister Parrikar's Terrorism Remarks," *Zee News*,

⁵ "Chinese Leader Xi Jinping Joins Obama for Summit," *BBC News*, June 8, 2013, <http://www.bbc.com/news/world-asia-china-22798572>.

⁶ Sangwon Yoon, "Xi Tells Kerry China and U.S. Can Both Be Pacific Powers," *Bloomberg News*, May 17, 2015, <http://www.bloomberg.com/news/articles/2015-05-17/xi-sees-room-for-both-china-u-s-as-powers-in-pacific-region>.

conflicts, since the conclusion of the thirty-year war in Sri Lanka, though sporadic attacks in Afghanistan and Pakistan cause serious concern. Continuing external interventions can worsen the situation further, thereby, increasing pressure on governments.

One must remain cognizant that peace and stability, in any particular region, and remedial action, cannot be discussed in isolation. This essay will, therefore, briefly touch upon the developments in South Asia, as well as neighbouring Central Asia, in the backdrop of growing U.S.-China tensions, new U.S.-Japan defence alliance, expanding China-Russia relations, as well as deteriorating Indo-China relations and continuing Indo-Pak tensions.⁷ It is hoped that examining past political experiences/events may help put larger, global issues in perspective and facilitate future decision-making processes.

The U.S.-South Asia Nexus

Today, South Asia's fate largely depends on decisions taken in New Delhi, Islamabad, Washington or Beijing. It is necessary to keep in mind that India and the U.S. work together closely, whereas U.S. also maintains close relations with Pakistan, in spite of the latter's growing relationship with China.

In December 1991, the collapse of the Soviet Union, on the heels of the Iraqi defeat in Kuwait, swiftly changed the global equation from a bipolar to a unipolar world. Relationships and alliances changed as the U.S. emerged as the only super power with Russia in turmoil. The collapse of the Soviet Union dealt a severe blow to India, the then Moscow's key ally in South Asia. However, as the U.S. soon saw China as an emerging power, that could overshadow it before long, and India, too, viewed Beijing as a challenge to its regional hegemony, there has occurred a marriage of convenience between the two largest democracies in the world, though, they had been at loggerheads in the past.

The U.S. deals with South Asian giants simultaneously, but some see an obvious tilt towards New Delhi in the recent past, hence, placing India at an advantageous position. Amidst trouble in some parts of the region, the U.S. continues to advance its policies, regardless of their consequences. The policy meant to further consolidate its position in the region remains on track, in spite of occasional setbacks. The Obama administration wouldn't allow anything, including its own domestic laws, to interfere with its plan of action in South Asia, or any other part of the globe.

⁷ Recent exchange between India and China, over the latter's reaction to India's stand on the eastern section of the China-India boundary, highlighted simmering tensions.

The China-Russia Nexus

However, the present day, situation should be examined in the backdrop of Russia and China asserting themselves as world powers. Interestingly, the collapse of the Soviet Union paved the way for gradual improvement in China-Russia relations over the years, with the partnership reaching a new high, in May 2015, with the fallout in Ukraine leading to the isolation of Russia by the West. China reiterated its commitment to its relationship with Russia by joining the Red Square military parade to mark Russia's triumph over Nazi Germany, seventy years ago. The participation of giant neighbour China is significant in the face of a virtual total boycott by the West of the celebrations in Moscow of the significant victory over Nazi Germany, which cost some 26 million Soviet lives. Possibly the only other notable guest present at the massive military parade was India. Chinese and Indian presidents were among the world leaders present at the parade.⁸

South Asia cannot ignore the formidable and growing China-Russia partnership. South Asia's foremost power India faces a difficult task in advancing its relationship with the U.S., while maintaining a robust partnership with Russia, as well as improving relations with China. This is a test for Indian diplomacy. Can New Delhi ever forget the 1971 Soviet backing for its war with Pakistan that paved the way for the birth of Bangladesh? Similarly, New Delhi cannot blank out its humiliating 1962 battlefield defeat inflicted by China. Decision-makers will always be influenced by past events, hence, causing damage to reconciliation efforts.

The U.S.-India Nexus

Pakistan has been a long-time U.S. ally, whereas the close India-U.S. relationship is relatively young, though rapidly growing. Gradual increase in U.S. imports and Israeli weapons and equipment reflect India's foreign policy shift at the expense of Russia. In fact, India has emerged as the world's largest arms buyer in recent years, with the U.S. becoming India's largest arms supplier, dislodging Russia as New Delhi's principal source of weapons. India bought arms worth nearly U.S.\$5.5 billion from the United States, in the last three years, the Indian Parliament was told in 2014. U.S. sales comfortably surpassed purchases from Russia, worth about U.S.\$4 billion during the same period.

South Asian nuclear powers, India and Pakistan, cooperate with the U.S., though they don't see eye-to-eye on many issues. The U.S. cannot achieve its political or military objectives in the region, without having the

⁸ "Russia stages Massive WW2 Parade despite Western Boycott," *BBC News*, May 9, 2015, <http://www.bbc.com/news/world-europe-32668511>.

backing of both India and Pakistan. This is the undeniable truth.

The U.S. also has to watch and prevent a possible nuclear nightmare by ensuring that Pakistan's nuclear arsenal and knowhow does not fall into the hands of Islamic terrorists. Washington must have certainly made it crystal clear to Pakistani generals that any failure on their part to safeguard the nuclear arsenal, from terrorist hands, would result in swift and unrelenting retaliation. However, the U.S. primarily depends on Pakistan when it comes to operations meant to contain terrorism. The West, having to contain conventional threats, as well as terrorism, needs the support of both India and Pakistan. Peace and stability in South Asia will depend on overt and covert actions of the U.S., India and Pakistan.

The U.S. stand, vis-a-vis, new Indian leader, Narendra Modi, underscores its policy that it will not risk a vital relationship under any circumstances, even though it treated him as a global pariah earlier, holding him responsible for violent anti-Muslim riots that claimed thousands of lives.

Before discussing the current U.S.-India relationship, it is necessary to examine the status of the long standing India-Pakistan crisis and the role played by the U.S. as well as the former Soviet Union. The two major wars between India and Pakistan in 1965 at Rann of Kutch in April, and then Kashmir in September; the use of U.S. arms, ammunition and equipment by Pakistan; Indian assault on West Pakistan across an international border; U.S. backed Soviet peace talks to end the 1965 war; thirteen-day war between India and Pakistan in December 1971; the Kargil conflict, years later, as well as present-day security issues, continue to influence the decision-making process in both New Delhi and Islamabad. While the former Soviet Union does not exist, the U.S. role in the region is rapidly growing. The new Indian administration seems much more receptive to the U.S. than the previous Congress administration.

Although the Bush administration, in March 2005, had denied the then Gujarat Chief Minister, Narendra Modi, entry into America, over his alleged complicity in communal riots in Gujarat, three years before,⁹ President Obama revoked the ban in May 2014.¹⁰ The Bush administration denied Modi tourist and business visa, in addition to diplomatic visa, acting at the behest of the Coalition against Genocide, comprising of the South Asian diaspora living in the U.S. The U.S. cited a never-before-used 1998 law called the 'International Religious Freedom Act', which aimed to bar

⁹ Rama Lakshmi, "U.S. Denies Visa to Indian Hindu Nationalist," *The Washington Post*, March 19, 2005, <http://www.washingtonpost.com/wp-dyn/articles/A48096-2005Mar18.html>.

¹⁰ Anwar Iqbal, "U.S. lifts Visa Ban on Modi, Obama invites him to Washington," *Dawn*, May 18, 2014, <http://www.dawn.com/news/1107011>.

foreign officials responsible for ‘severe violations of religious freedom.’ The U.S. State Department declared that Modi was responsible for the performance of state institutions during the riots. Modi hit back. ‘Should India also consider what America has done in Iraq when it processes visa applications of Americans coming to India?’¹¹ Modi was referring to the U.S.-British led invasion of Iraq, in March 2003, on the basis of false intelligence. Had the State Department envisaged the possibility of his rise, it might not have resorted to such drastic measures.

The U.S. could not have sustained its influence in the region without Modi’s India, and so Obama rolled out the red carpet for him. Could Obama have ignored the BJP¹² leader and *Hindutva* (Hindu nationalism) icon? On its side, India never allowed the visa issue to undermine its relationship with the U.S. Both countries pretended Modi was never held accountable for the massacre of over 2,000 Muslims in Gujarat. Could the world’s solitary superpower, and the regional power, permit the lives of 2,000 people to undermine a relationship which both parties consider extremely vital to their well-being? The Obama administration asserted that it should not be held responsible for a decision taken by the previous regime.

The U.S. and India relationship grew further when President Obama joined India’s Republic Day celebrations in January 2015 on Premier Modi’s invitation. Those who believed that the relationship had suffered a severe setback, due to the arrest and strip search of a top Indian diplomat, in New York in December 2013, were surprised.¹³ The bottom line is that the Government of India realises that the humiliation of a Chief Minister, or a diplomat, cannot be allowed to interfere with the overall Indian approach. President Obama’s visit paved the way for a civilian nuclear agreement. This relationship is on track; and one cannot deny that this is vital for peace and stability in South Asia.

However, it is important to keep in mind that history cannot be altered. India cannot forget the U.S. arming Pakistan, before the 1965 conflict (even if, those weapons could not achieve the desired results). Similarly, the U.S. cannot forget the strong Indian opposition to its intervention in Vietnam and Cambodia. There have been numerous other disagreements between the two over the years, particularly due to the latter’s close relationship with former Soviet Union. However, the recent

¹¹ Rama Lakshmi, “U.S. Denies Visa to Indian Hindu Nationalist,” *The Washington Post*, March 19, 2005, <http://www.washingtonpost.com/wp-dyn/articles/A48096-2005Mar18.html>.

¹² Bharatiya Janata Party (BJP).

¹³ Tom Watkins and Josh Levs, “Arrest, Strip-search of Indian Diplomat in New York Triggers Uproar,” *CNN*, December 19, 2013, <http://edition.cnn.com/2013/12/17/politics/india-us-diplomat/>.

Chinese expansion has brought the two closer. Having suffered a humiliating defeat, at the hands of the Chinese Army, in late 1962, India considers China a major threat. Their concerns should also be examined in the backdrop of strong Pak-China ties.

Although, the U.S. and its allies have improved their ties with India over the last decade, Pakistan remains a country which cannot be sidelined. In fact, the West cannot wage its War on Terror without Pakistan. Therefore, in spite of the strong U.S.-Pakistan relationship, India is clearly determined to maximise its partnership with the solitary superpower.

The U.S.-Japan Nexus

An enhanced role for the Japanese military is in line with the U.S. policy to meet what the Obama administration considers the Chinese challenge. The U.S. and Japan recently unveiled new rules for defence cooperation in an unprecedented move that will pave the way for Japanese forces to throw their weight behind the U.S. The new agreement allows the U.S. and Japanese forces to fight alongside each other. Japanese forces can now automatically be deployed, alongside NATO or Western forces in any part of the world. Japan is in conflict with China over disputed areas of the South China and East China seas. Although the U.S. has portrayed the new agreement as an attempt to shore up Japanese defence to bring stability to the Asia-Pacific region, Japanese firepower can be decisive in a conflict with China.

Japan's Cabinet endorsed a set of defence bills recently that would allow the military to go beyond its self-defence stance and play a greater role internationally, a plan that has split public opinion. Hundreds of Japanese rallied outside Prime Minister Shinzo Abe's office, calling the bills 'war legislation' that turn Japan toward militarism. This move could tarnish nearly seventy years of efforts by Japan to regain international trust and identity as a peaceful country.¹⁴

Citing its terrible military past, it is not only China that is upset by a militarily resurgent Japan, but those fears are equally held by the Koreans and others. That is why any re-militarisation of Tokyo is also vehemently opposed by Seoul.

India is also seeking ways and means of enhancing defence ties with Japan. The US-Japan deal, as well as Japan-India relationship, will have a bearing on South Asia, given the Chinese interests in the region. Former Sri Lankan President Mahinda Rajapaksa's close relationship with China, too,

¹⁴ After its defeat in World War II, Japan renounced war under the U.S.-drafted constitution that bans the use of force as a means of settling international disputes.

caused quite a controversy, ultimately leading to his defeat at the last presidential election. U.S. Secretary of State John Kerry's visit to Colombo, on his way to Nairobi, underscored the U.S. interest in Colombo, dealt with in subsequent section.

Inter-State Politics in South Asia: A Few Examples

The India-Maldives Nexus

South Asia has been wrecked by political turmoil. The Maldives is a case in point. The recent sentencing of Mohamed Nasheed, former president of the Maldives, to thirteen years in prison, after he was found guilty of ordering the arrest of a judge, while in office, caused further unrest. Although, Nasheed had been cleared of the charge earlier, he was re-arrested and charged under anti-terrorism laws. His lawyers quit during the second trial, which they said was biased and intended to end his political career. Both the U.S. and India have voiced concerns over the charges.¹⁵

A former human rights campaigner, Nasheed became the nation's first democratically elected leader in 2008, ending three decades of rule by former strongman, Maumoon Abdul Gayoom.¹⁶ In November 1988, he survived an assassination attempt by Sri Lankan terrorists. The group hired by former Colombo-based Maldivian businessman, Luthufee Abdulla, mounted a sea-borne raid. Had the group succeeded, Gayoom would have been the first head of state to die at the hands of Indian-trained terrorists. The Indian media, as well as a section of the international media, praised the swift Indian military intervention to save the Maldivian government. They never made any reference to the raiders being members of the People's Liberation Organisation of Tamil Eelam (PLOTE), trained and armed by Indira Gandhi's government. The heavily armed eighty members PLOTE group fought Indian troops before fleeing Male in a merchant vessel. The Indian navy destroyed the vessel on the high seas. Those taken prisoner were handed over to the Maldives.¹⁷ PLOTE leader, Uma Maheswaran, was assassinated near the Maldivian High Commission, in Colombo, on the night of July 16, 1989.

¹⁵ "Maldives Ex-President Nasheed Jailed for 13 years on Terrorism Charges," *The Guardian*, March 13, 2015, <http://www.theguardian.com/world/2015/mar/13/maldives-ex-president-nasheed-jailed-13-years-terrorism-charges>.

¹⁶ Gayoom had retained power until his defeat in the general election in 2008.

¹⁷ For details see, Shamindra Ferdinando, "Accountability for Male Invasion Gayoom Assassination Bid, War Crimes Charge: Urgent Need for Reappraisal of GoSL's Response," *The Island*, December 24, 2013, http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=94676.

India's training of Sri Lankan terrorist groups coincided with Western powers and Muslim governments boosting fighting capabilities of Muslim groups.

The India-Sri Lanka Nexus

Dixit, who was India's High Commissioner, in Colombo, at the height of the Indian military intervention, in his memoirs¹⁸, revealed that Sri Lanka was plunged into a destructive war in accordance with India's foreign policy. Causing a terrorist war, very much similar to the one launched by one-time Liberian President, Charles Taylor, targeting Sierra Leone, was nothing but a foreign policy countermeasure meant to meet the U.S. challenge. Sri Lanka had been a major preoccupation of India's foreign policy during Indira Gandhi's last two years of life, according to Dixit, who examined the Indian action in terms of New Delhi security concerns caused by Sri Lanka's relationship with the U.S., Pakistan and Israel. Indira Gandhi's policy approach is a glaring example of a misguided notion causing massive death and destruction. This policy had a devastating impact on Sri Lanka, and the Maldives only escaped mayhem, thanks to a well-planned terrorist attack going wrong. In Dixit's own words:

It would be relevant to analyse India's motivations and actions vis-a-vis Sri Lanka in the large perspective of the international and regional strategic environment between 1980 and 1984. President Reagan was in power in the U.S. and the Soviet Union was going through post-Brezhnev uncertainties, preceding Mikhail Gorbachev's arrival on the scene.¹⁹

If not for India's action, Sri Lanka would not have sought to establish a conventional army. When India intervened, Sri Lanka's ceremonial army, comprising several thousand personnel, lacked expertise to conduct counterinsurgency operations. Sri Lanka struggled to obtain required training, small arms and other equipment, whereas several Indian sponsored terrorists carried fully automatic weapons. India, at the onset of fighting, introduced landmines with devastating success. Having crushed rival groups, the LTTE, by early 1990s, had acquired conventional fighting capability. Ten years later, the LTTE had the wherewithal to overrun a full-fledged army division,²⁰ forcing the then Sri Lankan government to request

¹⁸ Ibid.

¹⁹ J.N. Dixit, "Indian Involvement in Sri Lanka and the Indo-Sri Lanka Agreement: A Retrospective Evaluation," in *Negotiating Peace in Sri Lanka: Efforts, Failures and Lessons*, ed. Kumar Rupesinghe (London: International Alert Publication, 1998).

²⁰ The LTTE fought for nearly three decades. The group had the wherewithal to disrupt international shipping. India's creation was as powerful as Al-Qaeda which had fought

Indian naval assistance to evacuate Jaffna. Had India not stepped in, Sri Lanka would have given up Jaffna and Sri Lanka's fate would have been different.

In May 2009, Sri Lanka brought the war to a successful conclusion. Even six years after the end of the conflict, Sri Lanka is yet to examine the events leading to the war in the early 80s. In fact, South Asia should study Sri Lanka's case. Lessons can be learnt that will help not only South Asia, but the entire world realise the dangers of sponsoring terrorism.

There cannot be a better example than the Indian terrorist project in Sri Lanka to prove the failure on the part of the international community to intervene. World powers turned a blind eye to Indian intervention leading to one of the bloodiest post-Second World War conflicts.²¹ India also lost one-time Prime Minister, and the then leader of the Congress, in an unprecedented suicide bomb attack in May 1991. The suicide blast carried out a year after the Indian Army withdrew from Sri Lanka, proved its deadly capacity.

There has never been a thorough examination of the Indian intervention, though Sri Lanka is now facing an international war crimes investigation. United Nations Human Rights Council (UNHRC) is demanding Sri Lanka's accountability for finishing off the Liberation Tigers of Tamil Eelam (LTTE). Those who voted for the U.S. resolution, demanding an external investigation into war crimes committed by the previous Sri Lankan government, never sought, at least, an explanation from India for its responsibility in creating the outfit. And not even a word about atrocities or excesses committed by the Indian Peace Keeping Force there.

The Sri Lankan conflict sharply divided South Asia, with India and Pakistan taking opposing sides. Although, in 1987 India discontinued its military and moral support for terrorist groups, New Delhi did something far worse in 1989, before ending its mission. The Indian Army set up, what was then called the Tamil National Army (TNA), to prop up an administration, in the then merged north-eastern province, loyal to New Delhi. This Indian project could have succeeded if not for the change of government in New Delhi.

Defeated President Mahinda Rajapaksa recently raised many an eyebrow by accusing RAW and U.S. of working together to oust him. The allegation was made a day or two before Rajapaksa met Indian Prime Minister Narendra Modi in Colombo (March 14, 2015). Rajapaksa lost the January 8, 2015 presidential election.

alongside other groups opposed to the Soviet invasion of Afghanistan.

²¹ The dead also included at least 1,500 Indian soldiers.

The Pakistan-Sri Lanka Relationship

Pakistan's position has been completely different vis-à-vis India. Regardless of change of governments in Pakistan, as well as military coups, Pakistan remained committed to Sri Lanka's war against the LTTE. In fact, Pakistan played an important role in restoring peace in Sri Lanka. Sri Lankan president, Maithripala Sirisena paid glowing tribute to Pakistan for her support when newly designated Pakistan High Commissioner Maj. General (retd.) Syed Shakeel Hussain presented his credentials:

The government, as well as the entire Sri Lankan nation, is grateful to Pakistan for the tremendous assistance provided to Sri Lanka to defeat terrorists. Sri Lanka today stands as a peaceful unitary State because of Pakistan's support.

The President also expressed his gratitude to Pakistan for the support extended at international forums, in general, and at the United Nations Human Rights Council (UNHRC), in particular. The President was quoted as having told the Pakistani High Commissioner: 'Your Ambassador in Geneva fought for us as if he was fighting for his own country.'

President Maithripala Sirisena's statement should be viewed in the backdrop of India, voting against Sri Lanka, twice, at the Geneva-based UNHRC sessions, in 2012 and 2013, and abstaining in 2014, whereas China and Pakistan strongly backed Sri Lanka.

The Chinese Angle

The U.S., as well as India, feel uneasy about China's relationship with Sri Lanka. Thanks to *Wiki Leaks*, we now know about India seeking U.S intelligence on the newly built Sri Lankan port at Hambantota.

A section of the international media has depicted the China-Sri Lanka relationship as a threat to peace and stability in South Asia. Sri Lanka was accused of accommodating Chinese naval vessels, including nuclear-powered submarines. Those who have been accusing China of seeking access to ports, in friendly countries, or concerned about China building artificial islands, conveniently forget the top-secret U.S. base on the Indian Ocean island of Diego Garcia, formerly held by the UK. The British transferred Diego Garcia in the 1960s to the U.S.

U.S. and its Presence in Asia: An Elephant in the Room

Diego Garcia plays a crucial role in conflicts in South Asia and neighbouring regions. The U.S.-led assault on Afghanistan, in the wake of

the World Trade Center bombing, is a case in point. In the eyes of the U.S., Diego Garcia is of pivotal importance to its overall defence/offensive capabilities.²²

Like Diego Garcia, Japan will remain a U.S. base forever. The recent U.S.-Japan pact, on an expanded role for Japanese military, will guarantee a permanent U.S. presence there. Similarly, U.S. deployment in South Korea is a permanent arrangement. Peace and stability, in South Asia, cannot be discussed without taking into consideration overwhelming U.S. presence in the neighbourhood. Irrespective of what anyone may say about the U.S. losing the economic race to China, the indisputable fact is that the elephant in the room, anywhere, is Uncle Sam.

Pak-India Tug of War and China

The Indo-Pakistan dispute remains the major problem affecting the region. Both countries accuse each other of covert operations, with India, occasionally alleging that Pakistan is using Sri Lanka as a base for operations directed at her. In May 2015, Pakistani Foreign Secretary Aizaz Ahmad Chaudhry accused India's Research and Analysis Wing (RAW) of carrying out terror attacks in Pakistan. Chaudhry alleged that RAW was continuing operations in spite of Pakistan repeatedly raising the issue with New Delhi.

Relations are plagued by bilateral, as well as multilateral issues. India and Pakistan are at odds over the April 10, 2015 release of alleged Mumbai terror attack mastermind, Zakiur Rehman Lakhvi, from jail, with Minister of State for Home Affairs Kiren Rijiju alleging Pakistan of irresponsible and inefficient handling of evidence furnished by India. India also accused Pakistan of harbouring the 1993 Mumbai serial blasts perpetrator and underworld don, Dawood Ibrahim. The Indian media quoted Rijiju as having said,

A statement, attributed to Indian leader Modi, during his May 2015 visit to Beijing, drew international attention. Modi confidently declared that both India and China face the threat of growing extremism and terrorism whose source 'is in the same region.' A section of the media interpreted the allegation as a 'veiled reference to alleged terror networks in Pakistan.' Addressing university students in Beijing, Modi asserted that India and China face instability in their 'shared neighbourhood that can threaten

²² For details see, David Vine, *Island of Shame: The Secret History of the U.S. Military on Diego Garcia* (New Jersey: Princeton University Press, 2009).

security and slow down the economies of the two countries.’²³

At the conclusion of talks, India and China issued a statement which also made a reference to terrorism, strongly condemning it in all its forms. Premier Modi’s call for China to review its approach towards Indo-China relations is an obvious bid to influence Beijing’s relationship with Pakistan, long-time allies. Can India succeed in its attempt? What will be Pakistan’s reaction to India’s strategy?

The Indo-Afghan Nexus

Let me examine India’s position vis-a-vis the Soviet invasion of Afghanistan. In spite of Western pressure, India refused to join the powerful coalition against the Soviet Union. India strongly asserted that it could not upset its main weapons’ supplier. One-time Indian Foreign Secretary, J.N. Dixit, is on record as having said,

The two foreign decisions on which she²⁴ could be faulted are: her ambiguous response to the Russian intrusion into Afghanistan and her giving active support to Sri Lankan Tamil militants. Whatever the criticism about these decisions, it cannot be denied that she took them on the basis of her assessments about India’s national interests. Her logic was that she could not openly alienate the former Soviet Union when India was so dependent on the country for defence supplies and technologies. Similarly, she could not afford the emergence of Tamil separatism in India by refusing to support the aspirations of Sri Lankan Tamils. These aspirations were legitimate in the context of nearly fifty years of Sinhalese discrimination against Sri Lankan Tamils. In both cases, her decisions were relevant at the point of time they were taken. History will judge her as a political leader who safeguards Indian national interests with determination and farsightedness.²⁵

The Afghan conflict divided South Asia. Pakistan threw its weight behind those fighting the Soviet forces with the blessing and support of the West and Arab countries, whereas India remained aloof. The continuing violence

²³ “Let’s Make India-China Ties Even Stronger, says PM Modi before leaving for Mongolia,” *DNA News*, May 16, 2015, <http://www.dnaindia.com/india/report-live-news-lets-make-india-china-ties-even-stronger-says-pm-modi-before-leaving-for-mongolia-2086278>.

²⁴ Indian Prime Minister Indira Gandhi.

²⁵ J.N. Dixit, *Makers of India’s Foreign Policy: Raja Ram Mohun Roy to Yashwant Sinha* (Uttar Pradesh: Harper Collins and India Today, 2004), 147.

in Pakistan is a grim reminder that decisions made years ago, under different political and security environment, continue to haunt it.

Some Final Thoughts

External interventions, religious, as well as political issues may undermine efforts to restore peace and stability in a particular country, in South Asia, or some other part of the world. The well-funded non-government organisations (NGOs) can cause further difficulties and, in fact, undermine a government in power. During the conflict, Sri Lanka realised the immense power of the NGO community. Working at the behest of their Western masters, the NGOs weakened the state apparatus much to the dismay of successive governments in power. In fact, Western powers use NGOs to influence decision-making processes in other parts of the world. South Asia is no exception. Even India has been targeted by NGOs. Simmering U.S.-India dispute over the latter's crackdown on U.S.-based Ford Foundation, as well as Greenpeace India, proved the power of the so-called civil society. India placed the Ford Foundation on a national security watch-list due to the group's links to a person who had sought the conviction of Premier Modi for human rights abuses. India also blocked bank accounts of Greenpeace India. Regardless of the cozy U.S.-India relationship, Richard Verma, U.S. Ambassador to India, of Indian origin, asserted potentially chilling effects of Indian curbs on foreign funded NGOs. Influential RSS²⁶ reacted angrily to U.S. criticism of Indian action.²⁷

South Asian governments should closely study the impact the NGO community is having on the region. Although NGOs have a right to operate freely, the importance of them having to adhere with rules and regulations imposed by governments elected by their people cannot be challenged. Western governments interpret peace and stability to meet their political objectives.

The South Asian Association for Regional Cooperation (SAARC) has not been able to make a positive contribution to peace, stability and economic development in the region. Member states should take remedial action without further delay. It is primarily the responsibility of governments of India and Pakistan to transform the organisation. The SAARC acts by consensus, but with two neighbours at loggerheads, there can never be any progress within the organisation to improve the lot of the region. It is doubtful whether such a transformation could ever take place,

²⁶ Rashtriya Swayamsevak Sangh (RSS).

²⁷ "RSS Slams US for Criticising India's Action against Foreign NGOs," *The Indian Express*, May 11, 2015, <http://indianexpress.com/article/india/india-others/rss-slams-civil-intervention-of-us/>.

with regional powers opposed to contentious issues being taken up at SAARC forums.

In conclusion, achieving peace and stability, in South Asia, as well as other parts of the world, is proving to be a mirage because it depends on a web of factors, including Western intervention and influence, which is complex and unlikely to change. ■

Regional Connectivity

- Political Disputes: Implications for Regional Trade and Economic Cooperation
- Prospects of Energy Cooperation in South Asia

Political Disputes: Implications for Regional Trade and Economic Cooperation

Dr Kamal Monnoo*

Abstract

Political and geographical disputes amongst South Asian nations, disputes on ways, means and measures of liberalising trade with building economic linkages within the South Asian Association for Regional Cooperation (SAARC), and disputes simply over market liberalisation per se have held back growth and development in South Asia for almost seventy years now. Trade facilitation and linking regions economically has emerged as an important trade policy for enhancing regional progress. Recent research indicates that reduction in trade transaction costs through better and fair trade facilitation measures at national and regional levels can bring enormous economic benefits to South Asia in general and to every member country in particular. However, 'South Asian countries are poor performers on various trade facilitation indicators. For example, in 2013, India's overall rank on Trading across Borders was 132 out of 189 countries, while Bangladesh, Nepal, Pakistan and Sri Lanka ranked 130, 177, 99 and 51, respectively.'¹

Given the current state of trade facilitation and poor economic linkages in South Asia, this paper makes an attempt to investigate the implications of disputes on trade and economic linkages; and then ultimately on the economies of the regional countries and their populace. In doing so, it evaluates new studies that have emerged on the importance of intra-regional connectivity, the evolving global environment influencing SAARC trade and mindsets.

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¹ CUTS International, "Trade Consignment Mapping in South Asia – A Study of Three SAARC Corridors," (Jaipur: Consumer Unity Trust International, 2015).

The paper also discusses the continuing disputes, blame game and mistrust between India and Pakistan and how this unhealthy rivalry is holding progress hostage not just in the case of these two countries, but also that of the entire region. While providing comprehensive recommendations for regional trade facilitation, it points out that unless the logjam between them is resolved, it will be unlikely for SAARC to attain its real underlying potential.

Introduction

South Asia is one of the least integrated regions of the world despite strong facilitating factors such as geographical proximity, a long open border and fairly similar value systems. It is also amongst the poorest.

Despite the advantages of physical proximity, South Asian economies still choose to trade with the more distant economies of the United States and European Union. Over the years, there have been a number of notable initiatives undertaken by the South Asian countries (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) for greater economic integration, including implementation of preferential trade agreements by member countries of the South Asian Association for Regional Cooperation (SAARC) followed by the Agreement on South Asian Free Trade Area (SAFTA), under which customs duties on nearly all goods traded between countries in the region were to be phased out. Yet South Asia has low intra-regional trade compared with other such regions in the world, amounting to just five percent of the total world trade, whereas North American Free Trade Agreement (NAFTA) is fifty two per cent, Asia Pacific region thirty two per cent and Association of Southeast Asian Nations (ASEAN) twenty two per cent. In fact, exports from all eight countries in South Asia make up just two percent of global exports. Of late though there is this renewed desire and urgency amongst all South Asian states that they have in principle fallen behind because unlike other regions they have failed to utilise their trade potential, both intra-regional and as a region with the rest of the world. Though South Asia's trade with the rest of the world fares much better than intra-regional trade; and while SAARC trade per se as a percentage of its GDP has also risen from nineteen per cent to thirty per cent between 1994 and 2010, it is still well below of other regions like East Asia (fifty eight per cent) and Europe (sixty six per cent). More disappointingly, these figures highlight yet another skewed trade phenomenon in South Asia where one sees that despite advantages of physical proximity, South Asian economies continue to prefer trading with the more distant economies of the United States and European Union than within their own neighbourhood. And this phenomenon stands common

with all the leading economies of SAARC: India, Pakistan, Bangladesh and Sri Lanka. Clearly, something needs to be done.

Disputes and Implications on Regional Trade and Economic Cooperation

Disputes do not necessarily need to be political or geographical as they can also simply arise from the way trade transactions are handled by countries, barriers or impediments (tangible and intangible) that come in the way of trade and in many cases by the sheer negative mindsets that negate free and fair trade instead of facilitating it. And it is in this context that trade facilitation has once again emerged as a vital issue in the trade and development agenda of South Asian countries. Cross-border intra-regional trade through land routes (road and rail transport) still faces a lot of infrastructural and procedural obstacles. The biggest fallouts from disputes that hamper regional trade and the formation of productive regional economic linkages (supply-chains), is that of poverty. Almost thirty per cent of the SAARC population lives on less than U.S.\$ 1 per day – representing forty per cent of the world’s poor in general.

Pakistan and India are two major economies and ever since 1947 have had a number of political and geographical disputes that till today remain unresolved. Given that the two countries have three times gone to war with each other and that India played a major role in the break-away of East Pakistan from Pakistan, there exists gross mistrust between the two countries and this naturally is hurting enhancement of trade not just between India and Pakistan but in the entire SAARC region. Unless Pakistan and India are able to set the tone right and lead the way (for the rest of the SAARC nations) by resolving their differences - at least to the extent of commerce and trade – the present logjam in the South Asian trade will not be broken.

There is now concrete and tangible empirical evidence/data (discussed in a subsequent section) on the basis of which some of the leading modern day economists are advocating the following three focal points:

1. Regions that fail to offer space for joint production and common productivity development tend to lose out in the long run.
2. Negative spillovers cannot be avoided. Meaning, a neighbour’s loss cannot be your gain and a regional partner’s problem cannot be bottled up within the geographical boundaries of that country.
3. And the most important: Poverty alleviation is a geographical challenge, and therefore, needs to be tackled at a regional level.

In other words SAARC just cannot afford to lag behind in trade as otherwise the respective leaderships would be doing nothing but punishing their own people.

The benefits of free and fair trade are limitless and manifest themselves in many other forms apart from economic alone. Such as social, academic, progress of mankind per se, nature, wildlife, environment, and last but not least, in promoting peace. There is increasing historical evidence that classical geopolitical threats get influenced and mitigated by forms of economic collaboration and mutual dependence through trade. Countries that get connected through trade and resultant supply chains across the border tend to then understand the risk premiums they have if they were to indulge in anything adventurous.

If one follows the evolution of supply chains, one sees the prosperity and stability they promoted first in Japan, and then in South Korea and Taiwan, and now in Malaysia, Singapore, Philippines, Thailand, Indonesia and China. Once countries get embedded in these regional and global supply chains, they feel part of something much bigger than their own limited markets. In broader terms, one can distinguish three types of connections between economic development and security of a region:

1. The immediate impact of security/insecurity on well-being and consequently on development achievements or the ways in which security forms part of the definition of overall economic development.
2. The way that insecurity (non-security) affects elements of development and economic growth or the way development affects security.
3. Most importantly, how economic linkages and trade bring together both security and development/growth.

SAARC Regional Trade and Impediments

SAARC's Inefficient Trade Corridors

Cross-border intra-regional trade through land routes (road and rail transport) still faces a lot of infrastructural and procedural obstacles. Still, rail and road are the most appropriate, cheapest mode for trade-related transport in mainland South Asia (that is, excluding island nations). Shortcomings in trade facilitation through land routes connecting major commercial centres, especially in Bangladesh, India, Nepal and Pakistan, have undermined other trade liberalisation policies such as tariff reduction

and removal of Non-Tariff Barriers (NTB) that are adopted to boost trade between these countries. It is well known that higher intra-regional trade cannot be achieved unless adequate physical infrastructure, appropriate customs clearance procedures and other facilitation measures, including multi-modal transport operations and integrated trade-related services, are in place. From the perspective of regional trade in South Asia, the development and upgrading of land transport infrastructure is of utmost importance as it will result in substantial reduction in trade costs. Though South Asian countries have initiated a number of projects at various levels to increase the efficiency of regional transport and transit systems, they still face a number of policy-related as well as procedural barriers. There is a lack of coordination among various projects such as the installation of Integrated Check Posts at various important border crossings and the upgradation of approach roads for reducing tariff congestion. As a result, inefficiencies abound in some of South Asia's most important cargo transport corridors. For example, in:

1. Islamabad-Lahore-Wagah/Attari-Ludhiana-Delhi.
2. Kathmandu-Hetadua-Birgunj/Raxaul-Kolkata and
3. Kathmandu-Kakarvitta/Panitanki-Phulbari/Banglaandha-Hatikumrul-Dhaka.

Evolving Global Trading Trends

The question that is often asked by analysts these days is that, is further intra-region trade liberalisation what all SAARC members truly want? An honest answer to this (based on present national policies of member countries) is that perhaps not. After all, countries once considered to be the chief proponents of free and fair global trade, of late, have been seen to be moving back towards protectionism, opting increasingly for bilateral trade agreements (country to country through preferential trade agreements, free trade agreements, mutual tariff arrangements, etc.) instead of pushing to conclude either the larger pending Doha Agreement on overall global trade or preferring regional markets over the farther ones. These mushrooming FTAs (Free Trade Agreements) and PTAs (Preferential Trade Agreements), often referred to as the 'Noodle Bowl' effect, may be eating away at the very spirit of the World Trade Organization's notion of free-and-fair trade. Also, at the end of the day, it is a 'business transaction', meaning the movers and shakers of trade in a country are primarily concerned with profitability of a transaction and not with its regional ethnicity. Japan and China originally did not grow their exports on the back of regional trade, but by focusing on the developed western markets.

Growing Protectionism

There is this reawakening amongst governments that their foremost responsibility is to spur growth and shore up employment at home and not to any larger romantic notion of global good. Even the world's leading/large developed economies who are today considered as the knowledge-based economies are ironically being seen going back several 'stages of growth' by arguing that a certain level of manufacturing base should always be maintained in an economy to hedge against unemployment, inflation and restricting undesirable imports. The United States of America (USA) as we know after a long time has renewed its focus on shoring up American manufacturing in order to replace some its imports and boost its exports. In 2015, Democrat Congressmen shot down the bid of their own President (Obama) for signing the proposed TPP (Trans Pacific Partnership) on a fast track, as they see it to be a treaty that is likely to cost Americans jobs and erode wages. Today's Japan is also facilitating national manufacturing in order to cut costs of doing business at home and to move back its off-shore production.

Skewed Trade Balance within South Asia

From the perspective of most SAARC members, further freeing up trade in South Asia or between specific SAARC countries to promote overall intra-regional trade, say between Pakistan and India or Bangladesh and Pakistan or India and Bangladesh, etc. without first entering into comprehensive agreements on regional (SAARC) trade as a whole, will not help the cause of promoting intra-region trade. In fact, this may be counterproductive since India already enjoys favourable trading accounts with all SAARC countries and after also gaining complete access to Pakistani markets (where some barriers to Indian goods still exist), there will be very little or no interest left for India to adjust the regional trade equation in a way that makes trade within SAARC more 'equitable'.

Regional trade will never truly flourish, unless it becomes a win-win for all stakeholders. For example, today in the European Union (EU) there is a lot of anger and criticism on Germany running a large trade surplus at the expense of deficits in the other Euro-Zone economies. A case seems to be building in the EU against a pattern of trade that unfairly favours a single country and is threatening the very unity of the region as a whole. Ironically, India also in the context of SAARC enjoys a similar surplus. And when it specifically comes to further liberalising trade between Pakistan and India, the fear or concerns on the Pakistani side are that whereas, India talks about freeing regional trade within SAARC, in reality,

it is the hegemonic policies and designs of India that are holding back free, fair and open trade within the South Asian region.

Security Concerns and Mistrust

There is a significant segment of Pakistani experts on security, defence and foreign affairs who genuinely believe that unless the proposed Most Favoured Nation (MFN) or Non Discriminatory Market Access (NDMA) status to be granted to India by Pakistan; and a resultant liberalised trading regime arising from that, are both managed very closely and prudently, the negatives will far outweigh the positives. In their opinion, aside from the concerns on an absence of or a rather compromised Pakistani internal defence mechanism in the spheres of health, seed development, yields and export competitiveness, there prevails a sense of skepticism over the Indian double game. They argue that while we hear about the underlying potential of the flow of goods across the borders, not a word is said by India about the necessity of creating long-term important linkages such as technology transfer, joint resource management mechanism, cross-border investments, financial connectivity, regional anti-trust treaties, equal opportunity amongst SAARC nations, and devising joint regional legislations on rules of doing business. Also, on one side India talks about cementing mutual ties through the instrument of trade, while on the other side, their political moves tend to exacerbate the long-standing security issues between the two countries. Bilateral issues continue to be viewed by them under a unilateral light and even the Indo-Afghan Agreement signed by them with the Karzai Government in Kabul – one that covers a wide ambit from humanitarian assistance ranging from education to capacity development to development of natural resources to security - can easily be interpreted to portray an India that still remains more focused on isolating or encircling Pakistan than to becoming its vibrant economic partner. They maintain that as always, we see an India eager to gain direct access to Central Asia and Europe, but not willing to offer any such reciprocal accessibility to Pakistan on its eastern and northern sides.

Other Obstacles to Intra-regional South Asian Trade

Rich literature (studies by World Bank, Asian Development Bank and CUTS International) is available which reports inefficiencies in cross-border trade within the South Asian region including poor port, rail, and road transport infrastructure, inadequate customs management, administrative and licensing restrictions, non-transparent trade rules, etc., as some of the common problems. In fact, literature specific to South Asia

finds significantly higher levels of incidence of these common trade facilitation bottlenecks and many more areas in which the region uniquely falls short compared to other regions. A series of studies done by CUTS International under various projects have explored trade facilitation needs in South Asia and found widespread wastefulness in activities, practices and formalities for cross-border movement of commodities, including bottlenecks in transport, banking, payments and insurance facilities. One of the key observations from the past studies and the one done by CUTS Centre for International Trade, Economics and Environment (CITEE), is that friction in the trading systems of South Asian countries is more prevalent for intra-regional trade than that for trade with countries outside the region. This has been noticed in the following way:

1. Testing, certification, clearance and processing are particularly costly and time-consuming for consignments bound for export destinations within the region.
2. Transport infrastructure and facilities at land custom stations which are predominantly used for cross-border trade within the region have significantly lower standards than for trade with countries outside the region.

Logjam between Pakistan and India & Game Theory

Regrettably, the short history of Pakistan and India stands mired in an unhealthy rivalry, mistrust, needless animosity and frivolous point scoring, which is not only adversely affecting their economic progress, but is also holding hostage the economic potential of the entire South Asian region. The situation presents a classic case of ‘Game Theory’ where one party goes for a spoiler in an endeavour simply because the other party also gains from it, even though the gains arising to the spoiler may be much greater in nature. Instead of some honest soul searching, the will to find solutions, and to evolve strategies to further open up trade for the sake of mutual development and growth, what we see is a culture of blame game – one step forward and two backwards. And it this barrier we have to overcome in order to bring about prosperity to the South Asian region as a whole.

Some Important International and Regional Developments

Bali, November '13 – A Game Changer

On the WTO (World Trade Organization) front, in November 2013 at Bali, Indonesia, all member states’ commerce ministers reached a landmark global agreement on commerce, which incidentally made it the first and

only consensus accord struck by the WTO since its birth back in 1995. The pact includes commitments to facilitate trade by simplifying customs procedures and limiting agriculture subsidies, and unleashing policies to aid least-developed countries. According to the estimates from a report compiled by the Washington-based Peterson Institute for International Economics, the new customs measures could create an additional U.S. \$1 trillion in economic activity and up to twenty one million fresh jobs, provided the agreement is followed in letter and spirit by the WTO member states.

Moreover, the breakthrough not only reinforced the importance of trade as a collective win-win for all stakeholders regardless of their political or geographical disputes, it also tangibly covered some very useful stuff: by one estimate, cutting customs red tape and the cost of shipping goods around the world by more than ten per cent could potentially raise annual global output by nearly U.S.\$400 billion. More importantly, much of this gain would flow to the developing economies instead of the developed ones. Second, over the last twelve months, leaving aside the international pressure or the WTO compulsions on Pakistan and India for freeing up bilateral trade, what we are seeing today is a renewed commitment and a self-realisation by the two neighbours to seriously work on a sustainable process of bilateral and regional trade liberalisation. A 'realisation' that only in enhancement of mutual economic cooperation lies the key to resolving their long-standing disputes and realising their true economic potential. That only developed Pakistan and India can provide the future for their citizens that they truly deserve, but have been deprived of thus far. It is heartening to note that three key agreements were signed in this regard on September 21, 2012, in order to embark on the course of removing the three main irritants or NTBs:

1. Customs Cooperation Agreement, to avoid arbitrary stoppages of goods at each other's ports and facilitate bilateral trade;
2. Mutual Recognition Agreement, for acceptance of certificates of internationally accredited laboratories, and seek harmonisation in each other's standards and certifications; and
3. Redressal of Grievances Agreement, for resolving matters in case of any disagreements.

Another agreement between the Export Inspection Council of India and Pakistan Standard and Quality Control Authority is also likely to be signed soon. If the issues in the trade relations between Pakistan and India can somehow be resolved, it will automatically pave the way for enhanced trade within the SAARC region.

Subsequent WTO Failure at Geneva and Implications for SAARC

For all those Pakistani and other regional trade experts who had been blindly pushing their governments for further (or complete) liberalisation of trade with India without first ensuring reciprocity, the collapse of the WTO Bali deal in Geneva 2014, came as an eye opener. In fact, most of the member states of the WTO voiced their disappointment, after India's demand for concessions on agriculture stockpiling led to the collapse of the worldwide trade deal, i.e. when India unveiled its veto power at the eleventh hour. Even the Bali success of November 2013 (mentioned earlier), albeit a modest one, was reached after some hectic and nerve wrecking deliberations. Why modest? Because the agreement merely covered 'trade facilitation' (simplifying customs procedures) and not broad liberalisation which was the 'original' aim of the initiative at Doha. Still, the breakthrough covered some useful items.

However to be fair to India, it had its reasons and in quite a few ways some valid ones. India naturally defended its decision by saying that it needed to take a tough stand at the WTO to ensure the survival of its impoverished farmers. It accused the developed nations of foot-dragging over negotiations to give the green light to its stockpiling of food. It insisted that the deal should be concluded as a 'package' alongside a permanent agreement on stockpiling food to feed its millions of poor people and that the government of India stood committed to protecting the interests of its farmers against all odds. It felt that if it backed down on its stand, hundreds of thousands of Indian farmers faced suicide and starvation. From an Indian perspective, these were very powerful and humane arguments, but at the same time the stand in itself carries a very strong message for countries who aspire to enhance trade with India and especially those who expect significant gains from their respective bilateral trade with it. The message being: that when it comes to protecting its interests, India stops at nothing and is even willing to take on the strongest global powers to protect its backyard. Intra-region trade will also obviously be no exception and so it shouldn't surprise anyone that as the trade between SAARC members increases over time the equation gets further skewed in India's favour. Unless this is corrected, going forward with any further liberalisation cannot be a win-win for all the eight countries involved.

Further, the collapse of this deal carries wider global implications in general and specific trade challenges for SAARC in particular. On the global front, this failure serves a great blow to the confidence revived in Bali that the WTO can deliver negotiated outcomes and also that it now opens up the dangerous possibility of countries embarking on the route of 'plurilateral agreements' – deals whereby group of countries (not

necessarily belonging to the same region; TPP being a recent example) get together to agree on liberalising rules on one sort of good or service, with others free to join as and when it suits them. The idea behind such deals being that they are simpler to negotiate than multilateral or broader regional agreements and that they can send a strong message to the 'laggards'. The message being: Either get on board or get left behind. The modality hence becomes that a deal between a few interested countries gets on the way, and as and when others sign up, the agreement eventually assumes global proportions. Further, it works on the assumption that unlike the endeavour of the November 2013 Bali deal, not all subjects need to be negotiated among all WTO members. This fresh phenomenon is now permissible under the new WTO rules, where like-minded countries eager to press forward can come to a mutual agreement ('plurilateral' talks as opposed to multilateral ones), as long as other WTO members are allowed to sign up later on to any such resulting agreements. Negotiations on services and on information technology already fall into this category. The emerging economies (like China and Brazil) especially feel that the plurilateral approach is indeed the right way to move liberalisation forward in the future. Further, within a couple of weeks of this debacle the United States, European Union, Australia, Japan and Norway announced to push ahead under a plurilateral approach. And this surely does not augur well for the future of free and fair multilateral global trade.

What it essentially means for SAARC is that from now on, it cannot just be satisfied with simply being a part of a larger system in the hope that the overall trading regime will automatically protect the interests of the member countries. In fact, now with India succeeding in what it wanted to do at the WTO forum with regard to keeping its options open on providing agriculture subsidies to its farmers and stockpiling food reserves, the rest of the SAARC countries will also be well advised by their respective experts to carefully strategise national agriculture policies. To undertake their respective market protection measures in light of what India can now legally continue to do: That is, to subsidise its farmers and agriculture produce without the risk of violating any international law.

Discouraging Signals from the Modi Government

Apparently the directions of vetoing the Bali Agreement in Geneva came directly from the Indian Prime Minister and again, if true, this style of his management does not augur well for the global community in general and for the future of South Asia/SAARC in particular. In this backdrop, the endeavour of opening up Pak-India trade any further than its present position tends to be trickier than ever before, to say the least. The present

trade equation as already discussed stands heavily skewed in India's favour and the Pakistani business and industry has been crying foul since long about a host of Indian non-tariff and tariff barriers that restrain from allowing a level-playing field to the Pakistani entrepreneurs. Today, India levies thirty percent duty on all cotton woven fabrics, cotton knitted fabrics and polyester/cotton woven fabrics, which is supplemented by landing charges, countervailing duty, cess rate and additional countervailing duty. Perhaps the highest effective duty rate not only in the South Asian region, but also in entire Asia (China's import duty rate for Pakistan is only fourteen per cent and South Korea's is twenty three per cent). In motorcycles, India's import duty rate is hundred per cent as against sixty five per cent being charged by Pakistan and for cars (1000-1300 cc), 125 per cent as against sixty per cent being done by us.

Not all Forms of Trade are Good

In his breakthrough work published in 2014, 'Seven Bad Ideas: How Mainstream Economists Have Damaged America and the World,' the American economist, Jeff Madrick, shattered a lot of economic myths, which until recently had been treated as the gospel truths. On trade, Madrick opined that while expanding global markets is a worthy goal, history offers lessons that can lead to more constructive trade, capital and currency policies. The first lesson being that gradual reform is more effective than a sudden turn to free markets, deregulation and privatisation. Shock therapy in Russia was a failure, and nations from Argentina to Thailand paid a dear price for liberalising capital markets too quickly. The historical models of sustained growth are clear: gradual development of 'home-based' core industries; economic diversification; improvement in literacy and education, especially for women; only gradual opening of capital markets; and a focus on self-sufficiency on power and energy at competitive rates as the top national industrial priority. Second, that developing nations when negotiating with their respective financial lenders must ensure that they retain space for themselves to be able to experiment with home-grown recipes and their realities on the ground. Third, models of growth that indefinitely depend on exports are not sustainable. Lastly, every free trade initiative or agreement should come with a plan to simultaneously strengthen the social safety net at home, and a working that the endeavour is not at the cost of the home industry and domestic employment generation.

According to him, a country's economic leadership needs to realise that modern day global trade is changing course. Gone are the days where countries single mindedly focused on expansion of trade or had blind faith to slip into the prescribed WTO straightjacket to become a part of the

global trade order. Both, the 2008 Financial Crisis and a Noodle Bowl effect of FTAs, RTAs, PTAs, etc have slowly but surely undermined the once unquestioned wisdom of multilateral functioning. Modern day thinking being that while expanding global markets is good, history offers lessons that only fair and ‘constructive trade’ is what nations should be seeking – ‘Constructive’ referring to a realisation that only such trade is welcome which tangibly adds value to the home economy and ensures a gradual but clear development of its core national industries.

SAARC and Look West Policy

With presence of a stable and a progressive government in Afghanistan, more and more SAARC members, individually and collectively, are looking to optimising trade potential with the Central Asian Republics (CAR) and beyond with Europe itself. The keenness and sincerity on part of SAARC as a group to approach this opportunity in a way that it benefits all members will be critical for the success of such an initiative. Honesty in the joint approach will be imperative to succeed when engaging CAR, Afghanistan, Iran, Turkey and possibly Eurasia. Not only because South Asia needs to be mindful of its regional economic interests, vis-à-vis accessing this region, but also because there is this new found sense in these countries that while they will welcome enhanced and new economic linkages, the resulting development from the same must take place at home (meaning within their respective economies). For example, former President Ashraf Ghani of Afghanistan made this very clear in early 2015 to visiting Pakistani business delegations.

A collective win-win strategy will ensure that South Asia does not undermine itself by unhealthy internal competition, but also that the western side projects in turn also strengthen intra-regional (amongst SAARC) economic linkages.

Once again, India at present has the most comprehensive CAR strategy, which was formally put in place more than fifteen years back. It encompasses both soft (intangible) and real-time (tangible) endeavours that project Indian initiatives as a helping hand in their growth and development, rather than being seen as exploitative. Also, by committing huge resources to successfully gain a foothold in CAR and beyond, India makes it clear that it is there for the long haul. Further, India very astutely uses its old connections and experience from the days of the ‘Iron Curtain’ to approach the region from all sides: through Afghanistan, Iran, Caucasus and Eurasia. It will be advisable that India takes the initiative in partnering other SAARC members (in order to take them along) to create synergies and leveraging a regional geographical advantage to unlock the real underlying potential of

the western initiative. Further, a focus on the western side of borders by no means signifies an 'either/or' approach to the intra-regional trade enhancement.

Is Maintaining the Present Status Quo a Good Option?

In the context of today's global developments, it would be a fair question to ask: why even liberalise trade and enhance economic linkages within South Asia? A simple answer to this would be that despite all the challenges arising from undertaking structural (liberalising) changes in an economy, the positives far outweigh the negatives. Protectionism, according to a study by the famous Lawrence and Edwards (Harvard professors), is a high-cost option in an interdependent environment and the socialist countries of the post-World War II era learned this the hard way. They basically argue how increased but prudent imports induce indigenous industries to be more competitive. Ultimately, this enhanced competitiveness leads to increase in exports of the country shunning protectionism. In the eighteenth century, a French social critic and political philosopher, Montesquieu, thought that commerce improves manners and cures most destructive prejudices. The concept is now gaining currency that intra-regional as well as inter-regional trade will lead to peace among nations that have conflicts and have seen many wars. The dynamics of smooth intra-regional trade can not only play a pivotal role in strengthening economies, but also unleash a soft process, which over time can be the key to resolving long-standing sticky disputes.

Recent economic history is full of examples where countries have achieved higher growth through enhanced economic and trade linkages; in fact, the world economy itself over the last decade has mostly grown on the back of enhanced global trade. And perhaps the most notable recent work in this respect comes from the Nobel Laureate economist, Paul Krugman.² What Krugman explained in his Nobel winning work was that in reality when trade barriers fall and trading increases, firms gain access to bigger markets, allowing them to expand production and reap economies of scale, but at the same time, openness also exposes them to competition from rival foreign firms, paring their margins. Some firms may go out of business, however, between the domestic survivors and the foreign entrants, consumers (meaning people) still have more to choose from. Thus, the gains from trade arise not from specialisation, but from 'scale economies', fiercer competition and cornucopia of choice that globalisation provides. This concept of scale economies for the first time gives economics a sense

² Catherine Rampell, "Paul Krugman Wins Economics Nobel," *The New York Times*, October 13, 2008, http://economix.blogs.nytimes.com/2008/10/13/paul-krugman-wins-economics-nobel/?_r=0.

of space and provides empirical evidence in support of free trade. What in essence we learn from his work is that regional focus, proximity and neighbourhood cooperation instead yield new yet tangible kinds of benefits and strengths. As already highlighted in the introductory sections, through Krugman's work, the gross importance of regional cooperation for the first time comes to the global forefront, highlighted by three main points:

1. Regions that fail to offer space for joint production and common productivity development tend to lose out in the long run.
2. Negative spillovers cannot be avoided.
3. Poverty alleviation is a geographical challenge, and therefore, needs to be tackled at a regional level.

Way Forward

Trade Facilitation

Trade facilitation is an important element of current trade and development agendas. By definition, it means, the procedures/controls governing the movement of goods across national boundaries, to reduce the associated cost burdens and to merchandise trade and liberalisation of foreign exchange markets. Good trade facilitation measures can contribute to a reliable, transparent and predictable environment for the movement of goods and services across borders. These measures include everything from institutional and regulatory reform to customs and port efficiency. Trade facilitation will ultimately benefit all the entities associated with trade, i.e. businesses, consumers and government. Recommendations for trade facilitation in South Asia would be:

- a. A proper 'cargo containerisation' process in order to reduce different procedural barriers, and to also cut time consumed and the cost incurred by trading agencies.
- b. A single window system for clearance of goods to be introduced with online documentation.
- c. A nodal officer (preferably a senior officer from the respective central government) to be appointed by all countries and his/her authority should cover the entire ambit of that Land/Sea Custom Station.
- d. Existing infrastructure at the Integrated Check Posts at Land Corridors should be put to optimal use and vehicle scanners should be installed for speedy clearance.

- e. Better and proper coordination between central and state (province) agencies to prevent delays due to unnecessary repetition of formalities.
- f. Rent-seeking along trade routes, where vehicles are stopped frequently for collecting unauthorised tolls should be controlled. Also, strict administrative measures should be put in place to curb illegal activities like extortion.
- g. A comprehensive multi-modal (road and rail) motor vehicle agreement should be reached amongst all eight members to address issues like excessive traffic congestion on the border crossing points, need for substantial storage and parking facilities, trans-shipment time and cost, etc.
- h. A financial agreement covering all countries should be reached for allowing more banks to operate across borders and to set up branches in each other's territory.
- i. To expedite the recognition and implementation of common regional standards being developed by the South Asia Regional Standards Organization (SARSO).

Removal of Trade Issues between Pakistan and India, both Tariff and non-Tariff

When it comes to taking bold initiatives between Pakistan and India, careful and proper homework needs to be done before embarking on the same. Too often have such endeavours failed simply because the key drivers in such attempts failed to adequately grapple with the elements of reciprocity and fair play to provide a level playing to all parties. Only a carefully thought out process of negotiations and a comprehensive package of agreements followed by a sound monitoring and management mechanism that is practical, efficient and comprehensively addresses long-standing concerns amongst the SAARC nations - especially between Pakistan and India - can bring about sustainable progress and a win-win for the region.

And in doing so, again some good areas to focus upon (which have also been recommended by a study conducted by the Wilson International Centre) would tend to be the following:

Establish new oversight institutions.

A bilateral commission should be set up to oversee the Pakistan-India economic relationship, with a focus on addressing non-tariff barriers; opening up more land routes for trade; and promoting more cross-border travel. A regional trade forum (comprising members of the private sector,

academia, and the media) should be formed to monitor this bilateral commission. To accommodate inevitable disagreements, a dispute resolution/grievance redressal mechanism should also be established. It should be operated not by the two governments, but by the private sector consortium incorporated by using the Chambers of Commerce and Industry on both sides.

Three key bilateral agreements in this regard already stand signed back in September 2012, but sadly not much progress has been made on them since. In all fairness, the text of these agreements is very comprehensive and all encompassing, and only their practical implementation needs to be expedited.

Use bilateral normalisation as a springboard for South Asia-wide trade normalisation.

Tighter Pakistan-India trade links – lubricated by more integrated and efficient transport networks and more open transit and visa arrangements - should have their eyes set on the prospects of ultimately shoring up trade for the entire South Asian region.

Remain committed to the Composite Dialogue process.

If this negotiating process is sidelined, critics of trade normalisation would be emboldened, because they could argue that Pakistan's principled position on political and territorial issues has been compromised for purely material gains. They will, then, have a valid argument in asserting that more trade does nothing to resolve these core issues.

Ensure that security and political tensions are not allowed to derail trade diplomacy.

To protect the integrity of both trade normalisation and the broader peace process, India should not impose punitive trade measures on Pakistan, or close its borders, in the event of isolated terrorist attacks by arbitrarily blaming them on Pakistan. Both sides should take care not to allow new security or political tensions to spill into trade or economic relations.

Empower the private sector, engage media and fine-tune transit issues.

Go about achieving this by empowering the private sector, keeping the media engaged for oversight and fair play, loosening restrictions on transit, albeit with clear reciprocity, and by enhancing the efficiency of trade routes. Swift and cost-efficient interstate (and intrastate) movement of

goods will entail removing restrictions on the type and size of trucks and train cars; ameliorating the quality of the roads and railways used for trade in both countries; and improving infrastructure at border crossings. Despite recent upgrades at the Wagah/Attari border, the need for x-ray machines, better warehousing, and testing laboratories remains strong. It may come as a surprise to many that whereas, at present, Pakistan can officially unload/load thirty-forty trucks at a time at Wagah, India can only manage two trucks.

Gradually work towards equitable intra-regional trade in South Asia.

There is a fine line between laudable perseverance and a stubborn refusal to admit that change is needed. A change in the way trade is conducted and more importantly in the way (going forward) the ‘enhancement-in-trade’ within SAARC needs to be ‘planned’ collectively by all member countries. As covered above, not only the Pak-India trade troubles tend to run quite deep, but trade equations of all South Asian economies vis-à-vis India is skewed. While one shares the core belief relating to the value of global trade liberalisation *per se*, the way the SAARC countries have been pursuing this goal, by seeking grand openings covering composite trade, is neither working nor is perhaps any longer desired by all members.

In theory, it is all very well to promote overall deal-making: For example, India allows more cement to come in from Pakistan in return being able to sell more pharmaceuticals to Pakistan. In practice, pharmaceutical industry stakeholders or for that matter any rioting Pakistani farmers will just not care whether the cement mills in Pakistan have done a good job at exports to India or not. Attempts so far to liberalise trade in general have failed and perhaps it is time now to consider concentrating only on those specific areas that can provide a win-win for all stakeholders in the selected sector(s). Meaning the all-encompassing endeavours at expanding Pak-India trade or SAARC trade in general should be ditched for the time being, to instead pursuing a number of modest initiatives covering specific industries/sectors. For instance, it may be a good idea to seek a deal on cotton using custom facilitation and duty fairness and not one lumping together the entire farming sector. An industry or sector should be selected and an agreement on liberalising it should be conducted in months using the help of related professionals and entrepreneurs of both sides. This would cut the gamesmanship of the sort Prime Minister Modi displayed at the WTO forum. It would also be a drastic departure from the way the region has conducted trade negotiations thus far. In essence, this departure from ‘grandiose’ will signal a message: Don’t let the bulk be the enemy of smaller good. It is better to have some trade expansion on a sustainable

basis than none at all, because it is ultimately the connectivity and economic linkages which lift the region out of poverty and place it firmly on the path to equitable growth and development.

Regrettably, the short history of post-independence South Asia stands mired in an unhealthy rivalry, mistrust, needless animosity and frivolous point scoring, which is not only adversely affecting individual economic progress, but is also holding hostage the economic potential of the entire South Asian region. Instead of some honest soul searching, the will to find solutions, and to evolve strategies to further open up trade for the sake of mutual development and growth, what we see is a culture of unhealthy protectionism. And it this barrier we have to overcome in order to bring about prosperity to the South Asian region as a whole.

Free Trade is God's diplomacy. There is no other certain way of uniting people in the bonds of peace and prosperity.

- Richard Cobden, British politician, 1857.

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Prospects of Energy Cooperation in South Asia

Dr Bishnu Hari Nepal*

Abstract

The South Asian region is one of the richest energy zones on Earth. Some forms of energy here are within reach of one-fifth of humankind directly or indirectly, and some forms so far are not only beyond reach and exploration, but also insurmountable in terms of technological and financial capacity. Due to political, technological, geographical and financial dynamics, exploration of huge resources of energy in South Asia has not been at an optimal level.

The major forms of energy in South Asia, which are 'reachable' but 'nature-bound' include solar and wind energy and hydropower. Similarly, major forms of 'reachable' but 'human-bound' energy include coal and fossil fuel. Exploration of these resources depends upon the will, technology and finance affordable to and by stakeholders. Ample prospects for collaboration exist, but movement towards cooperation depends upon South Asian decision-makers.

While proposing various models and ideas for paradigm shifts towards sustainable energy, the paper highlights that regional cooperation is curtailed by ethno-cultural value systems, Indo-centrism, and political dynamics.

Introduction: Elastic and Geothermal Energy in South Asia

Geothermal energy is recognised as the energy generated from the internal heat of the Earth. What is the source of this internal heat? Scientists call it 'Elastic Energy' and in the paper we refer to it as 'Insurmountable Earth Energy' of 'tectonic plates' known as 'Indian Plates' and 'Eurasian/Tibetan Plates' adjoining and colliding under South Asia. They are responsible for the formation of the Himalayas, which is the 'youngest mountain system of the world.' They are also the source of South

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Asian civilisation, for instance, the Indus Valley/Taxila (Takshasila) civilisation in Pakistan and Nepal's ancient caves.¹

According to Paul Jones, there are thirty tectonic plates, the largest being the Pacific Plate, and others like the 'Eurasian Plate' and 'Indo-Australian Plate' which are related to South Asia. The tectonic plates can converge, diverge or move alongside each other causing the formation of mountain ranges from continent to continent. Research shows that 20 per cent 'Elastic Energy' was created during the formation of the planet, and 80 per cent by 'radioactive decay of materials.' Scientists also claim that energy collection in South Asia is quite massive and 20 per cent of earthquakes occur due to this 'Elastic Energy'/tectonic plates.²

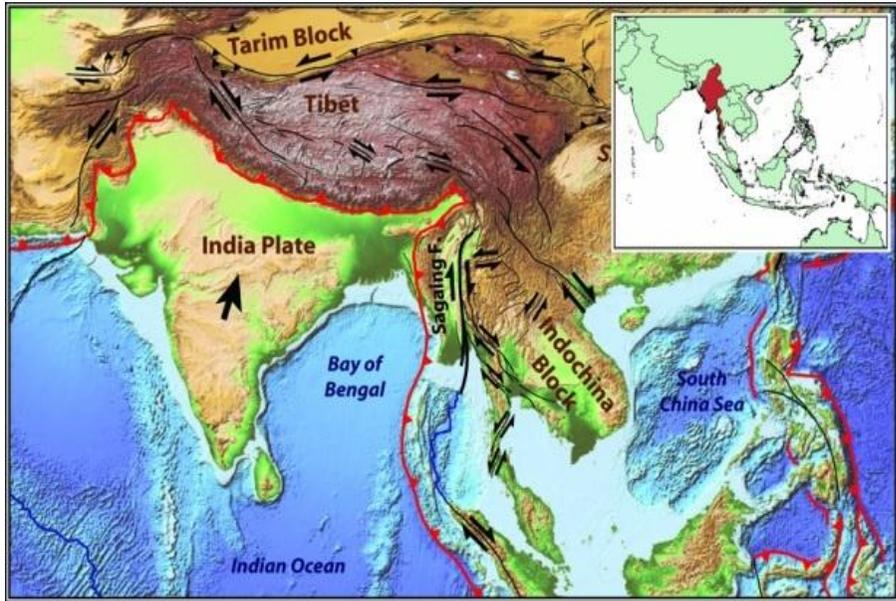
Nepal's 1934 and 2015 and Pakistan's 2005 earthquakes occurred because this insurmountable energy started some fifty million years ago. Therefore, Nepal, being the land of the Himalayas, stands as the 11th most vulnerable seismic zone. As a result of this insurmountable 'Earth Energy', on April 25 and May 12, 2015 Nepal suffered massive earthquakes of 7.9 and 7.4 magnitude respectively, followed by more than three hundred shocks and aftershocks above 4-6.9 magnitude. 9000 people lost their lives, with more than 30,000 injuries having 30 per cent heads, limbs and spinal injuries. These quakes disrupted the life of nine million people, nearly one-third of Nepal's population destroying 900,000 houses, infrastructure and heritage costing nearly U.S.\$10.00 billion- many folds more than Nepal's national budget.³

¹ United Nations Educational, Scientific and Cultural Organization (UNESCO) documents of World Heritage Sites of Nepal and Mustang Caves.

² Ibid.

³ Ministry of Home Affairs, Government of Nepal, World Health Organization and United Nations Children's Fund (UNICEF) documents, 2015.

Figure-1
Position of the Tectonic Energy Plates South Asia (2015)



Source: The Sagaing Fault, Myanmar⁴

Caused by Elastic Energy, the devastation of Nepal's EQ1⁵ and EQ2⁶ 2015 was so dreadful that it even shifted Mount Everest⁷ by three centimetres in the southwest direction. Normally, the Everest shifts four centimetres a year towards the northeast. It had shifted forty centimetres in the last decade.⁸

South Asia needs to invest considerable money for research in order to mitigate the detrimental effects of this large deposit of energy. A case study on Nepal shows that the two earthquakes in 2015 caused losses worth U.S.\$ one billion in the energy sector alone.⁹ This is the right time for the South Asian Association for Regional Cooperation (SAARC) countries to

⁴ "The Sagaing Fault, Myanmar (Burma) Introduction," accessed May 27, 2016, www.sagaingfault.info.

⁵ This earthquake occurred on April 25, 2015 measuring 7.9 on the Richter scale.

⁶ This earthquake occurred on May 12, 2015 measuring 7.4 on the Richter scale.

⁷ Tallest mountain in the world at 8848m located in Nepal.

⁸ "Mount Everest Moved Three Centimetres after Nepal Earthquake," *The Guardian*, June 16, 2015, <http://www.theguardian.com/world/2015/jun/16/mount-everest-moved-three-centimetres-after-nepal-earthquake>.

⁹ "Energy Sector Suffered Losses of Rs.18.75b due to Quake," *The Kathmandu Post*, June 10, 2015, <http://kathmandupost.ekantipur.com/news/2015-06-10/energy-sector-suffered-losses-of-rs1875b-due-to-quake.html>.

demonstrate cooperation internally and via donors beyond South Asia.¹⁰ The donors' meeting for rebuilding Nepal which took place on June 25, 2015 in Kathmandu was commendable in this regard since it was attended by United Nations delegates; Foreign Minister of India Sushma Swaraj and Foreign Minister of China Wang Yi; Minister of State from Japan; other finance ministers; the World Bank and Asian Development Bank (ADB) officials.

Comparatively, from a geothermal energy point of view, the U.S. produces 3151.0 MW and the Association of Southeast Asian Nations (ASEAN) 3214.0 MW. But the South Asian share is very nominal in comparison to the amount of unexplored energy under the Himalayas. For instance, Nepal only uses 23 natural hot springs for tourism purposes.¹¹ South Asia needs to pay special attention to its energy sector, whether it is to take precautions for disaster management; exploration and cooperation; utilising national and regional funds; or for seeking Foreign Direct Investment (FDI) from abroad in technology and innovation.

Trend of Energy Consumption in South Asia: A Comparative Review

The world's largest energy consumer country today, surpassing U.S., is the People's Republic of China.¹² China consumes 3013.0Mtoe of energy per annum followed by the U.S. with 2187.0Mtoe. Similarly, India consumes 819.0Mtoe as the third largest energy consumer country in the world. Hence, India is the number one energy consumer in South Asia. The BRICS (Brazil, Russia, India, China and South Africa) countries' demand for energy is also likely to rise by +3.5 per cent annually. Taken as a whole, Asia consumes 2.49bnKWh of energy per annum according to worlddata.info. According to the International Association of Natural Gas Vehicles (IANGV), Pakistan is the largest user of Compressed Natural Gas (CNG) in the world as of 2009 having more than two million vehicles using CNG as fuel, with 2,760 operational CNG stations.¹³

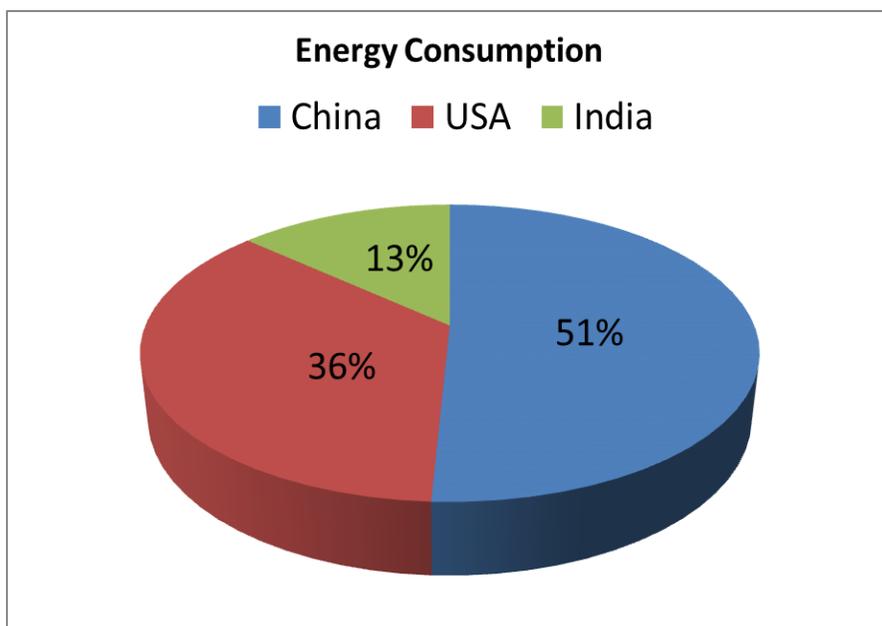
¹⁰ Biswambhaar Pyakurel, "Bhukampa Pachhiko Nepali Arthatantra," *Gorkhapatra*, May 4, 2015, 6.

¹¹ Nepal Tourism Board documents, Bhrikutimandap, Kathmandu, 2015.

¹² China has observer status membership of SAARC.

¹³ Islamabad Policy Research Institute, "The State of Economy of Pakistan," *IPRI Factfile*, (Islamabad: Islamabad Policy Research Institute (IPRI), 2009), 15.

Figure-2
Top Three Global Energy Consumers



Source: Worlldata.info.

Figure 2 raises one complex question in terms of the patterns of energy consumption in the world. If one was to calculate based on per capita income, the U.S. should still be the number one energy consumer in the world. If it was calculated based on population, two of the world's largest populations, China and India would stand closer. But China alone consumes 51 per cent of the world's energy; whereas the U.S. consumes 36 per cent and India 13 per cent. The huge gap in energy consumption between China and India is due to the access of people to energy-based facilities and the resources provided by their governments. This theory applies to the pattern of individual consumer countries of SAARC as a whole.

Primary Commercial Energy Consumption Pattern and 'Indo-centrism'

Table I shows the trend of energy consumption in some South Asian countries. It has classified commercial energy into Primary Electricity, Oil, Natural Gas/ LPG and Coal. In this table, the highest consumers are India (559.1Mtoe), Pakistan (64.52Mtoe), Bangladesh (24.3Mtoe), Sri Lanka (5.61Mtoe), Nepal (1.15Mtoe), Maldives (0.35Mtoe) and Bhutan (0.29Mtoe), excluding Afghanistan.

Table-I
Primary Commercial Energy Consumption Pattern
in SAARC Countries

	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Commercial Energy Type (Mtoe)	24.3	0.29	559.1*	0.35	1.15	64.52	5.61
Primary Electricity (%)	1.2	48	6.63	0	16.64	13.2	24
Oil (%)	20.6	40	29.02	100	47.34	32.0	72
Natural Gas/LPG (%)	73.7	2 (LPG)	9.84	0	20.16 (LPG)	48.1 (LPG = 0.5%)	3 (LPG)
Coal (%)	4.1	10	52.87	0	15.85	6.7	1

Source: Sixth Japan-SAARC Energy Symposium, Kathmandu, Nepal, March 6-7, 2013.

* This is a 2013 figure, while the one mentioned earlier (819.0Mtoe) is more recent.

Why is there a vast gap between India's energy consumption patterns and its neighbours? Using a road analogy¹⁴, we will look at this from the perspective of 'Indo-centrism':

Munir evaluates Modi's one-year tenure and concludes that Indian posture has been 'aggressive.'¹⁵ He cites that on May 31, 2015, Sushma Swaraj, Minister of External Affairs of India revealed that the Indian Prime

¹⁴ Whereby none of the smaller countries of the region can develop regional road linkages without including India.

¹⁵ Muhammad Munir, "Aggressive Indian Posture," *The Weekly Mirror*, June 19, 2015, 5.

Minister Narendra Modi ‘very strongly’ raised the issue of China-Pakistan Economic Corridor (CPEC) during his visit to Beijing. She went on to say that the CPEC project was ‘unacceptable.’ Similarly, according to the Special Assistant to Prime Minister Nawaz Sharif on Foreign Affairs, Ambassador (retd.) Tariq Fatemi said, India’s stand on CPEC was inexplicable.¹⁶ The statement on CPEC from Pakistan’s side was reconfirmed by him in June 2015.¹⁷ One pro-Indian commentary posted in Kathmandu on CPEC termed the project as a ‘Dark Corridor’ in June 2015. It further added that the problems in Balochistan must be resolved first for the trade-corridor between Pakistan and China to bring rewards.¹⁸

Sometimes big power games, according to Fanindra Nepal, historian and proponent of ‘Greater Nepal’, are injurious to smaller states and hamper energy production, consumption and trade in the border areas. The same happened to Nepal on May 15, 2015, when India and China signed a Memorandum of Understanding (MoU) no. 28 on Lipulek during Prime Minister Modi’s visit to China.¹⁹ Nepal was still reeling from the damage of EQ2 on May 12, and only after three days India and China, without consulting Nepal, signed this agreement that made Lipulek their ‘common trade link point.’ In this regard, *The Weekly Mirror* ran the following headline ‘Sino-Indian deal lampoons Nepal’s independence’ on June 12, 2015. Lipulek has been regarded as an integral part of Nepal clearly shown by an 1827 map and maps sketched after the Treaty of Sugauli on March 4, 1816²⁰ signed between Nepal and British India.²¹ Nepal has been claiming Kalapani (37, 0000 ha) as its integral part,²² where the Indian Army has been installed since 1962.²³ After the India and China MoU on May 15, 2015 ‘33 Political Parties Alliance’ led by the Communist Party of Nepal-

¹⁶ Ibid.

¹⁷ During the IPRI-HSF international conference on *Policy Approaches of South Asian Countries and their Impact on the Region*.

¹⁸ *The Kathmandu Post*, June 10, 2015, www.ekantipur.com, 7.

¹⁹ Joint statement by India and China signed on May 15, 2015 during Narendra Modi’s visit to China.

²⁰ Avtar Singh Bhasin ed., *Nepal’s Relations with India and China*, (New Delhi: Southern Independent Booksellers Alliance-Siba, 1994).

²¹ Editor’s Note: The Treaty of Sugauli famously known as the treaty that established the boundary line of Nepal was signed on December 2, 1815 and ratified by March 4, 1816 between the East India Company and King of Nepal following the Anglo-Nepalese War of 1814-16.

²² Former Prime Minister of Nepal JN Khanal’s interview, *Naya Patrika*, June 19, 2015, 7.

²³ Buddhi Narayan Shrestha, *Border Management of Nepal* (Kathmandu: Bhoomi Chitra Prakashan, 2003).

Maoist/Baidya²⁴ and the academia strongly condemned such a hegemonic approach of regional ‘Super Powers.’²⁵

A few more instances of ‘indo-centrism’ are symbolic. On Indo-Nepal relations, Koshi Agreement of 1954²⁶, Gandak Agreement of 1959²⁷ and the economic embargo of 1988-89 are very crucial.²⁸ In all instances, Nepal suffered huge losses in the energy sector.²⁹ Even the acclaimed Bilateral Investment Promotion and Protection Agreement (BIPPA) signed in 2011;³⁰ Upper Karnali (2014);³¹ Arun-3 (2014);³² Power Trade Agreement (PTA) 2014;³³ and the Power Purchase Agreement (PPA) 2014³⁴ are vehemently criticised by a huge section of the population and political parties³⁵ since they are not in Nepal’s favour for combating severe loadshedding and energy development.

Another vivid example of ‘indo-centrism’ and its impact on energy development and consumption in smaller countries of South Asia is the ‘Bhutan Model’ in which India gets cheap electricity from this small but close neighbour. Bhutan will sell power to India to increase its per capita income, but already the country is feeling the pressure of electricity shortages. No one could have imagined that Bhutan will suffer an ‘energy-embargo’ from its close yet powerful neighbour India just because she accepted twenty two vehicles from China in an agreement during the 2013-14 Bhutan election.

Therefore, prospects of energy cooperation in terms of consumption patterns and capacity building by the member states in South Asia are affected by the ‘intention’ and ‘adherence’ towards ‘indo-centrism’ which is detrimental to overcoming the challenges of energy cooperation in this region.

²⁴ Press conference followed by a massive protest on June 10, 2015 in Kathmandu, Nepal.

²⁵ Bhairab Risal, (octogenarian writer/former government officer, who made the voters’ list for Lipulek), www.ratopati.com.

²⁶ Bhasin, 1994.

²⁷ Ibid.

²⁸ Bishnu Hari Nepal, “Need of New Thrust in Nepal -India Relations,” *Inter-state Conflicts in South Asia: New Delhi Declarations* (Lahore: SAFMA/SAPANA, 2004).

²⁹ Bishnu Hari Nepal, “Nepal’s National Water Plan,” *Managing South Asian Waters*, (Lahore: South Asian Policy Analysis Network-SAPANA, 2006), 66-85.

³⁰ Signed by Former Prime Ministers Babu Ram Bhattarai (Nepal) and Manmohan Singh,

³¹ Signed during Modi’s regime.

³² Ibid.

³³ Signed by Prime Ministers Sushil Koirala (Nepal) and Narendra Modi (India).

³⁴ Ibid.

³⁵ CPN-M and 33-Parties Alliance.

Nuclear Energy Production

Total n-reactors in operation in Asia, including China, Republic of Korea (ROK), India, Japan and others are 119. There are forty nine n-reactors which are under construction, with plans to construct a hundred more.³⁶ The total number of research reactors has reached fifty six. Almost all these countries, except Japan and ROK, are developing countries, and most, are fuel importers. According to a 2013 report by the World Nuclear Association (WNA), three countries from South Asia are involved in the production of electricity from nuclear plants. They are India, Pakistan and Bangladesh.

India

India has twenty n-reactors in operation, producing 4.4GWe. Seven are under construction; eighteen more are planned till 2020; thirty nine are under discussion for development and five are research reactors.³⁷ However, the share of electricity produced from n-plants is four per cent only. India is the only country that has developed thorium fuel.³⁸

Pakistan

Pakistan has three operational nuclear reactors; two are under construction; and one is a research reactor. The Government of Pakistan has plans to generate 8.0GWe by developing ten sites by 2030. Joint collaboration with China has remained significant in this regard. The criticism in this case is that China is supplying n-reactors to Pakistan for testing its technology which has not been used by them domestically. At present, the national share of electricity from nuclear reactors in Pakistan is also four per cent like that of India.³⁹

Bangladesh

The Bangladesh Atomic Energy Commission plans to build two nuclear reactors (each of 1,000 MWe) and one research reactor.⁴⁰

³⁶ World Nuclear Association Data, 2013.

³⁷ Editor's Note: Research reactors are nuclear reactors that serve primarily as a neutron source. They are also called non-power reactors, in contrast to power reactors that are used for electricity production, heat generation, or maritime propulsion.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

China

China borders with five SAARC countries- Afghanistan, Pakistan, India, Nepal and Bhutan. China has seventeen operational nuclear reactors, producing 13.8GWe. Thirty reactors are under construction with a capacity of 32.76GWe. China has planned fifty nine reactors in the future to produce 64.4GWe. The republic has thirteen research reactors.⁴¹ This country with its SAARC observer status is ahead of SAARC countries like India and Pakistan in terms of nuclear capacity building.

N-Power Plants in South Asia: Looking at the Future

Almost all countries in South Asia, including India, depend on imported fuel supply for their nuclear power plants. Though fuel prices have been falling in the global market, goods produced in developing countries still have to struggle to compete in the western market. Even though Pakistan and India produce some percentage of their electricity from n-reactors, they still fall in the developing country category; while Bangladesh is considered a Least Developed Country (LDC). According to the World Bank *Global Economic Prospects* (GEP) 2015 report, Developing countries face tough challenges in 2015, including the looming project of higher borrowing costs as they adapt to a new era of low prices for oil and other key commodities resulting in a fourth consecutive year of disappointing economic growth this year.⁴²

The World Bank growth rate projections for developing countries are 5.2 per cent (2016) and 5.4 per cent (2017).⁴³ Since the largest energy producer from n-power plants from South Asia is India, a brief analysis of its capacity and energy finances, follows:

India's largest thermal power generation company is the National Thermal Power Generation Company (NTPC). The company was given fuel supply contract of 1.1mou/day to India's power sector on May 18, 2015. NTPC's thermal power generation capacity is very significant in India. According to World Nuclear Association Report (2013), Kawas, Gandhar, Dadri and Auraiya power plants produce 2087.0 MW; Torrent Power Limited produces 1147.0 MW; CLP India (Peguthan PoPL) 655.0 MW; Gujarat State Electric Corporation 156.0

⁴¹ Ibid.

⁴² World Bank, "Developing Countries Face Tough Transition in 2015 with Higher Borrowing Costs and Lower Prices for Oil & Other Commodities," (Press Release, June 10, 2015), <http://www.worldbank.org/en/news/press-release/2015/06/10/developing-countries-face-tough-transition-in-2015-with-higher-borrowing-costs-and-lower-prices-for-oil-other-commodities>.

⁴³ Ibid.

MW and Hazira and Dhuvaran produce 106.0 MW. In India, thirty one 'gas fired' power plants produce 14.3 GW of energy. From the above data, NTPC alone supplies fuel amounting to 1.1mou per day to run the plants. This is financially very substantial, even for India, regardless of whether fuel prices go up or down. More importantly, all the money goes outside, and regionally speaking, away from South Asia.

The issue of nuclear plants is not just about fuel imports. Countries in South Asia especially, should learn from Japan which in March 2011 suffered from a meltdown of its three nuclear cores at Fukushima. 'Still dealing with its "huge clean up" after the Fukushima crisis and debating its future use of atomic energy, Japan now faces another nuclear conundrum—what to do with the sixteen tonnes of her plutonium sitting in France after being reprocessed there....The matter has taken on greater urgency as Areva, the French Nuclear Company that owns the La Hague reprocessing facility holding the plutonium in western Normandy, faces billions of dollars of losses.'⁴⁴ Fukushima is the most recent case indicative of the hazardous nature of nuclear facilities.

India and other countries investing in n-reactors should reconsider investing in n-energy power plants for the generation of electricity. South Asia possesses clean hydropower energy (discussed in the section ahead), solar energy,⁴⁵ wind energy,⁴⁶ and others.⁴⁷ Decision-makers of the region should divert their attention to investing inside their countries or their neighbours in hydropower and other alternative sources for domestic and regional consumption.

Should SAARC Remain Thermal or Go Hydroelectric?

Figure 3 highlights the hydropower capacity feasibility and installations of a few South Asian countries. This could be called the 'Hindukush Himalayan Power Grip.' Starting with Nepal, Figure 3 shows 43.0GW as her hydropower capacity and 0.7 GW installed capacity. Nepal's present yielding shown in the map is more or less correct, but there are reservations

⁴⁴ "Japan faces Dilemma over Plutonium stored in France," *Reuters*, June 18, 2015, <http://www.reuters.com/article/japan-plutonium-idUSL3N0Z13EX20150618Tokyo>.

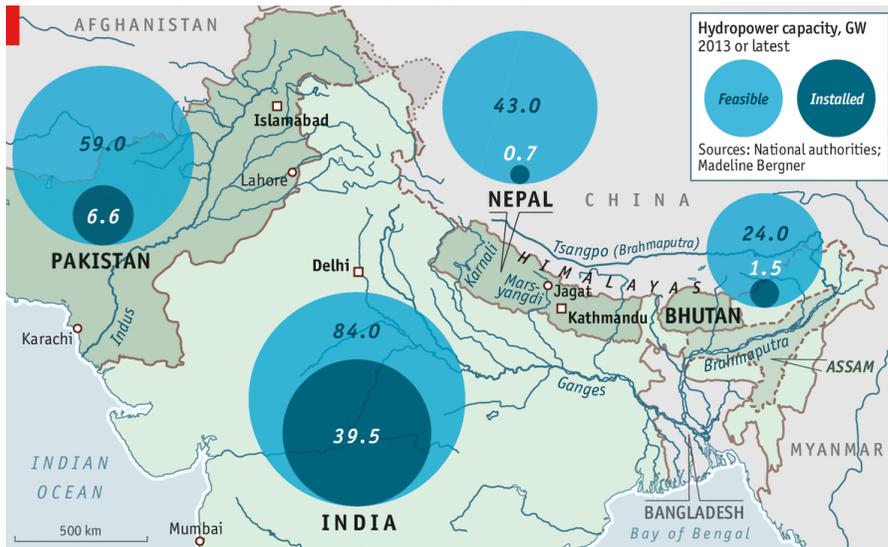
⁴⁵ Emily Cadei, "Can Solar Power Save South Asia?" *USA Today*, September 13, 2014, <http://www.usatoday.com/story/news/world/2014/09/13/ozy-solar-power-south-asia/15529551/>.

⁴⁶ "Nepal's Experience at Kagbeni and Hurhure Danda," *Kathmandu Post*, June 21, 2015, 16.

⁴⁷ Siddharth M. Joshi "Taming the Spirit of Pine," *India Perspectives*, May-June 2015, 46-49, https://issuu.com/indiadiplomacy/docs/india_perspectives_may_-_june_2015__.

with respect to the data showing potential capacity of 43.0GW. ‘Despite having 83,000 megawatts (MW) of theoretical hydroelectric potential, about 42,000MW of which is technically and economically viable, current annual hydropower output barely exceeds 700 MW.’⁴⁸ If techno-economically viable, this can be a new boost for energy-starved Nepal, India and the Indian sub-continent as a whole.

Figure-3
Hydropower Capacity of Some SAARC Members (2013)



Source: Madeline Berger, National Authorities, 2013.

Bhutan’s installation is almost double that of Nepal’s present installation. This is because India is buying electricity from Bhutan at cheap rates. Nepal did not offer India her precious resources in Bhutan’s price. Also, due to Nepal’s bad experiences following the Koshi Agreement 1954 and Gandak Agreement 1959 discussed earlier, the country did not sign any water agreement with India for thirty seven years until the Mahakali Treaty of 1996 facilitated by the ‘Gujral Doctrine.’ Unfortunately, the Doctrine did not sustain after 1996. Therefore, the Mahakali Treaty also went with the wind until Modi re-initiated it after twenty one years.

⁴⁸ Madeline Bergner, *Developing Nepal’s Hydroelectric Resources: Policy Alternatives*, Frank Batten School of Leadership and Public Policy Report, (Charlottesville: University of Virginia, 2013), http://www.stimson.org/images/uploads/research-pdfs/Developing_Nepals_Hydroelectric_Resources_-_Policy_Alternatives.pdf, 7.

Instead of investing heavily in n-power plants, if India prioritised hydropower generation given the potential capacity of 84.0GW, its power shortage worries for the thousands of villages would be over. Unfortunately, India’s current installations stand at 39.5GW only.

Pakistan, out of its 59.0GW of potential capacity is able to extract 6.6GW, more than ten per cent. In order to utilise the remaining 52.0 GW, the country should divert its investments to hydropower which is safer, cleaner and less expensive to maintain as compared to nuclear energy.

The SAARC region is fed by energy predominantly from coal (forty three per cent); petroleum (thirty five percent); natural gas (thirteen per cent); hydroelectricity (eight per cent); and nuclear (one per cent).⁴⁹ The figure of four per cent each in India and Pakistan from n-reactors has come down to one per cent here due to the collective regional perspective. It is recommended that since coal does not need to be imported by many South Asian countries, investment in it should continue, albeit through more environment friendly ways, but countries foot heavy petroleum import bills, therefore, serious research on cost effectiveness should be done.

Table-2
Techno-economically Feasible Regional Hydropower Potential in South Asia

Country	Hydropower Potential (MW)	Per cent
Bangladesh	1,897	0.9
Bhutan	16,280	7.7
India	148,701	70.3
Nepal	42,130	20.0
Sri Lanka	2,423	1.1
Total	211,431	100.0

Source: USAID n.d.⁵⁰

⁴⁹ Janak Lal Karmacharya, “Meeting Energy Requirement: Potential for Intra-regional Energy Trade,” *Towards an Asian Century: Future of Economic Cooperation in SAARC Countries*, (Islamabad: Islamabad Policy Research Institute (IPRI) and Hanns Seidel Foundation (HSF), 2014), 61-80.

⁵⁰ USAID, *Hydropower in South Asia-Potential Resource for Energy Exports*, South Asia Regional Initiative for Energy Cooperation and Development, USAID, http://www.sari-energy.org/successdocs/IStudy_SouthAsianHydroResources.pdf.

The data above is highly conducive for India since the country has nearly seventy per cent hydropower capacity in the region, followed by Nepal's twenty per cent. Nepal, having cleared the Three Gorges project worth U.S.\$1.6 billion, the single biggest foreign investment in the Himalayan country, could potentially generate enough hydropower energy required by India and other countries in South Asia.⁵¹

This zone could be named the *Quadrangle Power Pool*. Nepal, in 1997, initiated the concept of BBIN- Bhutan, Bangladesh, India and Nepal economic corridor, where we can now add C for China and make it BBINC. Sri Lanka and Maldives had also shown interest to join, provided the 'South Asia Initiative on Energy Programme 2001' of intra-regional transmission lines worked.⁵² Now, Modi is taking keen interest in BBIN.⁵³ The 18th SAARC Summit in Kathmandu, November 2014 passed the SAARC Framework Agreement for Energy Cooperation (Electricity).⁵⁴

On June 15, 2015, after Narendra Modi's visit to Bangladesh, Nepal, Bhutan, Bangladesh and India inked the Motor Vehicle Agreement (MVA) aimed to implement the BBIN MVA from October 2015.⁵⁵ To make this effective, Nepal's border expert Buddhi Narayan Shrestha (inspired by the India-Bangladesh Border Agreement 2015), thinks that the Lipulek, Kalapani, Susta and other border conflicts between Nepal and India can also be resolved similarly and amicably.⁵⁶

Since India needs enough more energy than existing capacity, and Nepal and Bhutan have greater capacity in hydropower; and Bangladesh in natural gas, this sub-regional BBIN Power Pool (if properly implemented), could be quite effective. In the same way, Afghanistan and Pakistan could develop a sub-regional Power Pool, provided security conditions allow them. According to Table 3, in the Quadrangle Pool, Sri Lanka stands to gain the most from hydropower utilisation, followed by India and Bangladesh on percentage basis.

⁵¹ Gopal Sharma, "Nepal Clears \$1.6 bln Hydropower Project by China's Three Gorges," *Tibet Sun*, April 13, 2015, <https://www.tibetsun.com/news/2015/04/13/nepal-clears-1-6-bln-hydropower-project-by-chinas-three-gorges>.

⁵² Janak Lal Karmacharya, "Meeting Energy Requirement: Potential for Intra-regional Energy Trade," in *Future of Economic Cooperation in SAARC Countries* (Islamabad: Islamabad Policy Research Institute and Hanns Seidel Foundation, 2014), 70.

⁵³ Upendra Pokhrel, "BBIN ko Bichaaraniya Prastab," *Kantipur*, June 14, 2015, 7.

⁵⁴ "SAARC Framework Agreement for Energy Cooperation (Electricity)," SAARC Member States, November 27, 2014, <http://www.saarc-sec.org/userfiles/SAARC-FRAMEWORK-AGREEMENT-FOR-ENERGY-COOPERATION-ELECTRICITY.pdf>.

⁵⁵ *The Weekly Mirror*, Kathmandu, June 19, 2015, 3.

⁵⁶ Buddhi Narayan Shrestha, "Message of Indo-Bangladesh Border Agreement," *Kantipur*, June 14, 2015, 7.

Table-3
Current Hydropower Utilisation in Some
South Asian Countries

Country	Hydropower Potential (MW)	Installed Capacity (MW)	Utilisation (%)
Bangladesh	1,897	230	12.1
Bhutan	16,280	432	2.6
India	148,701	25,587	17.2
Nepal	42,130	527	1.2
Sri Lanka	2,423	1,137	46.9
Total	211,431	27,913	13.2

Source: USAID.⁵⁷

From the data and analysis so far, South Asia should go hydroelectric reducing the costs of thermal energy production.

SAARC Paradigm Shift for Sustainable Energy

Reaching the Unreachable (RU) Model

The RU model conceptualised in 2003⁵⁸ moves beyond the post-1991 IR⁵⁹ theories of Samuel P. Huntington, Francis Fukuyama and James N. Rosenau, as well as beyond Johan Galtung (1980s); Hans J. Morganthau and Lucian W. Pye (1970s) or Palmer and Perkins from the 1960s. The approach envisions that SAARC has failed to attain ‘sustainable energy’ in terms of borders, ethnic values, religions, socio-economic, ethno-cultural-natural heritage systems due to national interests guided by dogmatism and post-colonial psychology.⁶⁰ However, ‘sustainable energy’

⁵⁷ USAID, “Hydropower in South Asia-Potential Resource for Energy Exports,” (New Delhi: South Asia Regional Initiative for Energy Cooperation and Development) http://www.sari-energy.org/successdocs/IStudy_SouthAsianHydroResources.pdf.

⁵⁸ Bishnu Hari Nepal, “Foreign Power Involvement in South Asia,” in *Conflict and Cooperation in South Asia*, (Jammu: University of Jammu, 2003).

⁵⁹ International Relations.

⁶⁰ Bishnu Hari Nepal, “Reaching the Unreachable Model,” *Daily Sun*, 2011, www.dailysun.com.

is possible particularly for India, Pakistan and China, via energy development (production and consumption) through ‘connectivity.’ This will require CBM (Confidence Building Measures) by applying the principle of *Panchsheel*⁶¹ (mutual cooperation).⁶²

The big powers in the region are already able to produce and buy large amounts of different forms of energy, but it is not enough and has been expensive. Therefore, there is need to invest in hydropower, solar energy⁶³ and wind energy to harness resources for economic growth. Part of India’s U.S.\$50, 914 million (2014) military expenditure⁶⁴ could have been used to harness 148,000MW hydropower.

Conflict resolution in the energy sector today is not only about the ‘Three Ms’ - Money, Muscle and Manpower. There is need of ‘reconciliation’ as well. Also, if countries want ‘regional energy security’, there needs to be a focus on ‘regional solidarity’⁶⁵ for sustainable energy development and the development of infrastructure for it.

Economic Diplomacy through ‘4T-H/E Model’

This scribe developed the ‘4T-H/E Model’ in the early 90s for countries like China, Nepal, India and SAARC members. The recent doctrines of Chinese President Xi Jinping’s ‘Trans-Himalayan Economic Zone (THEZ)’ as well as India’s Prime Minister Narendra Modi’s ‘Highways, Information Ways and Transmission Ways (HIT)’ could benefit from the ‘4T-H/E Model’

⁶¹ Editor’s Note: *Panchsheel* (comes from two words in Sanskrit: *panch* (five); *sheel* (virtues), or the Five Principles of Peaceful Co-existence were born during an agreement signed between India and China in 1954. The Principles included: 1. “Mutual respect for each other’s territorial integrity and sovereignty; 2. Mutual non-aggression; 3. Mutual non-interference; 4. Equality and mutual benefit, and 5. Peaceful co-existence.” Ministry of External Affairs, Government of India, “Panscheel,” GoI MoE, June 2004, http://www.mea.gov.in/Uploads/PublicationDocs/191_panchsheel.pdf.

⁶² Bishnu Hari Nepal, “Bandung Conference 1955: Revisited After Sixty Years”, *Asia Pacific Daily-APD*, no. 25, April 2015.

⁶³ James Ayre, “Japanese Solar Energy Sector Fast Approaching Cost-Revenue Parity,” *Renew Economy*, June 19, 2015, <http://reneweconomy.com.au/2015/japanese-solar-energy-sector-fast-approaching-cost-revenue-parity-92363>.

⁶⁴ “SIPRI Military Expenditure Database,” Stockholm International Peace Research Institute (SIPRI), http://www.sipri.org/research/armaments/milex/milex_database.
Editor’s Note: Figures are in U.S. \$million in current prices, converted at the exchange rate for the given year.

⁶⁵ Bishnu Hari Nepal, “Human Security and Extremism in Nepal: Synergy and Conflict,” in *Human Security Approach to Counter Extremism in South Asia* (Dhaka: Bangladesh Institute of International and Strategic Studies (BIISS), 2010), 136-159.

which prescribes the 4Ts - trade, tourism, transportation and transfer of technology.⁶⁶

NIBBCAP Connectivity and Water Management (WM) Model

India, Nepal, Bangladesh and Pakistan along with China account for nearly half of the world's total ground water use and these regions are expected to experience serious deficits. India has 26 million ground water structures, and Bangladesh and Pakistan each have around 5 million. The global ground water use is 900-950 billion cubic metres of water per year, with South Asia alone responsible for one third or 300bcm per year. India's withdrawal of 240bcc/year is much higher than China's 130bcm/year.⁶⁷

The same article quotes the World Resources Institute that:

Food grain yields have more than tripled since 1950 alleviating poverty, but fifty four per cent of India's landmass in 2015 faces high to extremely high water stress due to unregulated water-withdrawal and intensified farming.⁶⁸

Directly related to energy consumption, per capita water availability in South Asian countries has been falling since 1962. 'In Bangladesh, water availability dropped from 24,000 cubic metres of water per person per year in 1962 to 8500 in 2012. Nepal's water availability has declined from 21,500 to 6500 cubic metre per person per year.'⁶⁹ Therefore, if South Asia does not properly manage its water today, there will be no future of sustainable energy tomorrow. For this, 'connectivity' is highly significant and obligatory. In 2004, three dream projects were conceptualised for the SAARC region. The first was the 'NIBBCAP Water Ways: 21st Century Multipurpose Project' or 'Him Canal' or 'Him Waterways' that could connect China through Brahmaputra, Nepal's Koshi, Gandaki, Karnali River Basins via Varanasi, Lucknow and Meghna Region to Bay of Bengal.⁷⁰ Afghanistan and Pakistan through their border rivers, Indo-Pak in Sutlej, Bangladesh, Sri Lanka and Maldives in the Indian Ocean could benefit as well. The second project was the 'Electric Him Rail Network'

⁶⁶ Bishnu Hari Nepal, "Five Theories for SAARC Paradigm Shift," *Asia Pacific Daily (APD)*, Special Issue for 18th SAARC Summit, no. 16 November 16-30, 2014, http://www.apdnews.com/templates/nepal/pdf/APD_16th_Issue.pdf.

⁶⁷ Manipadma Jena, "South Asia Running Out of Groundwater," *Sci Dev Net*, March 21, 2015, <http://www.scidev.net/south-asia/environment/news/south-asia-running-out-of-groundwater.html>.

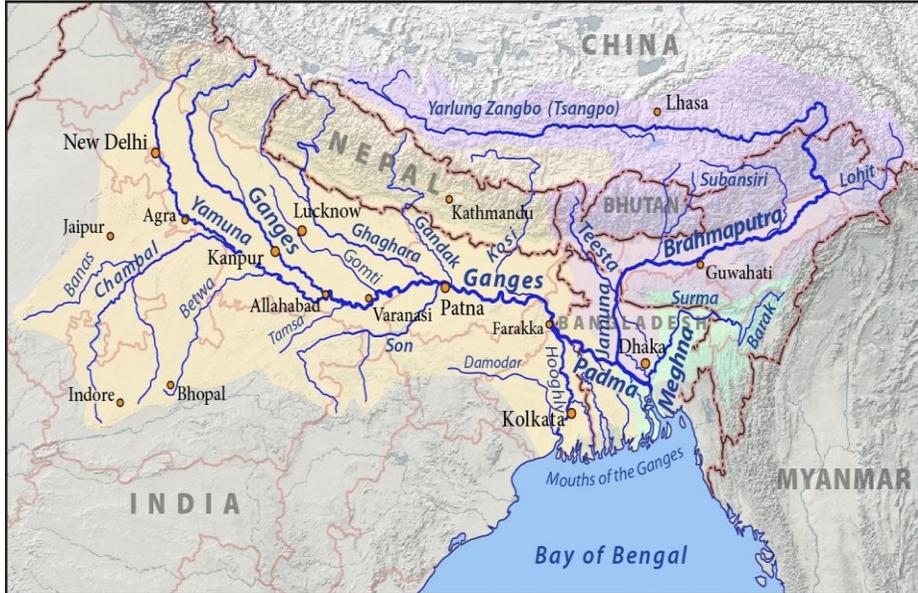
⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ For details see Nepal, *SAFMA New Delhi Declarations*, 2004.

connecting India and China via Nepal.⁷¹ The third was the ‘Him Air Network’.⁷²

Figure-4
NIBBCAP WM/Him Canal River System in BBINC Corridor



SA-RRR-S Model

The Himalayas are an indelible part of South Asian civilisations, water resources, minerals, habitats, flora and fauna and above all energy resources. Therefore, it is important that SAARC members (and the world) work to save the Himalayas from climate change. In this regard, SAARC should pass a resolution to get the funds promised in the Copenhagen Accord (2010) of US\$30 billion and those committed to developing countries in the Paris Accord (2015).

India’s intra-state, South Asia’s inter-state and Law of the Seas⁷³ conflicts in the Indian Ocean can be resolved under the ‘SA-RRR-S Model’ which calls for passing the South Asian Regional Riparian Rights Statutes by SAARC. Such statutes will protect the upstream and downstream rights

⁷¹ Nepal, “Points for Modi,” 2014.

⁷² Bishnu Hari Nepal, “Five Theories for SAARC Paradigm Shift,” 2.

⁷³ Editor’s Note: The United Nations Convention on the Law of the Sea (UNCLOS), also called the Law of the Sea Convention or the Law of the Sea Treaty.

of states.⁷⁴ Like the Helsinki Convention of 1965, SAARC should also pass water and energy laws and consult respective states within eight kilometres of bilateral boundaries to mitigate inundation, human security and border disputes. This directly applies to India's proposal of constructing the 1,800 kilometre road along the McMahon Line in Arunachal Pradesh⁷⁵ and in Indo-Nepal-Bangladesh-Pakistan borders, as well as to the China Pakistan Economic Corridor (CPEC).

The Big Thaw

If India's Modi, Pakistan's Nawaz Sharif and China's Xi Jinping want, the SAARC region could become an economic hub of the twenty-first century, they could, not only 'write', but 'make' history in the annals of SAARC. If India agrees, China could become a SAARC Member and work together for Giga Scale energy production.⁷⁶ If the Three Gorges, Panama Canal, Suez Canal, and Australian canals are possible why not the 'Him Canal' at BBINC Power Corridor? It will be cheaper in the long run and solve all water and energy problems. Similarly, the 'Him Rail Network', connecting India and China via Nepal, due to their bilateral security paradigms, is the best land route option.

Figure 5 covers the major Hindukush Himalayan River basins showing between Afghanistan and Pakistan and also between Pakistan and India. The NIBBCAP-Water Management project includes energy, water use for drinking and irrigation, navigation, recreation and urbanisation in Sutlej, Indus and the rivers between Pakistan and Afghanistan. The figure also includes Brahmaputra, Nepal-Bhutan River Basins merging into the Ganges leading to the Bay of Bengal.

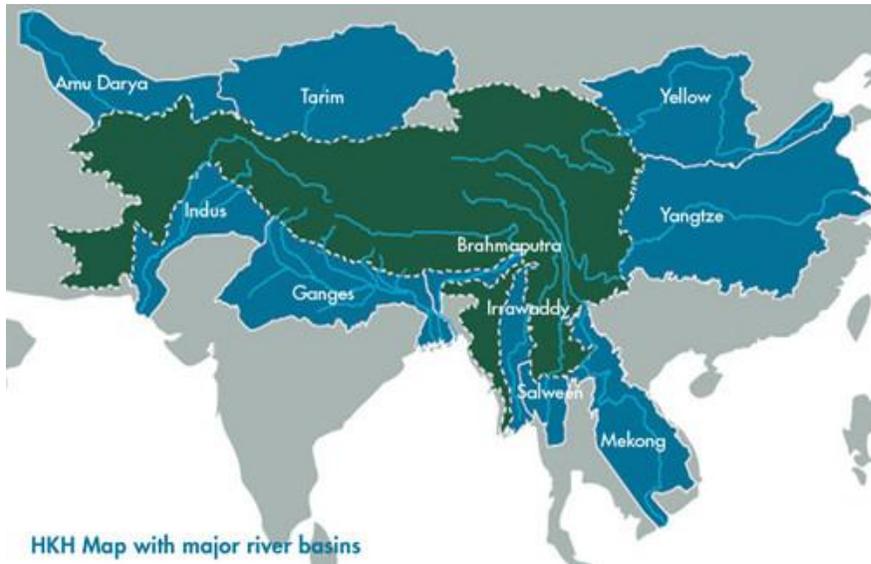
⁷⁴ Bishnu Hari Nepal, "Nepal's National Water Plan," in *Managing South Asia's Waters*, South Asian Policy Analysis Network (SAPANA) South Asian Studies VI, ed. Intiaz Alam, 2006,

https://issuu.com/south_asian_media_net/docs/water/5?e=6751871/7927451.

⁷⁵ Vijaita Singh, "India to Build 1800-km Highway along China Border in Arunachal," *The Indian Express*, October 16, 2014, <http://indianexpress.com/article/india/india-others/india-to-build-highway-along-china-border-in-arunachal/>.

⁷⁶ Bishnu Hari Nepal, "Five Theories for SAARC Paradigm Shift," *Asia Pacific Daily (APD)*, Special Issue for 18th SAARC Summit, no. 16, November 16-30, 2014, http://www.apdnews.com/templates/nepal/pdf/APD_16th_Issue.pdf.

Figure-5
NIBBCAP-WM Hindukush Himalayan River System



Source: Ben Crow and Nirvikar Singh, 2012.⁷⁷

Towards Renewables

Table 4 shows energy reserves of all SAARC countries. Maldives has zero reserves of coal, oil, natural gas and hydropower, but has 0.06 million tonnes of biomass. Nepal and Bhutan, besides hydropower, also have biomass production. Member countries with limited or no energy resources should harness and develop alternative sources like solar and wind power.

⁷⁷ Ben Crow and Nirvikar Singh, "Harnessing South Asia's Rivers," *The Third Pole*, August, 15, 2012, <https://www.thethirdpole.net/2012/08/15/harnessing-south-asias-rivers/>.

Table-4
Energy Reserves of SAARC Member States

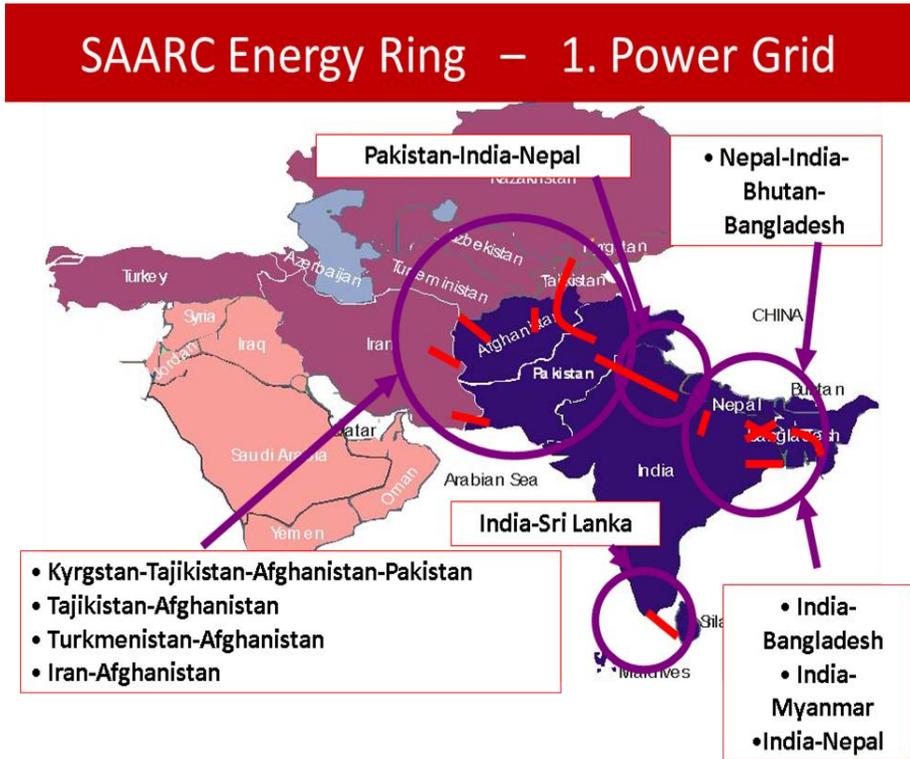
Country	Coal (million tonnes)	Oil (million barrels)	Natural Gas (trillion cubic feet)	Hydropower (megawatts)	Biomass (million tonnes)
Afghanistan	440	NA	15	25,000	18 – 27
Bhutan	2	0	0	30,000	26.60
Bangladesh	884	12	8	330	0.08
India	90,085	5,700	39	150,000	139
Maldives	0	0	0	0	0.06
Nepal	NA	0	0	42,000	27.04
Pakistan	17,550	324	33	45,000	NA
Sri Lanka	NA	150	0	2,000	12
Total	108,961	5,906	95	294,330	223

Source: Sultan Hafeez Rahman et al., 2012, 16.⁷⁸

⁷⁸ Sultan Hafeez Rahman et al., *Energy Trade in South Asia - Opportunities and Challenges*, (Manila: Asian Development Bank, 2012), <http://www.adb.org/sites/default/files/publication/29703/energy-trade-south-asia.pdf>.

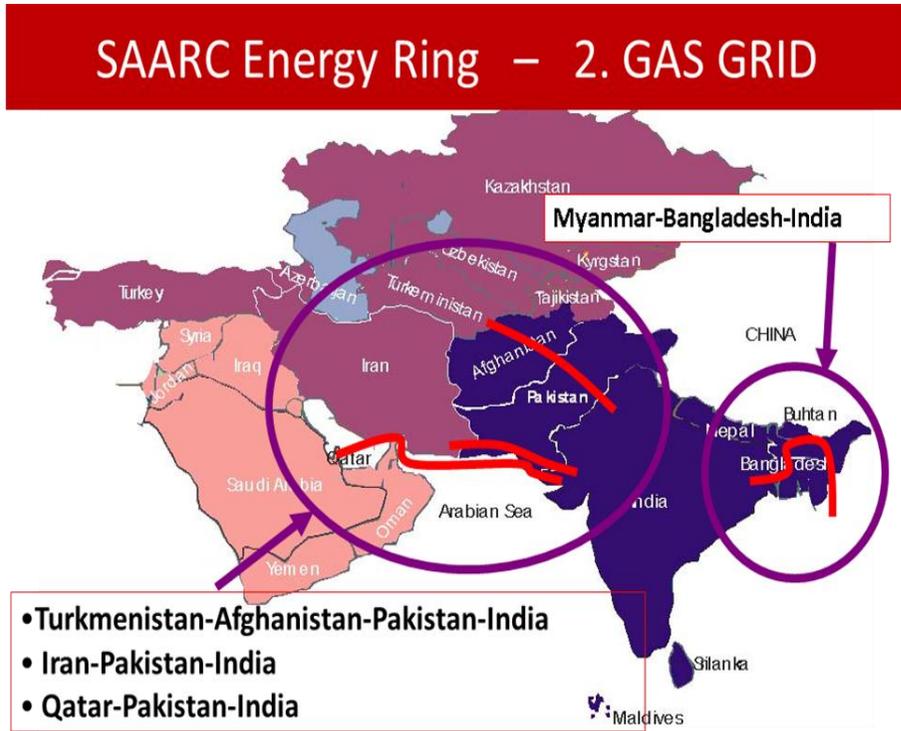
SAARC Energy Grids

Figure-6
SAARC Energy Power Grid



Source: Sixth Japan-SAARC Energy Symposium, Kathmandu, Nepal, March 6-7, 2013.

Figure-7
SAARC Energy Gas Grid



Source: Sixth Japan-SAARC Energy Symposium, Kathmandu, Nepal, March 6-7, 2013.

Summing up, there is room for cooperation in many energy development sectors for South Asian countries, including as shown in Figures 6 and 7, numerous prospects in power and gas grid projects which can be inter-regional, regional, sub-regional and bilateral. ■

Approaches towards Peace and Security in South Asia

- Regional Dividends of Peace in Afghanistan
- Prospects of India-Pakistan Peace Process

Regional Dividends of Peace in Afghanistan

An Essay
Nader Nadery*

Introduction

Afghanistan's unique location as a geographic and cultural centrepiece of multiple regions and the remarkable gains it has made in recent years makes it a critical node for the region's future. With the right policies and initiatives, Afghanistan and the diverse regions that surround it would be able to take advantage of its three key assets: demography, [natural resources] and geography,¹ as it moves towards growth and development.

Slowly emerging from decades of instability, Afghanistan and countries in the region must work to capitalise on this unique confluence of historical and natural factors to sustain the gains Afghanistan has achieved and to enable the region to move forward for a more robust and holistic economic and social landscape. Doing so will require efforts towards incremental stabilisation that can, in turn, create openings for mutually beneficial economic initiatives that will create a positive growth cycle. In a Joint Declaration on Regional Peace and Stability supported by Friedrich-Ebert-Stiftung (FES), it articulated that 'a secure Afghanistan is crucial to establishing a secure region.'² This will be essential in breaking out of the tumultuous cycle currently engulfing the region.

This essay begins with a description of Afghanistan's location and present condition. Following this is an enumeration and discussion of various security and demographic challenges complicating prosperous peace in the region that signals the shared interests regional countries have in tackling these problems together. Next, it will describe key development opportunities that can emerge from incremental stabilisation, bringing in a brief discussion of the relevance of this process. The last part will

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¹ Ejaz Ghani, "South Asia: Can Regional Cooperation End Poverty?" World Bank <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21979201~menuPK:158844~pagePK:2865106~piPK:2865128~theSitePK:223547,00.html>, November 14, 2008.

² Friedrich-Ebert-Stiftung (FES), "Afghanistan's Region: 2014 & Beyond Joint Declaration on Regional Peace and Stability," (FES, Regional Project Peace and Security Policy, New Delhi, 2013), <http://library.fes.de/pdf-files/iez/10307.pdf>.

summarise several essential steps for achieving the incremental stabilisation that can create space for additional regional cooperation on economic development initiatives.

In outlining these regional pathways to peace and prosperity, this work attempts to provide a motivation to policy-makers towards achieving incremental peace and stability beyond the intrinsic value of peace in and of itself. Indeed, the costs of instability, in terms of foregone economic prosperity and sacrificing the potential of one of the most economically fertile regions in the world are simply too high to ignore further. The entire region can share the dividends of peace in Afghanistan and reap the benefits of creating a positive growth cycle.

Afghanistan's Geography and Demography

Located in the heart of Asia, landlocked Afghanistan sits atop strategically bountiful crossroads. It is bordered by the Indian subcontinent to the southeast, Central Asia to the north, and the Iranian Plateau to the west.³ The connection of Afghanistan to Central Asia is not only marked by the long boundary that it shares with the region but also with the 'racial and religious affinity that provides a strong basis for cross-border fraternisation.'⁴ Afghanistan's link with Iran shows a similar scenario, especially in the western part of the country where 'business, religious, familial and historical ties'⁵ are highly present. The centrality of its geographic position is an obvious potential driver of economic growth for the state, should it be able to tame the various sources of instability that have made it difficult to take advantage of this location.

Furthermore, Afghanistan is heir to rich cultural traditions popularly (but incorrectly) thought to reside only within the modern confines of Westphalian borders. This diverse inheritance of the Afghan culture provides stronger connections with neighbouring states that supersede otherwise delimiting factors, such as national boundaries and Sunni-Shiite sectarian divisions.⁶ Indeed, as much as Afghans identify themselves with an Afghan nation-state, they identify themselves more as members of the broader Islamic world and trans-border cultural and linguistic groups. Until

³ The Hollings Center for International Dialogue and The American Institute of Afghanistan Studies, *Afghanistan's Other Neighbours: Iran, Central, Asia, and China*, Conference Report, February 2009, https://www.bu.edu/aiaas/reports/aon_conference.pdf, 1.

⁴ Shagufta Bano and Muhammad Suhail, "Economic Prospects between South and Central Asia with Special Reference to India, Pakistan and Afghanistan," *A Research Journal of South Asian Studies* 29, no. 2 (2014): 435-441.

⁵ The Hollings Center for International Dialogue and The American Institute of Afghanistan Studies, "Afghanistan's Other Neighbours."

⁶ *Ibid.*, 3.

recent times, Afghans shared trade links, labour, and cultural ties with neighbouring populations that transcend official geographic confines.⁷

In the past years, Afghanistan has also reached socio-political gains. These hard earned gains can be gleaned from: a) the rising urban population; b) the increasing trend of positive perception that the country is moving towards the right direction due to reconstruction, security, and improved education system; c) the majority of Afghans reporting having good access to education for children, clean drinking water, and roads; d) 75 per cent of Afghans saying that its national government is somewhat doing or is doing a good job; and e) more than half of those included in a recent national survey expressing that they feel very safe or somewhat safe in voicing their opinions about the government in public.⁸

Moreover, Afghanistan has a 'more aware youth population willing to engage as contributing members of the region and the world.'⁹ Education and literacy of the Afghan youth continue to rise and their access to media, particularly mobile phones and the Internet, is also increasing.¹⁰ Symbolising the Afghan government's acknowledgement of this young population and their capacity to positively contribute to the country's development, it recently launched its National Youth Policy. Overall, this policy would 'ensure that investments in youth benefit them equally and lead to their development.'¹¹

Altogether, Afghanistan's geographic and demographic attributes, shared cultural identities, and remarkable gains suggest opportunities that can be capitalised on to achieve economic growth.

Shared Challenges

At a strategic level, Afghanistan and its neighbours are situated in similar positions. Though the nuances vary, each faces various security challenges often related to internal violence that frequently relates to terrorism and

⁷ Ibid., 1.

⁸ The Asia Foundation, *Afghanistan in 2014: A Survey of the Afghan People*, (Kabul: TAF, 2014).

⁹ Friedrich-Ebert-Stiftung (FES), "Afghanistan's Region."

¹⁰ Samuel Hall Consulting, *Afghanistan's Future in Transition: A Participatory Assessment of the Afghan Youth*, Report, (Kabul: DMOYA UNDP, UNFPA, and UNICEF, 2013), <http://samuelhall.org/REPORTS/Future%20in%20Transition:%20A%20Participatory%20Assessment%20of%20the%20Afghan%20Youth.pdf>.

¹¹ Ministry of Information and Culture, Government of Islamic Republic of Afghanistan, "Afghanistan National Youth Policy," (Draft for Public Consultation Ministry of Information and Culture, Kabul 2014), http://www.youthpolicy.org/national/Afghanistan_2013_Draft_National_Youth_Policy.pdf.

militancy.¹² Simultaneously, the entire region is teeming with a young population, whose energy and desire for growth and prosperity must be fully respected and unleashed. The presence of this promising youth underscores the urgency of achieving stability, lest a generation's potential be lost and the cycle of violence be repeated.

Security

The most obvious challenge to Afghanistan's role in regional growth is the prevailing insecurity in the country. Between January 1, 2009 and December 31, 2014, UNAMA¹³ documented 47,745 civilian casualties.¹⁴ While over the years the list of issues of concern to Afghans has held constant, in 2014 there was a huge upward trend in the number of people who claimed that insecurity is the biggest problem facing the country (34.0 per cent in 2014 compared to 29.8 per cent in 2013).¹⁵

But Afghanistan's neighbours also face various security challenges, many of which are rooted in relations with neighbours. In Bangladesh, for example, opposition to the 'Asian highway' is sustained by anti-Indian groups.¹⁶ Bhutan has cooperated with the Indian government in recent years to deny sanctuary to Indian militant groups,¹⁷ and also continues to deal with the violent Bhutan Communist Party (CPB), which focuses its primary recruiting efforts in the refugee camps on the Nepalese border.¹⁸

India has a range of security concerns specific to its various neighbouring states. The rising violence of the Lashkar-e-Taiba (LeT) in the eastern provinces of Pakistan, are a significant concern. But India's ongoing conflict with Pakistan over the Kashmir region appears as a nearly intractable source of tension. Pakistan, in turn, faces terrorism and separatist militancy, and conventional threats. The resulting perception due to such

¹² Sadika Hameed, Hannah Brown and Elias Harpst, "Regional Dynamics and Strategic Concerns in South Asia: Gulf States' Role," (A Background Paper of the CSIS Program on Crisis, Conflict and Cooperation, Center for Strategic & International Studies, Washington, DC, 2014), https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/140124_Hameed_GulfStates_Web.pdf.

¹³ United Nations Assistance Mission in Afghanistan (UNAMA).

¹⁴ UNAMA and UNOHCHR, *Protection of Civilians in Armed Conflict*, Afghanistan Annual Report 2014, UNAMA and UNOHCHR, <http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/2014-Annual-Report-on-Protection-of-Civilians-Final.pdf>. This number includes 17,774 individuals killed and 29,971 more injured.

¹⁵ The Asia Foundation, *Afghanistan in 2014*.

¹⁶ Piyali Dutta, *India-Bangladesh Relations: Issues, Problems and Recent Developments*, IPCS Special Report (New Delhi: Institute of Peace and Conflict Studies, 2010).

¹⁷ Marian Gallenkamp, "Between China, India, and the Refugees - Understanding Bhutan's National Security Scenario," (IPCS Issue Brief, Institute of Peace and Conflict Studies, New Delhi, 2010), 154.

¹⁸ Marian Gallenkamp, "Between China, India, and the Refugees."

threats juxtaposed with Pakistan's nuclear arsenal makes it a tinder-box that could explode at any time.

Iran, on the other hand, continues to battle drug trafficking coming mainly from Afghanistan and has continuously followed the developments of Iraq and Syria. The five Central Asian states are no stranger to security challenges. Like the countries in South Asia, security in Central Asia is characterised by 'conflicts over borders, political revolutions, violent labour unrest and inter-ethnic violence.'¹⁹

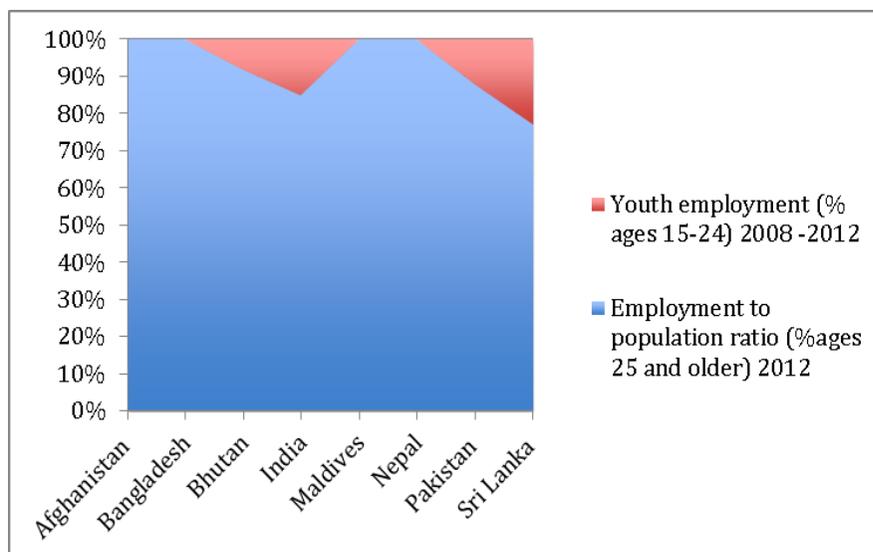
The Youth

The region is also peopled by a substantial youth population hungry for development and success. But current risk-factors within youth demographics hint at the urgency of pursuing stability and unleashing a growth agenda before a new generation turns into frustrated opponents of government institutions. Figure 1 shows low unemployment rates among youth in some of the South Asian countries.²⁰ However, an assessment of long-term trends from 1998-2008 by the International Labour Organization (ILO) on youth vulnerabilities revealed an increasing youth unemployment rate for the region. As the population of young people continues to surge, the numbers in Figure 1 are likely to increase. Should this youth employment scenario not change, the region's governments would have to, as they have in the past decades, pour more time, energy, and significant resources into stabilising security problems brought about by a disenchanting young population.

¹⁹ "Central Asian Security," Stockholm International Peace Research Institute, accessed August 24, 2015, <http://www.sipri.org/research/security/afghanistan/central-asia-security>.

²⁰ United Nations Development Programme, *Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience*, Human Development Report 2014, (New York: UNDP, 2014). There is no data in this report on Afghanistan, Bangladesh, Maldives, and Nepal.

Figure-1
Youth Unemployment in South Asia (2008-2012)



Source: UNDP, Human Development Report 2014.

In Afghanistan, the problematic unemployment rate is compounded by the ‘*twin challenge*’ of the coexistence of child labour and youth unemployment.’²¹ In 2013, less than half of the country’s working-age population was employed (43.8 per cent total employment-to-population ratio). As of 2014, 36 per cent of the Afghan population is between ages 10-24.²² Among those between 15-24 year olds, only a third is employed (30.3 per cent youth employment-to-population ratio) – a condition that has not changed since 2010.²³

Contributing to the currently frustrated prospects of Afghanistan’s youth, ‘Afghan youths remain largely outside the radar of policy-makers; reconstruction and development have not matched their high expectations

²¹ United Nations Population Fund, *The Afghanistan State of Youth Report 2014*, UNFPA Report (Kabul: UNFPA, 2014).

²² United Nations Population Fund, *The Power of 1.8 Billion - Adolescents, Youth and the Transformation of the Future*, State of the World Population 2014, UNFPA Report (New York: UNFPA, 2014), https://www.unfpa.org/sites/default/files/pub-pdf/EN-SWOP14-Report_FINAL-web.pdf.

²³ “Employment to Population Ratio, Ages 15-24, (Modeled ILO Estimate),” World Bank, accessed August 24, 2015, <http://data.worldbank.org/indicator/SI.EMP.1524.SP.ZS>.

and many young people still feel politically disenfranchised.²⁴ Indeed, this is going to be an increasing challenge as over 50 per cent of the country's population is approaching employment age.²⁵ Moreover, insurgent groups in some regions exploit these frustrations by recruiting Afghan youth, who in places threaten to be more of a hindrance to growth than a catalyst for positive change.²⁶

Other countries in the region face similar challenges. In Bangladesh, the youth labour participation rate is high at 7.8 per cent.²⁷ However, many of these young people are in the informal economy with lower wages and limited career opportunities, not to mention, exposure to poor working conditions.²⁸ The overall official unemployment rate of Bhutan of 2.1 per cent remains low by any standard, but for ages 15-24 years, the rate is noticeably higher at 9.5 per cent among male youth and 11.6 per cent among females.²⁹ India has the world's highest number of 10 to 24-year-olds, at 356 million.³⁰ Combined with a youth employment rate of only 11 per cent³¹, India is also sorely in need of avenues for opportunity for its future generations. In Nepal, public security is threatened by a significant minority of disillusioned youth who feel excluded from the political process and do not see the potential for making a legitimate living.³² Finally, in Pakistan, the ratio of youth employment to the population has seen some increase, but remains relatively low against the rest of the world.³³

Unlike Afghanistan, Iran does not have a youth policy. In 2012, Iran's youth unemployment rate (28.9) was almost three times higher than that of

²⁴ Samuel Hall Consulting, *Afghanistan's Future in Transition: A Participatory Assessment of the Afghan Youth*, Report (Kabul: DMOYA UNDP, UNFPA, and UNICEF, 2013), <http://samuelhall.org/REPORTS/Future%20in%20Transition:%20A%20Participatory%20Assessment%20of%20the%20Afghan%20Youth.pdf>.

²⁵ Ibid.

²⁶ Ibid., 12.

²⁷ International Labour Organization, "Youth Employment Policy Brief: Bangladesh" (Bangkok: ILO Regional Office for Asia and the Pacific Youth Employment Programme, November 2013).

²⁸ Bangladesh Bureau of Statistics, 2010, quoted in ILO, "Youth Employment Policy Brief: Bangladesh."

²⁹ United Nations Development Programme, *Millennium Development Goals (MDG) Acceleration Framework: Youth Employment in Bhutan*, MAF Report, December 2013, <http://www.bt.undp.org/content/dam/bhutan/docs/MDGs/MAF%20-%20Youth%20Employment%20in%20Bhutan%2030%20Dec%202013.pdf>.

³⁰ UNFPA, *The Power of 1.8 Billion Adolescents*.

³¹ UNDP, *Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience*.

³² Charlotte Watson and Rebecca Crozier, *Security for Whom? Security Sector Reform and Public Security in Nepal*, International Alert, (European Union, 2009), http://www.international-alert.org/sites/default/files/publications/IfP_Security_Sector_Reform_and_Public_Security_in_Nepal.pdf.

³³ "The Youth Employment Crisis in Pakistan," Business Support Organisation Forum, October 13, 2012, <https://app.box.com/s/g7azeg691xz2gpc5luuh>.

South Asia (9.8) and the rest of the world (12.6).³⁴ In Central Asia, nearly a third of its population is between ages 15-24. Although youth employment rate was only available for Kazakhstan (3.9 per cent) and Tajikistan (16.7 per cent), a recent report by ILO that included Central Asia noted ‘the lack of prospects for quality jobs, despite high levels of education in the region.’³⁵ Like the youth in South Asia, the lack of job opportunities in the region is feared to cause ‘frustration among youth which can culminate in political unrest and external migration.’³⁶

What are the Regional Dividends of Peace in Afghanistan?

While challenges to regional growth persist and the youth population creates an urgent need for stabilisation, there are several key areas where peace can be exploited to aggressively pursue a regional prosperity agenda. These areas should give regional actors common cause to assist in the stability of their neighbours, wherever doing so is possible and consistent with one another’s sovereignty.

Markets and Trade Facilitation

Cooperation between countries in the region can eventually produce economic gains that can increase local supply capacity and improve access to markets. The proper focus on shared economic interests will facilitate transboundary economic integration leading towards mutually dependant prosperity and development.³⁷

Landlocked Asian countries need access to regional transport systems leading to broader export conduits to enable them to participate more efficiently in global markets. Moreover, other Asian countries such as Iran and Russia would benefit from the trans-Asian supply route Afghanistan could offer. Afghanistan should act as crossroads for regional trade, opening up economic opportunities for Iran, Pakistan, Russia and the Central Asian republics, as well as for Afghanistan itself. Pakistan, which

³⁴ “Youth Employment Statistics in Iran,” ILO Regional Office for Asia and the Pacific, 2014, <http://apyouthnet.ilo.org/stats/youth-employment-statistics-in-iran>.

³⁵ Sara Elder, Valentina Barucci, Yonca Gurbuzer, Yves Perardel and Marco Principi, *Labour Market Transitions of Young Women and Men in Eastern Europe and Central Asia*, Work 4Youth Publication Series 28 (Geneva: International Labour Office, March 2015), http://www.ilo.org/wcmsp5/groups/public/--ed_emp/documents/publication/wcms_357353.pdf.

³⁶ Ibid.

³⁷ United Nations Economic and Social Commission for Asia and the Pacific, “Afghanistan and Central Asia: Strengthening Trade and Economic Ties,” UNESCAP Report (UNESCAP, 2015), <http://www.unescap.org/sites/default/files/Afghanistan%20and%20Central%20Asia-Strengthening%20Trade%20and%20Economic%20Ties.pdf>.

cannot transverse Afghanistan to reach Central Asian, Chinese, or Caspian Basin markets while instability persists - would benefit the most from a robust trade facilitation role for Afghanistan.

Indeed, connections along the ‘New Silk Road’³⁸ are already deepening, resulting in expanded regional stability and prosperity. Intra-regional trade between Central Asian countries grew fivefold between 2000 and 2008, and the value of intra-regional trade in food products, minerals and textiles has since doubled.³⁹ Such growth hints at the potential for regional stabilisation to unleash an era of interdependent economic prosperity.

Afghanistan can enhance its trade facilitation activities in several ways: a) reviewing, revising and making necessary amendment to those trade and transit agreements which are not viable; b) implementing a comprehensive border management programme;⁴⁰ c) accelerating the accession process to the World Trade Organization; d) implement a comprehensive infrastructural programme, including railway and dry ports; e) pursuing a PPP programme in freight forwarding and other logistic facilities to expedite supply chains while using FIATA Programme; and f) implementing TIR and single window operation and a serious risk management programme.⁴¹ In 2010, the country received from the World Bank a grant to continue with the second phase of the Customs Reform and Trade Facilitation Project. This project supports: a) countrywide computerisation of Customs Clearance operations; b) installation of executive information systems for Customs allowing real time monitoring of operations; c) development of possible options for cross-border Customs-to-Customs (C2C) Cooperation; d) provision of selected Customs infrastructure to enable modernised operations; and e) technical assistance to support the development of an adequate regulatory, administrative and institutional framework for Customs.⁴² Through this project legitimate

³⁸ S. Frederick Starr and Andrew C. Kuchins, “The Key to Success in Afghanistan: A Modern Silk Road Strategy,” Highlights from the Report (Massachusetts: Central Asia-Caucasus Institute & Silk Road Studies Program, 2010).

³⁹ Nate Bills, “Powering a New Silk Road: Helping Connect Supply with Demand in South and Central Asia,” *Frontlines*, November/December 2014, <https://www.usaid.gov/news-information/frontlines/afghanistan/powering-new-silk-road-helping-connect-supply-demand-south>.

⁴⁰ World Bank, “Trade and Transport Facilitation in South Asia: Systems in Transition,” (World Bank South Asia Region, Sustainable Development Unit, 2008).

⁴¹ Abdul Wassay Haqiqi, “Challenges in Implementing Trade Facilitation in Afghanistan,” USAID Macroeconomic Project, July 2014, http://macro-project.net/cms/uploads/afghanistan_trade_policy_perspectives_abdul_wassay_haqiqi_engl.pdf.

⁴² World Bank, “Emergency Project Paper: Second Customs Reform and Trade Facilitation Project,” (Kabul: Sustainable Development Department, Afghanistan Country

goods would be released in a ‘fair and efficient manner.’⁴³

Energy and Natural Resources

Sources of energy (such as gas, oil, and hydropower) are abundant in Central Asia, where countries wish to diversify the sale of their commodities at market prices. Simultaneously, Afghanistan, Pakistan and India are obvious markets with significant demand for energy. More external energy supplies will be required in these countries to grow their national economies. With supplies being available from within the region, effective regional cooperation needs to be promoted and pursued.

Moreover, the Central Asian states are imbued with excellent infrastructure and rich deposits of fossil fuel reserves, minerals and metals. They are enormous manufacturers of gold reserves and oil and natural gas. There are attractive opportunities to unlock resources worth nearly U.S.\$3 trillion, including coal, copper, lithium, gold, deposits of gemstones and substantial natural gas and oil fields.

Afghanistan can play a pivotal role in the regional energy trade by acting as a bridge linking the resource reserves of Central Asia with the growing demand of South Asia. Afghanistan could also benefit from this transitory status by improving its own access to and utilisation of energy from Central Asia. Afghanistan’s neighbours also recognise the country’s central role in regional energy trade. Major energy projects like the Turkmenistan, Afghanistan, Pakistan and India Natural Gas Pipeline (TAPI) and the Central Asia – South Asia Electricity Transmission and Trade Project (CASA-1000) will help build regional connectivity in this area.⁴⁴ However, these projects have been largely held up by security issues, and ‘distrust, political instability, frequent power outages, as well as weakness of rule of law.’⁴⁵

Pakistan has recognised Afghanistan as an essential link for regional energy, communication and transmission and confirmed that the Afghanistan-Pakistan Transit Trade Agreement (APTTA) was an important step ahead and that it would be implemented.⁴⁶

Management Unit, South Asia Region, 2010), http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/05/06/000333037_20100506025142/Rendered/PDF/539550PJPR0Box1ly10IDA1R20101011211.pdf.

⁴³ World Bank, “Emergency Project Paper.”

⁴⁴ UNESCAP, *Afghanistan and Central Asia: Strengthening Trade and Economic Ties*, 6.

⁴⁵ East West Institute, “Afghanistan Reconnected: Linking Energy Suppliers to Consumers in Asia,” Abu Dhabi Process Meeting (Islamabad, 2013).

⁴⁶ In terms of bilateral support for Afghanistan, Pakistan supports Afghanistan in developing the Kunar Dam with a capacity of generating 1500 MW of electricity. CASA-1000 electricity grid had now been converted into CASA- 1300 with the further addition of 300 MWs. According to a U.S. National Renewable Energy Laboratory study, the wind energy

Afghanistan also has a potential role to play as a producer of energy resources. For example, a U.S. Geological Survey forecast from 2006 estimated '1.6 million barrels of crude oil, 15,687 billion cubic feet of natural gas, and 562 million barrels of natural gas liquids.'⁴⁷ In addition, Afghanistan can become a major producer of hydroelectric power and natural gas. President Ghani proposed that the CASA Project, a project that is aimed at 'promoting electricity exports from Tajikistan and Kyrgyz Republic to Afghanistan and Pakistan,'⁴⁸ should be expanded to supply more electricity to Pakistan and South Asia, as Afghanistan has the potential to generate 15,000 to 20,000 megawatts of hydroelectric power.

With respect to the TAPI project, the U.S.\$10 billion U.S.-sponsored gas pipeline alternative Iran-Pakistan-India Pipeline⁴⁹ that stretches from Central Asia to South Asia,⁵⁰ the President estimated that Afghanistan has ten times more gas in the Southwest and eastern part of the country, which can be exported to change the fate of this region.

Youth

While certain demographic trends create potential challenges, the region's youth, which is almost a third of the region's population (see Figure 2), are also one of its greatest assets. The youth of the region are a savvy resource, and if properly empowered can be the key catalyst for future growth and development. Rapid growth of technology, media and access to education and information since 2001 has meant that young people are much more politically aware and, more importantly, conscious about their expectations and ambitions, including the growth of modern youth political activism.⁵¹ These youth can be agents of social, economic, and political change. With

potential in Western Afghanistan is estimated at 158,000 MW, and hydropower in excess of 23000 MW.

⁴⁷ US Geological Survey, "Assessment of Undiscovered Petroleum Resources of Northern Afghanistan," USGS Factsheet, March 2006 <http://pubs.usgs.gov/fs/2006/3031/pdf/FS-3031.pdf>.

⁴⁸ World Bank, "Project Information Document (PID) Concept Stage: Central Asia South Asia Regional Electricity and Trade (CASA 1000) Project," February 25, 2008, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/03/06/000076092_20080307103729/Rendered/PDF/CASAREM0CASA011concept0Stage0Mar6108.pdf.

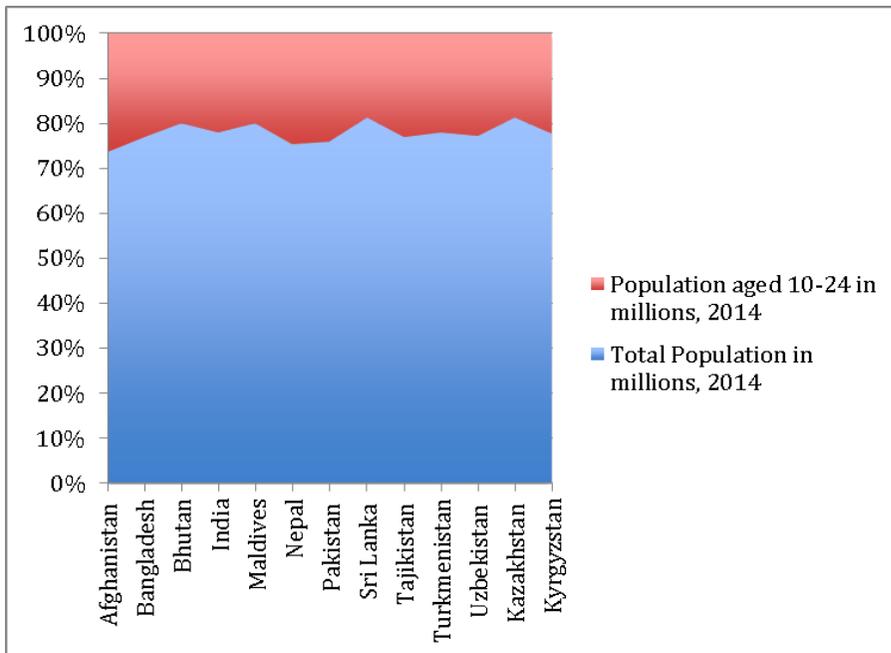
⁴⁹ "Gas Pipeline: Breakthrough in TAPI Project," *The Express Tribune*, July 12, 2103, <http://tribune.com.pk/story/576200/gas-pipeline-breakthrough-in-tapi-project/>.

⁵⁰ "Pakistan, Turkmenistan Accelerate TAPI Gas Pipeline Preparations," *The Economic Times*, August 4, 2015, <http://economictimes.indiatimes.com/industry/energy/oil-gas/pakistan-turkmenistan-accelerate-tapi-gas-pipeline-preparations/articleshow/48337546.cms>.

⁵¹ Heinrich Boll Foundation, "Youth Political Activism in Afghanistan," (Kabul: HBF, 2015), af.boell.org/2015/05/19/youth-political-activism-afghanistan.

collaborative efforts from numerous regional players, the youth in the region can be actively involved in major bilateral dialogues and learn immensely from each other. Such engagement can also pave the way for mutual trust and enhanced cooperation between the various nations of the region.⁵²

Figure-2
South Asia and Central Asia Youth



Source: UNDP, Human Development Report 2014.

The Essentials of Stability

Full and immediate peace is beyond the reasonable efforts of any government, much more for those with the experience of protracted violence. Yet measured progress towards peace and stability can create openings for growth initiatives that can turn the tide increasingly towards stable and prosperous international commerce within the region. A few proposed steps are enumerated below:

⁵² Mariam Hotaki, "The Role of Youth in Afghan-Chinese Bilateral Relations," Afghan Institute for Strategic Studies (AISS), Kabul, April 10, 2015, <http://aiss.af/index.php/component/content/article/14-sample-data-articles/619-the-role-of-youth-in-afghan-chinese-bilateral-relations>.

- ‘Normalising’ the relationship between India and Pakistan⁵³ that places more attention on their differing development needs and demands and how these can be addressed by their diverse resource endowments. Such a relationship could also lead to reduction in military funding, which could be an impetus for regional cooperation. On that note, confidence-building measures between India and Pakistan on Afghanistan is also equally important as ‘Afghanistan is the linchpin that can alter regional stability leading to regional prosperity and growth’ within Central and South Asia, West Asia, the Far East and Eurasia.⁵⁴
- Making the fight against extremism, militancy, and terrorism a regional objective. This encompasses the reaffirmation of the commitment to dismantle hard and soft infrastructures that sustain these movements in all forms and manifestations.⁵⁵
- Acknowledging and taking full advantage of the potential of the region’s young population in terms of ‘new thinking’ to address problems of instability. The new generation ‘unhampered by the baggage’ could be ‘more willing to engage multilaterally than the previous and current generations have been.’⁵⁶
- The Central Asian Republics re-evaluating their notion of Afghanistan as a source of threat. Measures to reduce mistrust about Afghanistan among these countries must be supported not only to work together in combating cross-border threats, but also to hasten infrastructure projects for energy-sharing, trade, and communication.⁵⁷

Conclusion

Afghanistan sits at the fulcrum of a region challenged with instability, but teeming with economic potential.⁵⁸ Just as a range of factors could unsettle the fragile state of various countries in the region, so too could well-founded peace yield significant growth. With a new government in place in Afghanistan, there are high expectations that the country can finally turn the

⁵³ “Peace Dividend: Potential Gains from Peace in the Af-Pak-India Region,” Erasing Borders, accessed August 25, 2015, http://erasingborders.org/prospect_peace.html.

⁵⁴ Friedrich-Ebert-Stiftung (FES), “Afghanistan’s Region.”

⁵⁵ Ibid.

⁵⁶ Mahin Karim, “The Future of South Asian Security Prospects for a Nontraditional Regional Security Architecture,” (Washington, DC: The National Bureau of Asian Research, 2013).

⁵⁷ Friedrich-Ebert-Stiftung (FES), “Afghanistan’s Region.”

⁵⁸ Johnathan Goodhand, “From War Economy to Peace Economy?” (SOAS, University of London, London 2003), http://eprints.lse.ac.uk/28364/1/Goodhand_LSERO_version.pdf.

dark page on years of conflict and instability and become a strategic crossroad connecting Central Asia, South Asia, the Middle East and truly the rest of the world.

After re-establishing Afghanistan's traditional role as a transportation and trade hub linking both South Asia and Central Asia, it can move on in linking Europe and the Middle East with the Indian sub-continent and all South and Southeast Asia.⁵⁹ To accomplish this, however, Afghan policy-makers must first put in place key elements to stabilise their internal and external relations. ■

⁵⁹ S. Frederick Starr and Andrew C. Kuchins, "The Key to Success in Afghanistan: A Modern Silk Road Strategy," Highlights from the Report (Massachusetts: Central Asia-Caucasus Institute & Silk Road Studies Program, 2010).

Prospects of India-Pakistan Peace Process

Dr Pervaiz Iqbal Cheema*

Abstract

Three major wars (1948, 1965 and 1971); two minor wars or large border clashes (Rann of the Kutch clash in 1965 and the Kargil episode in 1999); three crises (1987 Brasstacks, 1991 Kashmir crisis, and 2001-02 border confrontation), War on Terror 2002, peace process 2004-08, and innumerable exchanges of fire along the Line of Control (LoC) and working boundary is the unenviable history between India and Pakistan over the last sixty nine years of independent existence. However, a close scrutiny of this nearly seven-decade long relationship also clearly reflects increased comprehension of each other's internal as well as external challenges, along with a guarded appreciation of efforts towards the attainment of peace in the South Asian region. Despite the existence of complex problems along with a long history of conflicts, the two countries appear to be moving — though at a painfully slow pace — towards periodically improved relations. If we divide their hostile history into three phases (1947-1972; 1973-2002; and 2004-15) and then study the progression towards a mutual and shared understanding, the slow but positive developments become quite visible. During the first phase (1947-1972) Pakistan-India fought three major wars and had one large border clash.

The next phase experienced four crises and one large border clash. The current phase (2002-15) not only witnessed an initiation of the War against Terror, but also gave birth to a peace process which was disrupted by the Mumbai tragedy of November 2008. Since then, the relations have not really acquired the desired level of normalcy. This phase has also experienced innumerable violations along the LoC and working boundary. This paper intends to initially highlight the developments that often generate positive vibes, and then seeks to analyse the factors which continue to impede the desired advent of normalisation. The final section attempts to assess future prospects.

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Introduction

The India-Pakistan cold war started earlier than the British departure from South Asia and can easily be traced back to Congress-League rivalry during the colonial rule. After independence, this cold war continued and drew strength from issues that were a product of the hasty and surgical partition of the Indian subcontinent. Those issues were further perpetuated due to the unresolved Kashmir dispute and differing threat perceptions of both countries. The three wars merely reflected the critical stages when the cold war was transformed into hot war.¹ The reasons for this periodic deterioration are not difficult to comprehend. They are rooted in the history of the freedom movement; the simmering irreconcilability of Islam and Hinduism manifesting in periodic communal riots; the British strategy of divide and rule; the issues emanating from Partition; and different interpretations of security requirements etc.

Efforts to promote peace can be traced back to the days of Quaid-e-Azam Mohammad Ali Jinnah and Jawaharlal Nehru who repeatedly proclaimed their desire for peace between the two nations. Yet, peace has remained somewhat elusive. An objective review of the history of Indo-Pakistan relations seems to establish Pakistan's concerted efforts in seeking 'normalisation' with India. This, of course, does not mean that the Indians did not reciprocate or never took any initiative towards this goal. However, available literature tends to confirm that Pakistan's efforts in this regard were much more than India's.

The Liaquat-Nehru Pact was perhaps the first major step towards 'normalisation' that changed the atmosphere for the better, at least temporarily: President Ayub Khan's offer of joint defence was another significant effort on the part of Pakistan which was indignantly dismissed by Nehru. The signing of the Indus Water Treaty after cumbersome and lengthy negotiations and the accompanying speeches of Ayub and Nehru emphasising the psychological and emotional impact it would have upon Indians and the Pakistanis, certainly raised the hopes of peace-lovers in the region. However, the spirit of cooperation did not last long and soon both parties retreated back into 'hidebound exclusiveness.' Only temporarily (under Western pressure) did both parties make an initial effort to start

¹ Mohammad Ayoob, "India and Pakistan: Prospects for Détente," *Pacific Community* 8 (1976): 149.

bilateral negotiations over Kashmir in the aftermath of Sino-Indian border clash in 1962.

The next milestone to stabilise relations between the two archrivals was achieved in the form of the Tashkent Declaration in 1966. The Indian Premier Lal Bahadur Shastri went to Tashkent because Indian leadership firmly believed that the Soviets would preserve India's interests. Aware of close Indo-Soviet ties, Pakistan agreed on having Soviet Union as an intermediary not only to keep the Kashmir issue diplomatically alive, but also to strive for Soviet neutrality over the dispute. The outcome of this Declaration was that both sides committed themselves to restoring economic, cultural and diplomatic relations. In addition, they pledged not only to stop hostile propaganda, but also to encourage and promote the development of friendly ties. However, with the demise of Shastri, the Tashkent Declaration lost much of its initial force as the new leaders in India lacked sufficient commitment to reciprocate Pakistan's implementation efforts with similar enthusiasm.

Five years later, the two countries again clashed and consequently Pakistan was dismembered. At the time, Pakistan repeatedly protested India's direct involvement in the East Pakistan crisis. However, many did not accept Pakistan's version and viewed it within the context of continuing Indo-Pak accusations and counter-accusations phenomenon. Pakistan was recently vindicated when the current Indian Prime Minister Modi confessed and 'acknowledged Indian government's interference in the events of 1971 in the Eastern province of Pakistan.'² In the summer of 1972, India and Pakistan signed the Simla Accord to stabilise their relations. Since then, the process of 'normalisation' in some form with periodic interruption, has been moving forward, but its pace has not been all that impressive. At times, the process was effectively impeded by unforeseen adverse developments which kept the process in abeyance, but at other times, the prevailing environment enabled the process to slowly move forward.

The period following the Simla Agreement saw the eruption of many crises, but no major war was fought. However, some Indian writers tend to project Kargil clashes as the fourth war, while Pakistani writers consider it a large border clash somewhat similar to Rann of the Kutch clash of 1965. In addition, both nations acquired nuclear weapons' capability in 1998. Ironically, following the procurement of nuclear weapons, the efforts towards stabilising relations increased - both because of increasing

² Mateen Haider and Irfan Haider, "FO Spokesperson Expresses Regret over Modi's Dhaka Speech," *Dawn*, June 9, 2015, <http://www.dawn.com/news/1187118>.

realisation of the futility of violent approaches and external pressures. In 1999, the Indian Prime Minister led a peace mission to Pakistan and signed the Lahore Declaration. Admittedly, the ensuing peace again did not last long, and was soon replaced by a period of tensions. The two countries came very close to another clash during 2002, but somehow or the other direct confrontation was averted.

Perhaps the most significant peace interval was when the two countries started a serious dialogue in 2004 with the expressed intention to resolve all outstanding disputes. The peace process that started in 2004 was disrupted and in consequence discontinued in November 2008. Among the factors that seemed to have played a major role in starting the peace process included the realisation that a military approach is unlikely to resolve the disputes, besides intensified pressures from the international community, emergence of people's support lobbies for normalisation, and leader's comprehension of each others' chemistry etc.

Given the above scenario, this paper will now seek to answer why India and Pakistan have not been able to live like two normal neighbours. Initially, it discusses factors/developments that can — and have facilitated — the peace process between these two estranged neighbours; and later, the paper attempts to explore those factors that have been impeding the 'normalisation' process.

The Indo-Pak Equation: Developments Generating Positive Vibes

The future of peace in South Asia rests heavily upon the Indo-Pak equation. Jointly, they can shoulder the responsibility of ensuring security, stability and accelerated economic development in the region. Persistence in adversarial pursuits can continue to damage the collective interest of the region. For years, India and Pakistan focused on boosting their defences against each other. Admittedly, during the initial stages problems emanating from the hasty surgical partition of the Indian subcontinent compelled them to adopt hostile postures. However, experience of the past indicates that a continuation of antagonism can only result in further violence and destruction. It has been repeatedly acknowledged in public debates, seminars, conferences, on television and radio discussions that peace in South Asia heavily relies upon India-Pakistan, yet 'normalised' relations continue to remain an elusive commodity except for a short period from 2004-08 when the peace process actually worked.

Over the years, the realisation to transform their mutually hostile attitudes, and somewhat continuous saber rattling have been gradually giving way to more mature and constructive thinking. The focus on undertaking efforts for accelerated economic development and provision of a better quality of life is gradually attracting more attention than in the past. Despite the existence of deep-seated distrust between the two countries, some developments in and around the region during the last two decades tend to generate hope and optimism regarding the possibilities of improved Indo-Pak relations. The following factors have been facilitating and contributing, in some ways, towards the initiation and even the advent of peace process though not in an absolute sense. Each of these factors and developments contributed its share in improving the atmosphere and enabling the two sides to adopt constructive approaches.

End of the Cold War

With the end of the Cold War, the role of political imperatives had been relegated to a relatively less significant level and the economic imperatives not only acquired new importance, but also began to dominate relations among nations. The Cold War had not only polarised the world, but had also introduced the concept of ‘outside equaliser.’ If the weaker side sought the help of an outside powerful actor, the other side immediately responded by introducing another equally powerful actor to the region. With the end of the Cold War, this concept faded, and the defence alliance system considerably weakened, and old antagonists began to demonstrate considerably high level of cooperation. The old unions disintegrated and new actors surfaced, many old and complex conflict situations were resolved and new patterns of regionalism and associations began to transpire. Even South Asia could not remain totally immune to this major development. Throughout the 90s, certain measures were undertaken by both India and Pakistan for economic reforms in order to revamp economic structures and accelerate growth rates.

Nuclearisation of South Asia

The acquisition of nuclear weapons by both India and Pakistan along with Western nations’ inability to convince them to become part of the existing Non-Proliferation Treaty (NPT) not only frustrated many in the world, but some even began to entertain the notion that these two may even wage the first nuclear war. While such thinking reflects a derogatory view of the

South Asian sense of responsibility and their maturity level, a process of outside pressures and influence was further augmented. The fact remains that South Asians have demonstrated a far more mature attitude than the level of credit attributed to them. In many ways, 'nuclearisation' of the two countries generated positive vibes and made them more responsible members of the international community. Many former sceptics now recognise this positive impact. One observer pointed out that,

They³ are talking about confidence-building measures, better communication between civilian and military experts, bus lines across the border, trading in energy and even Kashmir.⁴

Advent of CBMs

A vast network of CBMs (Confidence Building Measures) has been introduced with a view to reduce tensions and allow the two countries to work towards improved relations. The term CBM covers a very large canvas ranging from simple unwritten understanding between the two adversaries to the signing of a treaty. The CBMs are primarily 'bilateral or multilateral measures that build confidence, arrest the undesirable drift towards open hostilities, reduce tensions and encourage the adversaries to make contact for negotiations without taxing too much the operative policy pursuits.'⁵ CBMs are means to an end. They do not solve the issue by themselves. The main objective of the CBMs is to reduce or eliminate the causes of mistrust, fear, tension, and hostilities and to create an environment in which even the most complex issues are subjected to analytical discussions with the aim to secure their resolutions.⁶ The fact that both India and Pakistan have demonstrated their willingness to introduce a network of CBMs clearly reflects their desire to improve relations.

³ Editor's Note: Referring to the Foreign Secretaries of both countries in Islamabad in the Fall of 1998.

⁴ Strobe Talbott "Dealing with the Bomb in South Asia," *Foreign Affairs* 78, no.2, (1999): 121.

⁵ For a detailed analysis see Pervaiz Iqbal Cheema, "CBMs and South Asia" in *Confidence Building Measures in South Asia*, ed. Dipankar Banerjee (Colombo: Regional Center for Strategic Studies, 1999), 29-40.

⁶ Pervaiz Iqbal Cheema "Transparency Measures" in *Mending Fences: Confidence and Security Building Measures in South Asia*, ed. Sumit Ganguly and Ted Greenwood (Boulder: Westview Press, 1992), 151-162. Also see, Pervaiz Iqbal Cheema, "CBMs and South Asia," in *Confidence Building Measures in South Asia*.

Political Developments

The evolving positive attitude since the 1990s in many ways reflects that leadership of both India and Pakistan has realised the urgent need for reconciliation. The positive developments that were and are raising hopes include Nawaz Sharif and H.D. Deve Gowda/Gujral interactions; Vajpayee-Musharraf dialogue; and Manmohan Singh-Musharraf meetings. Even the initial statements from Modi-Nawaz meetings pointed towards a positive direction. True, that these meetings and summits have not yet produced a desired level of cordiality, but the positive contributions made by such contacts cannot be overruled. However, it needs to be stressed here that recent threatening statements from current Indian leadership do not augur well for future prospects and may even cause unnecessary setback.⁷

Economic Situation

At one stage, neither country enjoyed a satisfactory economic situation. However, the Indian economic growth rate compared to Pakistan has been very impressive over the last two decades, but their situation is still far from satisfactory. The recent focus on economic development is an acknowledgement that both countries need to do more in this area. Increasing awareness that political antagonism tends to arrest the process of economic development is bound to compel them to seek alternatives and adjustments. One of the major factors that influenced Indian voters to vote for Modi was his economic performance as Chief Minister of Gujarat. During the election campaign, he declared his intention to transform the Indian economy. Similar sentiments have also been expressed by Pakistani leaders. Efforts to strengthen the South Asian Association for Regional Cooperation (SAARC) is also evidence of the desire for accelerated economic development.

Changing Attitudes

The generation that experienced the horrors of Partition is no longer enjoying overwhelmingly decisive influence as most of them have either passed away or are in the process of fading away. The new generation

⁷ Mateen Haider and Irfan Haider, "FO Spokesperson Expresses Regret over Modi's Dhaka Speech." Modi confessed Indian Army's role in creating Bangladesh. See also, "Khawaja Asif Slams Indian Minister's Statement of 'Sponsoring Terrorism to Counter Terrorism,'" *Dawn*, May 25, 2015, <http://www.dawn.com/news/1184095>.

seems to be considerably free of hangovers about Partition excesses, and thereby, is in a position to undertake a more balanced and constructive approach. Compared to Indians, Pakistanis seem to be more balanced in their approach. However, it must be stressed that both countries still have a sizable share of extremists who tend to obstruct the path towards stability.

Issues Impeding Peace Prospects

Hangover of the Past

While one cannot deny the impact of problems, which came as a legacy of the Partition, the most lasting and damaging impact has been that of the ongoing Kashmir dispute. No other dispute has generated so much ill will between the two countries as has been done by this dispute. Even the end of the Cold War has not been able to dampen its adverse effects. For Pakistanis, the Kashmir dispute has become a symbol of broken pledges and Indian duplicity. India, on the other hand, considers the state of Jammu and Kashmir its integral part based on an accession instrument which was, according to Indian sources, signed by the Maharaja of Kashmir. The Indians regard all attempts to raise the issue at international forums as a sinister Pakistani agenda to malign India. All Pakistan wants is that the wishes of the people of Jammu and Kashmir be ascertained through an impartially supervised plebiscite as promised to them by the United Nations in its resolution of August 13, 1948. Both India and Pakistan accepted this resolution. It needs to be highlighted here that the resolution did not mention Maharaja's accession to India. Since then, India has been engaged in delaying the plebiscite with cleverly devised strategies. Ironically, the issues relating to flagrant violations of human rights in Kashmir are completely ignored by the human rights supporters within the international community.

The Baglihar Hydroelectric Power Project also took away a large chunk of existing goodwill, with the issues revolving around the Kishanganga-Neelam project adding fuel to the situation. In addition, Kashmir-related ongoing disputes over Wular Lake Barrage, Siachin, and fencing of LoC continue to strain ties, along with the Sir Creek issue which is being delayed unnecessarily.

Cross-border Infiltrations and Terrorism

For years, India accused Pakistan of encouraging infiltrations. The labels kept on changing. Initially, it was projected that Pakistan was helping the insurgency in Kashmir by injecting doses of men and material. Later, the word that came into currency was ‘militancy’ and Pakistan was accused of training ‘militants’ and sending them into the disputed territory. Then, the word militancy was replaced by ‘terrorism’ and Pakistan was repeatedly accused of sending ‘terrorists.’

It is only in the recent past that the Indian officials including the Chief and other concerned high officials of the Army have stated that cross-border terrorism has ceased. Some officials tend to take a diplomatic view and play safe by stressing that cross-border terrorism has substantially reduced. However, with the advent of Modi government, not only have cross-border violations increased, but voices have also been heard from Bharatiya Janata Party (BJP) circles about eradicating Article 370 of the Indian constitution which provides a special status to Kashmir.

The last few years and more specifically the BJP government seems to have given free hand to those guarding the LoC and the working boundary to undertake target practice across the border whenever they feel like it. Invariably, Pakistani counterparts have demonstrated responsible but cautious behaviour.

Since the 9/11 tragic incident and consequent initiation of the War on Terror, the entire region has been engulfed by terrorist activities. Pakistan has suffered massively due to the Tehrik-e- Taliban Pakistan, as well as her external adversaries- more specifically India.⁸ India and Pakistan never ceased the war of words and made continuous efforts to project themselves as more sanctimonious than the other.

The statement by Indian Defence Minister Manohar Parrikar that terrorism should be fought with terrorism not only reveals India’s mindset, but also implies indirect acknowledgement of nefarious Indian activities on Pakistani soil. However, it needs to be mentioned that on November 27, 2008, the Mumbai tragedy took place and the perpetrators were alleged to be linked with a group based in Pakistan. The Government of Pakistan not only condemned the act in very strong terms, but also undertook appropriate measures within the country’s legal framework against the perpetrators.

⁸ “Indian RAW- Sponsored Terrorism in Pakistan,” *ARY News Blogs*, June 11, 2014, <http://blogs.arynews.tv/indian-raw-sponsored-terrorism-pakistan/>. According to a report, RAW has 35000 agents in Pakistan with 12000 working in Sindh, 10000 in Punjab, 8000 in KPK and 5000 in Balochistan.

However, India was not satisfied with Pakistan's actions. Since then, Indians have been pressurising Pakistan and repeatedly asserting American-devised mantra asking Pakistan to 'do more'. Undoubtedly, the major aim of Indians is to erode Pakistan's credibility in the eyes of those who are determined to maintain closer links with Pakistan for both political and economic reasons. Terrorism is indeed a danger to both states and can easily devour existing goodwill. Perhaps, the most appropriate way is to eradicate it with joint efforts.

Domestic Developments

The third factor that directly impedes regional harmony is periodic domestic upheavals and irresponsible statements of leaders. The demolition of the Babri Mosque in 1992 ignited major Hindu-Muslim riots, and as a consequence relations between India and Pakistan became tense. The Godhra train incident in 2002 led to the killing of more than 2000 Muslims. The Mumbai 2008 tragedy managed to bring steadily progressing relations to a halt. Similarly, the 'minority government syndrome' also made progress rather difficult. Unexpected developments such as the somewhat unexpected ouster of Vajpayee government did cause a shift in adopted strategies. The successive government of Congress reverted back to indecisive pursuits. Since the BJP takeover and ouster of Congress government, the relationship seems to have taken a downward dip, though initially optimistic outlook was entertained. Interestingly, both countries have governments with sizable majorities currently, which augurs well for the future of South Asia provided the leadership in India and Pakistan moves toward a positive direction.

Linked with the above are periodically issued, somewhat irresponsible, statements by important Indian leaders. The Agra Summit (2001) was deliberately sabotaged by a Cabinet minister of Vajpayee's government. During the recent past, officials of the Modi government have also contributed their share to the existing arsenal of provocative statements, such as those issued by India's National Security Adviser Ajit Doval; and India's Defence minister Manohar Parrikar.

Presence of Outsiders

The fourth factor that sometimes takes heavy toll is the presence of outsiders. While relatively weak countries are prone to seeking help from outsiders; in most cases, external powers also tend to influence and shape

policies of the local actors in the area of their interest. Besides, relatively weaker countries can be coerced rather easily. Given the changed nature of the international environment, especially after 9/11, pressure from external players has been playing a positive and negative role. The American policy to strengthen India, both militarily and politically, against China has not only defied the NPT and contravened the rationale for the Nuclear Suppliers Group (NSG), but also irreparably damaged the balance of power in South Asia.

Different Security Perceptions

The fifth factor that affects the desire for normalised relations revolves around different security perceptions. Both Pakistan and India have legitimate security concerns which need to be recognised and addressed if possible. Given the incumbent imbalance and asymmetry in the force structure, India seems to have adopted a colonial attitude. It, not only, wants the smaller regional countries to acknowledge its hegemonic status, but that they should also pay heed to its dictates.

India's growing conventional military capabilities (further augmented by the West for commercial and geopolitical reasons) coupled with its provocative military doctrines continue to pose a wide ranging threat for Pakistan.⁹

While Pakistan's main security threat emanates from India, Indian security analysts consider China and Pakistan as potential sources of threat. Pakistan's attempts to safeguard its interests have always been misinterpreted by India as efforts to attain parity with it. India has never missed an opportunity to create hurdles whenever Pakistan is engaged in procuring arms. On the other hand, Pakistan has never tried to impede Indian efforts to acquire arms from various sources.

Future Prospects

Given the often proclaimed commonalities, it can be assumed logically that future prospects should move towards a positive direction. However, past baggage clearly indicates that while both nations may be desirous of better relations, they are also fully cognizant of the impediments that are impeding

⁹ Ali Sarwar Naqvi, "Seventeen Years of Deterrence," *The News*, May 28, 2015.

rather effectively this march towards ‘normalisation.’ Periodically, some encouraging signs surface generating hopes that New Delhi may have had reconciled with its own hiccups and may support this process. For instance, it could opt to join the gas pipeline project with Pakistan and Iran. India had previously linked it with the demand for MFN status and trading rights to Afghanistan in lieu of its participation in the project. The project benefits both nations as demand for energy is constantly rising. Similarly, bilateral trade could yield benefits for both countries.

Mutual recrimination and mistrust have persisted as a continuing feature of India Pakistan relations since 1947. The Partition of the subcontinent, instead of checking the recurrent Hindu-Muslim antagonism, exacerbated ‘inherited’ tensions. Friction intensified because of the hurried and unimaginative division of the Indian empire. Unresolved problems like the settlement of evacuee property; the division of military and financial assets; sharing of Indus waters; and the continuation of the Kashmir dispute, each harmed peaceful relations. Although most of these problems were progressively resolved, the Kashmir dispute has persisted as a simmering fire which periodically bursts into flames, adding new dimensions of hatred and tension between the two neighbours. The differing security perceptions have also been continuously influencing the decision-makers to allocate precious resources to the defence sector. To make things more complicated, periodic domestic upheavals also make their contributions.

Taking cognizance of existing ‘Indian arrogance and inflexibility based on misguided perception of a weak Pakistan’, the normalisation goals are likely to remain illusionary, at least for the foreseeable short term.¹⁰ One can only see a blinking light at the end of tunnel which makes the involved countries rather uncertain. For a sustainable relationship, the following steps appear to be necessary:

The Ongoing Kashmir Dispute has to be Resolved.

To ignore it or to undermine its centrality would not only merely prolong the agony of peace-lovers in the region, but would continue to strengthen adversarial relationships. A mutually satisfactory solution can be found if all the involved parties initiate a dialogue to resolve the dispute. Moves like eradication of Article 370 of the Indian constitution which provides special status to Kashmir or to project that UN Security Council resolutions are irrelevant and futile attempts may buy some time, but would not be able to

¹⁰ Ashraf Jehangir Qazi, “Policy Towards India,” *Dawn*, March 10, 2015.

resolve the dispute. Such attempts merely reflect India's efforts to sabotage peace efforts and to sidetrack the issue. The bottom line which India must understand is that without the resolution of Kashmir dispute, the two countries will never be able to enjoy normalcy in bilateral relations.

CBMs

More and more CBMs should be introduced, but one should clearly realise that CBMs cannot provide a solution but merely facilitate the weakening or to some extent erosion of the existing edifice of distrust. As an eminent scholar wrote, 'There exists zero trust and even less political will' within incumbent governments.¹¹ One way is to introduce more and more CBMs in all the major areas of interaction.

Invoke the Interest of International Community.

Efforts should also be directed at invoking the interest of the international community in order to not only prevent continuous human rights violations in Kashmir, but also make them aware of the lurking danger of another major war between the two countries. In this connection, many countries would be willing to lend a helping hand. While there exist many conflicts in various parts of the world, Indo-Pak dispute over Kashmir is perhaps the most dangerous. Both possess nuclear weapons and the continuously increasing gap in conventional capabilities could make things worse.

Trade Relations

Trade relations have remained hostage to the political relations of the two countries, and the oft disrupted peace process. For many years, trade volume of India and Pakistan did not exceed few hundred millions; whereas the potential has been repeatedly acknowledged to be in billions. In 1948-49, 56 per cent of Pakistan's total exports were directed to the Indian market and 32 per cent of its imports came from India. The early 1950s saw drastic reduction in trade, and since then, it has not really revived. In 2000-01 India exported only U.S.\$186 million worth of goods to Pakistan, out of a total exports of U.S. \$44 billion. Pakistan exported only U.S.\$65 million, out of its total export basket worth U.S.\$8.8 billion.

Increase in trade began to be visibly registered in the first four months of 2004-05 when India's exports to Pakistan grew from U.S.\$39.10 million

¹¹ Najamuddin A. Sheikh, "Current State of Indo-Pak Relations" in *Hilal*, April 2015, 12-15.

to U.S.\$167.38 million. However, it needs to be mentioned that during the recent past, trade has certainly picked pace, but it still continues to be far less than the desired level. The current level of trade between the two countries, according to *The Express Tribune* (May 14, 2013 edition) is approximately U.S.\$2.4 billion which could easily touch U.S.\$6 billion provided the political relations improve.¹²

While Pakistan has not yet granted ‘Most Favoured Nation’ (MFN) status to India, it has maintained a positive list of around 2000 goods that may be legally imported from India. On the other hand, India despite granting MFN status to Pakistan in 1996, does not maintain a list of forbidden or permitted goods, rather it has found ways to impose a *de facto* ban on most imports from Pakistan. Thus, one finds a much bigger volume of trade via a third country. It is expected that with improved political relations, trade will certainly increase. It is generally acknowledged that bilateral trade will bring benefits not only to both governments, but also to the business communities. However, to break the barriers of incumbent economic isolation from one another is easy to suggest, but quite difficult to achieve.

Media

The electronic and print media in India and Pakistan should cease their efforts to exploit political tensions and focus on how to minimise friction and maximise goodwill with a view to influencing their leaders to make efforts towards the resolution of mutual disputes.

Conclusion

The irony is that India aspires to be a global actor, but lacks all the characteristics deemed essential for such a role. An aspiring global actor tends to promote and maintain good relations with its immediate neighbours; and India’s relations with both China and Pakistan are far from what could be termed as normal or neighbourly. India must learn to give rather than always looking for opportunities to extract, especially if it wants to be acknowledged as a regional leader and global player. In view of the complexities and complications mentioned above, the future prospects appear to be rather bleak, at least at the moment. However, it must also be

¹² “Trade between India and Pakistan Surge 21 Per cent to \$2.4 billion,” *Express Tribune*, May 14, 2013, <http://tribune.com.pk/story/548768/trade-between-india-and-pakistan>.

highlighted that many in the region remain hopeful for a 'normal' relationship between India and Pakistan, primarily because of South Asia's unpredictable nature.■

Annexures

Annexure 1: Conference Speakers' Biographies

Dr Andrea Fleschenberg has been the DAAD Long-Term Guest Professor at Quaid-e-Azam University in Islamabad, Pakistan since November 2011, where she is engaged in teaching and research co-operations at the National Institute of Pakistan Studies (NIPS); the School of Politics and International Relations; and at the Centre of Excellence in Gender Studies. Dr Fleschenberg has worked as a Research Fellow and Lecturer at various research institutes and universities abroad. Her areas of expertise include comparative politics, democratisation and peace and conflict studies, with a particular focus on South and Southeast Asia, gender and politics, state and institution-building, and transitional justice issues.

Dr Bishnu Hari Nepal is Former Ambassador of Nepal to Japan and Country Director, South Asia Policy Analysis Network (SAPANA), Nepal. In his diplomatic career, he was appointed as an Ambassador to S. Korea, New Zealand, Fiji and Australia. Dr Nepal holds a number of awards and honours to his name. He has won gold medals for excellence in research in IR/ Comparative Politics. He was declared 'Man of the Year 2003' by *International Forum*, a journal from Nepal. The Civil Forum Nepal awarded him the 'National Civil Golden Award' for his exemplary efforts in foreign policy, economic diplomacy and social work.

Dr Kamal Monnoo is member Board of Governors IPRI and Director of Samira Fabrics Private Ltd. in Lahore, Pakistan. Dr Monnoo hails from a business family that now has its fifth generation in industry and trade. He sits on various private and public sector corporate boards, including Unilever. His two books, 'A Study of WTO' and 'Economic Management in Pakistan', have been widely received, both at home and abroad. He is based in Lahore, Pakistan.

Mr Nader Nadery is Director, Afghanistan Research and Evaluation Unit (AREU) in Kabul, Afghanistan since June 2013. He is also Chairman and Co-founder Free and Fair Elections Foundation of Afghanistan (FEFA) since 2005. He remained Commissioner of the Afghanistan Independent Human Rights Commission, Kabul-Afghanistan from 2004-13. Nadery has numerous awards, honours and fellowships to his credit. He also publishes in reputed journals and magazines.

Dr Pervaiz Iqbal Cheema is Dean Faculty of Contemporary Studies, National Defence University (NDU) in Islamabad, Pakistan. Dr Cheema is a scholar of international repute. He has published more than 120 research articles and over 600 other general articles/columns etc. In addition, he has authored many books and monographs; and participated in more than 200 conferences and workshops. He is on the advisory and editorial boards of numerous international and national academic associations and research journals. Previously, he also served as President of IPRI.

Dr Rashid Ahmad Khan is currently working as Professor and Chairman, Department of International Relations and Political Science, Dean Faculty of Arts and Law, University of Sargodha (UOS), Pakistan. He is Founder Editor of *UOS Journal of Social Sciences and Humanities*. Previously, he was associated with the Islamabad Policy Research Institute (IPRI) as Senior Research Fellow (2002-10) and Editor-in-Chief, *IPRI Journal*. He is the author of three books. His areas of interest include governance and politics of Pakistan, security issues in the Indian Ocean, Afghanistan and Central Asia.

Ms Sadia Ashfaq is an Associate Research Fellow at the Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan.

Mr Shamindra Ferdinando is a senior journalist associated with the Sri Lankan newspaper *The Island*. He has written on politics, security, foreign affairs and corruption in the public sector. Mr Ferdinando has reported on the second JVP-led insurgency in the South (1987-1990), as well as the Indian intervention and the deployment of the Indian Army in Sri Lanka (1987-1990). He has participated in several overseas programmes on the invitation of the governments of the former Soviet Union, U.S., Japan, India, Pakistan as well as international organisations such as the International Committee of the Red Cross (ICRC) and the European Union.

Dr Syed Rifaat Hussain is Head of the Government and Public Policy department at National University of Sciences and Technology (NUST) in Islamabad, Pakistan. Prior to this, he was Professor of Security Studies in the Department of Peace and Conflict Studies at National Defence University in Islamabad. He has been a Visiting Professor at the Center for International Security and Cooperation (CISAC) at Stanford during 2012-13. His research interests include Pakistan's foreign and security policies, South Asia security issues, Asian arms control and proliferation and theories of international relations.

Mr Ye Hailin is Chief Editor of *South Asia Studies*, National Institute of International Strategy, Chinese Academy of Social Sciences (NIIS, CASS), in Beijing, China. He is also Director of the Center for Regional Security Studies in School of Advanced International and Area Studies, East China Normal University (ECNU), Shanghai and the Chief Secretary/ Deputy Director of the Center for South Asia Studies (CASS). He has published essays and books on South Asian studies, both in Chinese and English. He is a commentator of international affairs for China Central Television (CCTV), China National Radio (CNR) and Xinhua News Agency. He is an author of *Understanding Pakistan* (2008), *Wind Over Khyber Pass* (2009) and *China's Dignity* (2011).

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Annexure 2: IPRI Publications

IPRI Journal

The *IPRI Journal* is a biannual refereed journal enjoying wide circulation in Pakistan and abroad. It is being published since 2001 and consists of Research Articles on strategic issues and events of regional and international importance with relevance to Pakistan's national policies. Book Reviews of latest publications on International Relations and Political Science also feature in the *Journal*. The IPRI Journal is privileged to have been upgraded to category (X) in Pakistan's Social Science journals by the country's Higher Education Commission (HEC).

IPRI Paper/s

Written by IPRI scholars, the *IPRI Paper* is an in-depth study of a contemporary national or global issue published as a monograph. Some of the monographs published to date include:

- *Challenge of Identity and Governance Quaid's Vision: The Way Forward* (2013)
- *Bharat Mein Mazhabi Zafrani Rukh* (2012)
- *Genesis and Growth of Naxalite Movement in India* (2011)
- *Naxal Tehreek: Ibtida aur Farogh* (2011)
- *China's Peaceful Rise and South Asia* (2008)
- *The Ummah and Global Challenges: Re-organizing the OIC* (2006)
- *Pakistan's Vision East Asia: Pursuing Economic Diplomacy in the Age of Globalization in East Asia and Beyond* (2006)
- *Federally Administered Tribal Areas of Pakistan* (2005)
- *India-Pakistan Nuclear Rivalry: Perceptions, Misperceptions, and Mutual Deterrence* (2005)
- *An Evaluation of Pre-emption in Iraq* (2004)
- *Rise of Extremism in South Asia* (2004)
- *Ballistic Missile Defence, China and South Asia* (2003)
- *Pakistan and the New Great Game* (2003)
- *Nuclear Risk Reduction in South Asia* (2002)
- *Pak-US Strategic Dialogue* (2002)
- *Bharat Mein Intehapasand Hindu Nazriyat ka Farogh* (2001)
- *Terrorism* (2001)

IPRI Books

The Institute organises annual national and international conferences/seminars/workshops on critical thematic topics. The papers presented and the proceedings of these events are published in IPRI Books:

- *Building Knowledge-Based Economy in Pakistan: Learning from Best Practices* (2016)
- *Solutions for Energy Crisis in Pakistan Volume II* (2015)
- *Major Powers' Interests in Indian Ocean: Challenges and Options for Pakistan* (2015)
- *Roadmap for Economic Growth of Pakistan* (2015)
- *Pakistan's Strategic Environment Post-2014* (2014)
- *Future of Economic Cooperation in SAARC Countries* (2014)
- *SCO's Role in Regional Stability and Prospects of its Expansion* (2013)
- *Potential and Prospects of Pakistani Diaspora* (2013)
- *Rights of Religious Minorities in South Asia: Learning from Mutual Experiences* (2013)
- *Transition in Afghanistan: Post-Exit Scenarios* (2013)
- *Solutions for Energy Crisis in Pakistan* (2013)
- *Eighteenth Amendment Revisited* (2012)
- *Islam and State: Practice and Perceptions in Pakistan and the Contemporary Muslim World* (2012)
- *Stabilising Afghanistan Regional Perspectives and Prospects* (2011)
- *De-radicalization and Engagement of Youth in Pakistan* (2011)
- *Balochistan: Rationalisation of Centre-Province Relations* (2010)
- *Pakistan – India Peace Process: The Way Forward* (2010)
- *Regional Cooperation in Asia: Option for Pakistan* (2009)
- *Political Role of Religious Communities in Pakistan* (2008)
- *Pakistan and Changing Scenario: Regional and Global* (2008)
- *Quest for Energy Security in Asia* (2007)
- *Problems and Politics of Water Sharing and Management in Pakistan* (2007)
- *Ballistic Missiles and South Asian Security* (2007)
- *Political Violence and Terrorism in South Asia* (2006)
- *Problems and Politics of Federalism in Pakistan* (2006)
- *The Kashmir Imbroglio: Looking Towards the Future* (2005)
- *Tribal Areas of Pakistan: Challenges and Responses* (2005)
- *RAW: Global and Regional Ambitions* (2005)
- *Arms Race and Nuclear Developments in South Asia* (2004)
- *Conflict Resolution and Regional Cooperation in South Asia* (2004)
- *The State of Migration and Multiculturalism in Pakistan, Report of National Seminar* (2003)

Journal of Strategic Affairs (JoSA)

IPRI Insight presented research studies by IPRI scholars, recommendations of conferences organised by the Institute, and summary of guest lectures. The first issue of *IPRI Insight* was published in October 2013 and the second, covering November 2013-June 2014, appeared in September 2014. The publication has now evolved and is due to be published in 2016 as a biannual *Journal of Strategic Affairs* aimed to encourage the research work of young scholars and academics.

IPRI Factfile

The *IPRI Factfile* was a bi-monthly compilation of facts, reports and comments about specific global and domestic issues gathered from various sources. It served as a valuable resource material. It was discontinued in May 2013. Some of the issue-based files are mentioned in the list below:

- *Security Situation: A Review (2013)* (March-April 2013)
- *Suppression Fails to Subdue Kashmiris (2013)* (January-February 2013)
- *Positive Turn in Pak-Russian Relations (2012)* (November-December 2012)
- *Pakistan-India Peace Process (2011-2012)* (September-October 2012)
- *Evolving Situation in Afghanistan* (July-August 2012)
- *Pak-US Relations: Ups and Downs (2008-2012)* (May-June 2012)
- *Balochistan: Facts and Fiction* (March-April 2012)
- *Abbottabad and Salala Attacks* (Jan.-Feb. 2012)
- *Pakistan's Response to Internal Challenges Part II: Governance and Politics* (December 2011)
- *Pakistan's Response to Internal Challenges Part I: Economy and Security* (November 2011)
- *Twenty Years of Pak-Uzbek Ties (1992-2011)* (October 2011)
- *Post-Withdrawal Scenario in Afghanistan* (September 2011)
- *Recent Trends in Pak-US Relations* (August 2011)
- *Sixty Years of Pak-China Diplomatic Relations (1951-2011)* (July 2011)
- *Federal Budget 2011-12* (June 2011)
- *Eighteenth Amendment to the 1973 Constitution* (May 2011)
- *Arabs Rise for Change* (April 2011)
- *Pak-Saudi Relations (1999-2011)* (March 2011)
- *Twenty Years of Economic Cooperation Organization (Part-II)* (February 2011)
- *Twenty Years of Economic Cooperation Organization (Part-I)* (January 2011)
- *Pakistan: A Victim of Terrorism (Volume III)* (December 2010)

- *Kashmir Struggle Enters New Phase* (November 2010)
- *Pakistan's Water Concerns* (October 2010)
- *Pakistan's Floods 2010* (September 2010)
- *Pakistan - Turkey Relations* (August 2010)
- *Iran-Pakistan Peace Pipeline* (July 2010)
- *Federal Budget 2010-11* (June 2010)
- *Pakistan-U.S. Strategic Dialogue - Fourth Round* (May 2010)
- *Afghanistan: US Exit Strategy* (April 2010)
- *Whither Kashmir? Part II* (March 2010)
- *Whither Kashmir? Part I* (February 2010)
- *Aghaz-e-Huqooq-e-Balochistan* (January 2010)
- *Pakistan-India Peace Process (2008-2009)* (December 2009)
- *Contours of U.S. 'AfPak' Strategy* (November 2009)
- *Afghanistan Presidential Elections 2009* (October 2009)
- *Kerry-Lugar Bill* (September 2009)
- *Malakand: Post-operation Rehabilitation and Reconstruction* (August 2009)
- *The State of the Economy of Pakistan* (July 2009)
- *The Operation Rah-e-Rast* (June 2009)
- *Indian Elections 2009: Hope for Better Future* (May 2009)
- *Swat Peace Accord* (April 2009)
- *Afghanistan: Evolving U.S. Strategy* (March 2009)
- *Mumbai Terrorist Attack* (February 2009)
- *Israeli Assault on Gaza* (January 2009)
- *Pakistan: A Victim of Terrorism Volume II* (December 2008)
- *Pakistan: A Victim of Terrorism Volume I* (November 2008)
- *Pakistan - Sri Lanka Relations* (October 2008)
- *Presidential Election 2008* (September 2008)
- *SAARC 2005-2008* (August 2008)
- *Inflation* (July 2008)
- *Energy Crisis in Pakistan* (June 2008)
- *Judicial Issue in Pakistan* (May 2008)
- *Nuclear Proliferation: The Indian Profile* (April 2008)
- *Transition to Democracy 2008* (March 2008)
- *General Elections 2008* (February 2008)
- *FATA: A Profile of Socio-Economic Development* (January 2008)
- *Pakistan-India Peace Process: April-December 2007* (December 2007)
- *Presidential Election 2007* (November 2007)
- *Pakistan's War on Terror: Perceptions and Realities* (October 2007)
- *Lal Masjid Crisis* (September 2007)
- *Judicial Crisis in Pakistan* (August 2007)
- *Pakistan-Iran Relations* (July 2007)
- *Pakistan-Russia Relations* (June 2007)
- *Shanghai Cooperation Organisation (2001-2006) Vol. II*

- (May 2007)
- *Shanghai Cooperation Organisation (2001-2006) Vol. I* (April 2007)
- *Pakistan-India Peace Process* (March 2007)
- *Pak-Afghan Relations (2005-07)* (February 2007)
- *US-India Agreements and Treaties (1997-2006)* (January 2007)
- *Pakistan and Africa (1981-2006)* (December 2006)
- *World Islamic Economic Forum* (November 2006)
- *Pakistan Earthquake 2005: Rescue, Relief, Rehabilitation and Construction (Vol. II)* (October 2006)
- *Iran Nuclear Stand-off* (September 2006)
- *Israel-Lebanon War 2006* (August 2006)
- *Pakistan's Growing Interactions with East Asia* (July 2006)
- *South Asian Free Trade Area (SAFTA)* (June 2006)
- *Pakistan and Central Asian States (1992-2006)* (May 2006)
- *US-India Nuclear Deal* (April 2006)
- *US President George W. Bush's Visit to Pakistan* (March 2006)
- *Pakistan's War on Terror* (February 2006)
- *UN Peacekeeping Operations and Pakistan* (January 2006)
- *Post-Taliban Reconstruction in Afghanistan* (December 2005)
- *Pakistan Earthquake 2005: Rescue, Relief, Rehabilitation and Construction (Vol. I)* (November 2005)
- *Sino-Indian Relations (2004-2005)* (October 2005)
- *President Musharraf's Visit to USA (12-18 September 2005)* (September 2005)
- *North Korean Nuclear Issue* (August 2005)
- *Gas Pipeline Projects in South Asia* (July 2005)
- *United States, Asia and East Europe Security Relations* (June 2005)
- *Poverty Alleviation in Pakistan* (May 2005)
- *Balochistan: Changing Politico-Economic Paradigm* (April 2005)
- *China-Pakistan Relations: A Profile of Friendship* (March 2005)
- *Palestine Issue Since Oslo Accords* (February 2005)
- *World Trade Organization* (January 2005)
- *U.S. Presidential Election 2004* (December 2004)
- *Afghan Presidential Elections 2004* (November 2004)
- *Pakistan-India Peace Process* (October 2004)
- *Operation Against Terrorists in South Waziristan* (September 2004)
- *The European Union* (August 2004)
- *Transition Process in Iraq* (July 2004)
- *Directory of Pakistani Think Tanks* (June 2004)
- *Elections 2004 : Indian Politics at Crossroads* (May 2004)
- *Nuclear Non-proliferation(1967-2004)* (March-April 2004)
- *The Constitution of Afghanistan(2004)* (February 2004)
- *Twenty Years of SAARC (1985-2004)* (December 2003-January 2004)

- *The Organization of “The Islamic Conference (1969-2003)* (October-November 2003)
- *Water Issue In Perspective* (September 2003)
- *Pak-Afghan Relations* (August 2003)
- *Indo-China Relations* (July 2003)
- *Prospects of Dialogue Between India and Pakistan* (June 2003)
- *Increasing Indo-Israel Strategic Collaboration* (May 2003)
- *“Operation Iraqi Freedom”* (April 2003)
- *War Against Iraq* (March 2003)
- *Stand-off in Iraq* (February 2003)
- *Gujarat Elections (December 2002)* (January 2003)
- *Transfer of Power in Pakistan* (December 2002)
- *Elections in Pakistan-2002* (November 2002)
- *Elections in Indian Held Kashmir* (October 2002)
- *Pakistan-Bangladesh Relations* (September 2002)
- *India's Strategic Goals Behind Standoff* (August 2002)
- *Western Justice: Kashmir and East Timor* (July 2002)
- *Anti-Muslim Pogrom in Indian Gujarat* (May-June 2002)
- *Palestinian Crisis* (April 2002)
- *Pak-US Relations* (March 2002)
- *Indo-Pak Relations* (January-February 2002)
- *Afghanistan* (November-December 2001)
- *International Terrorism* (October 2001)
- *Asia-Europe Meeting (ASEM)* (August 2001)
- *Indo-Pak Summit July 2001* (July 2001)
- *War Crimes Tribunal and the Case of Kashmir* (June 2000)
- *Afghan Refugees* (April 2001)
- *Small Arms* (March 2001)
- *Important Events of Year 2000* (January 2001)
- *India-Pakistan Peace Process* (January 2001)
- *SAARC: Hostage to India-Pakistan Conflict* (December 2000)
- *Elusive Peace in the Middle East* (November 2000)
- *WTO: An Unfair Game against Poor Countries* (October 2000)
- *Afghanistan: A Case of Prolonged Misery* (October 2000)
- *A Dehumanised Humanity: Situation of Human Rights in South Asia* (September 2000)
- *Sri Lanka: Bleeding for Over Two Decades* (August 2000)
- *Kashmir Autonomy* (August 2000)
- *Assam Insurgency: The Indian Nightmare* (July 2000)
- *Is India Acquiring a Saffron Colouring?* (June 2000)
- *How to Return to Functional Democracy?* (June 2000)
- *Should India Talk to Pakistan?* (May 2000)
- *Pakistan Supporting Terrorism?* (May 2000)
- *Clinton's Visit: Should He or Shouldn't He?* (March 2000)
- *CTBT: Should Pakistan Take the Plunge?* (February 2000)
- *Flight IC 814: Is Pakistan a Terrorist State?* (January 2000)

IPRI Publications

- *Emerging Nuclear Paradigm in South Asia* (December 1999)
- *Political Developments in Pakistan since October 12, 1999* (November 1999)

Note: All IPRI publications (except the Factfiles) are available online:
<http://www.ipripak.org>.