

U.S. Embassy - Pakistan



2<sup>nd</sup> Round of the  
US-Pakistan Bilateral (Track-II) Dialogue:

***“Convergence amid Divergence:  
Identifying Pathways to Cooperation in a Challenging Environment”***


*Islamabad, April 5-6, 2017*



Regional Peace Institute







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# An important step towards consolidation of gains

Raof Hasan

The second round of the US-Pakistan Bilateral Dialogue was held in Islamabad on April 5-6 signifying an important step towards consolidating the gains of the first round.

It turned out to be a fascinating interplay of opinions and thought processes and an occasion for substantive interactions between the delegates and discussants representing the two countries.

The dialogue has been made possible by the generous support of the US Embassy in Pakistan. I take this opportunity to thank them profusely for providing a wonderful platform for the people of the two countries to debate the outstanding issues and come up with credible and sustainable policy options that they consider would be worth deliberating by the leaderships and stakeholders from the US and Pakistan.

The US delegation comprised individuals some of whom have been directly associated with the policy-making echelons regarding Pakistan and the larger South-Asian region. They included Richard Boucher, Robin Raphel, Tricia Bacon, David Smith and Michael Kugelman.

Pakistan was represented by an impressive assortment of experience and expertise including Ambassador Ashraf Jehangir Qazi, Ambassador Mohammad Sadiq, Ashfaque Hassan Khan, Tariq Khosa and Raof Hasan.

The discussants who attended the second round included Senator Afrasiab Khattak, Nafisa Shah, Ambassador Riaz Hussain Khokhar, Ambassador Ali Sarwar Naqvi, Ambassador Ayaz Wazir, Ambassador Fauzia Nasreen, Ambassador Saeed Khalid, Ambassador Aziz Ahmad Khan, Admiral (R) Fasih Bokhari, Lt. Gen. (R) Tariq Khan, Lt. Gen. (R) Javed Ashraf Qazi, Tariq Parvez, Kaisar Bengali, M. Ziauddin Ahmad, Murtaza Solangi, Mohammad Amir Rana, Ambareen Thompson and Saeeda Diep.

The umbrella theme from the first round “Convergence amid Divergence: Identifying Pathways to Cooperation in a Challenging Environment” was retained. It reflected the vicissitudes that US-Pakistan relations have gone through in the past decades as also the challenges that the governments and people are confronted with today in terms of finding ways and means to tackling these and moving forward.

The four sessions spread over two days discussed the following sub-themes:

- Shifting dynamics, emerging alliances and widening economic connectivity - Can US-Pakistan relations adjust to South-Asia's new geopolitical realities?
- Squeezed between internal strife and external pressure - Can there be a mutually agreeable endgame for peace in Afghanistan?

- Managing militancy - Opportunities and limits of US-Pakistan counter-terrorism cooperation, and
- Overcoming shadows from the past – How can economic assistance to Pakistan work best for both countries?

The rationale of the dialogue is rooted in the broad understanding that when the governments fail, or find it difficult to carry their relationship forward, it is engagement at track-II level that becomes more important and relevant to help them do so.

As we endeavour to move on from here, we know that we have covered some distance in terms of elucidating the major outstanding issues between the US and Pakistan. The discussions also covered the ways in which the two countries approach certain challenges, or the nature and extent of cooperation and collaboration possible between them.

These issues were discussed in great detail during the four sessions held. There were the traditional prescriptions as also some out-of-the-box thoughts.

But, most important of all, there was a dominant introspective streak that filtered through these discussions which augurs well in helping the two countries move beyond the differences of the past into a more collaborative and productive association in the future.

Much may have been accomplished through this current series of interactions, but, there is so much else that still remains to be debated. It is hoped that we would be able to cover this in the ensuing rounds.





## An overview

Michael Kugelman

In early April 2017, the Regional Peace Institute (RPI), based in Islamabad, and the Woodrow Wilson Centre, based in Washington, DC, convened the second round of their US-Pakistan Bilateral Dialogue in Islamabad. The first round had taken place in Washington in January.

Four delegates from both Pakistan and the United States, all former senior members of their respective governments or militaries, along with the leaders of their delegations, Raouf Hasan of RPI and Michael Kugelman of the Wilson Centre, were joined by Pakistani experts drawn from the fields of academia and civil society, among others.

The event kicked off with remarks by Sartaj Aziz, the Advisor on foreign affairs to the Pakistani government, and David Hale, the US ambassador to Pakistan. Over the next two days, there were sessions on regional dynamics, Afghanistan, terrorism, and economic development.

This second round of dialogue, as with the first one in Washington, was generally warm and cordial. While delegates and other participants often disagreed, they did so diplomatically. Overall, the tone of the sessions was positive.

No one was under the illusion that US-Pakistan cooperation will be easy in the coming months, given the range of tensions that confront the relationship. Still, the two sides suggested a number of ways forward and provided a

resounding “yes” to the overriding question animating this Bilateral Dialogue: Are there still pathways for cooperation at a time when the US-Pakistan relationship finds itself under considerable strain?

Participants spoke of the desirability of continued cooperation to combat terrorist groups that threaten both countries - particularly al-Qaeda and ISIS. Pakistani delegates were also quite candid in acknowledging the seriousness of radicalization within their society, and called on the United States to partner with Pakistan on counter-extremism programmes and activities—and especially in the areas of judicial and policing reform.

There was also support on both sides for the United States to contribute to the China-Pakistan Economic Corridor (CPEC) project, including in ways that would allow CPEC to be linked to other connectivity projects in Pakistan and the broader region that the US government already supports. These include initiatives such as the Turkmenistan-Afghanistan-Pakistan-India natural gas pipeline and the CASA-1000 project, which intends to export hydroelectricity from Central Asia to Pakistan and Afghanistan.

Perhaps the most striking take away from the two days of deliberations was that, at a time when critical rhetoric regularly emanates from both countries and capitals, there was no one - from a group that totalled about 40 people - that spoke

up and said that the US-Pakistan relationship is simply not worth supporting. In fact, several participants on the Pakistani side contended that even amid all the shifting regional geopolitical dynamics in South Asia that might be seen as discouraging for US-Pakistan relations—including Pakistan’s deepening of its already-close relationship with Beijing—the US relationship with Pakistan remains more important than ever before.

After a very encouraging and successful few days in Islamabad, the stage is set for the third round of the Bilateral Dialogue, scheduled to take place in Washington, DC later this summer. If the first two rounds are any indication, then it promises to be an engrossing and enriching affair.



**Inaugural Session**



## Inaugural Session

In addition to the organisers of the conference and the delegates and discussants from the two countries, the inaugural session was attended by the Advisor on Foreign Affairs Excellency Sartaj Aziz and the US Ambassador in Pakistan Excellency David Hale.



Raof Hasan, Chief Executive of the Regional Peace Institute, extended a warm welcome to the participants: Chief Guest Excellency Sartaj Aziz, US Ambassador in Pakistan Excellency David Hale and the delegates and discussants from the US and Pakistan.

During his welcome address, he said that “the environment at track-II level is more interactive, informal and candid. There could be a lot that the representatives of the two governments may not be able to state at an engagement at



government-to-government level. But all of that can be shared at this level of interaction, thus contributing to converting the prospect of a ‘distant possibility’ into an attainable ‘probability’”.

He further said that “we may have come a fair distance in the first round, but we understand that it is going to be a long haul. We are looking forward to another intense and engaging round when some old and some new issues will come up for discussion and test each side’s resolve in arriving at an understanding that would be conducive to the interests of both countries as also for rationalizing the US-Pakistan relations for mutual gain and the attainment of the objectives pre-conditioning the advent of peace in the region”.

He thanked the US Embassy in Pakistan for their generous support in helping initiate the process of the US-Pakistan Bilateral Dialogue and for holding the second round in Islamabad. He looked forward to the continuation of the bilateral

dialogue process in the future.

Acknowledging that Pakistan has suffered from terrorism, Michael Kugelman, in his welcome remarks, said that peace in the country was dependent on peace in Afghanistan and the larger region.



He said that “some of the findings of the previous round of consultations were noteworthy. Despite disagreement, the tenor of the dialogue was healthy. There is ample potential for sustained cooperation such as with regards to countering the threat of al-Qaeda and ISIS, and working on cross-regional connectivity projects”.

He said that we needed to move on from “ample agreement on principals” to “agreement on policies”.

He said that, notwithstanding the broader picture, the US-Pakistan relations are not going to wither away. There are certain avenues of cooperation available.

In his opening address, US Ambassador to Pakistan Excellency David Hale welcomed the convening of the second round of the US-Pakistan bilateral dialogue. He applauded the organisers of the event for taking this initiative.

He said that Pakistan’s success was of great strategic importance and interest to the United



States: “The US and Pakistan have a rich history of diplomacy dating back to the 1950s. United States of America was one of the first countries to recognize Pakistan. Our relationship has endured since then and we can continue working together for the welfare of the people of both countries”.

He further said that “there are shared interests between the two countries. These interests encompass countering terrorism, fostering economic growth, cooperating in the field of education, especially for women, deepening protection and human rights, and building a prosperous region including Afghanistan”.

In his inaugural address, Advisor on Foreign Affairs Excellency Sartaj Aziz said that “the US-Pakistan relations may have gone through many phases, but nothing had taken away their intrinsic importance for both countries. Even when these relations were strained, the two countries continued to talk”.

He said that people-to-people relations have been bad primarily because of the security environment. Rising nationalism and anti-globalization feelings were some other impeding factors.

He said that what we needed to work on was “to bridge the gap separating perceptions from reality. This would be a key component to



stabilizing the relations between the two countries”.

Expressing hope in the future of Pakistan, he said that democratic process was gaining ground in the country with successful transition from one democratically elected government to the next. Similarly, pillars of democracy were also becoming stronger including the judiciary taking up issues of rights, parliament asserting itself, a vibrant media and the increasing relevance of the civil society.



Excellency Aziz also asserted that considerable success had been registered in the fight against terrorism. We know that “we have to move against all terrorist groups, but the sequencing and manner of these operations will have to be sensitive to our security situation”.

He extended a warm welcome to the delegates and hoped that they would be able to take stock of the US-Pakistan relations in a comprehensive manner and come up with possible policy options and recommendations.





## Working Session I



**Shifting dynamics, emerging alliances  
and widening economic connectivity –  
Can US-Pakistan relations adjust to  
South-Asia's new geopolitical realities?**



# Shifting dynamics, emerging alliances and widening economic connectivity – Can US-Pakistan relations adjust to South-Asia’s new geopolitical realities?

## South-Asia: Changing order, festering hostility

Participants brainstormed how various aspects of the changing geopolitical environment of South-Asia would affect US-Pakistan relations.

One projected scenario was of an emerging rivalry between the US and Pakistan.

Those who projected this prospect argued that a determining factor could be where the two countries stood with regard to China. While Pakistan’s ties with China had been on the rise, those with the US were being watched cautiously.

Some delegates opined that if the Sino-US relations deteriorated, maintaining US-Pakistan relations would become a challenging undertaking. The fear had become more serious after President Trump’s assumption of office. He started his tenure with strong criticism of the Chinese policies.

Some participants even warned of an emerging regional alliance with direct consequences for global power politics. Some Pakistani participants continued to remind how Pakistan’s nemesis, India, was cementing ties with the US. The closeness of these ties even overcame Trump’s anti-immigrant policy which, otherwise, had raised a huge outcry.

In Pakistan, India was seen as the sole opponent of CPEC. India’s objection was based on the plea



that the CPEC route passed through Gilgit-Baltistan which it considered to be a disputed territory.

At the same time, India was also investing in Iran by building Chabahar which, some Pakistanis thought, was meant to counter the influence of Gwadar, a flagship project under the CPEC.

When the above-mentioned currents and cross-currents are clubbed together, the stage seemed set for an emerging alliance between China and Pakistan which could extend to Russia on the one side, and closer alliance between India and the US on the other side.

But, not all agreed with this prognosis. They argued that the US and China might continue to cooperate, leaving little chance for igniting a conflict. They said that the broader regional developments didn’t automatically translate into taking positions on one or the other side. Hence, relations would continue without causing much upheaval.

But not all Pakistan participants agreed with reading the events in an inflexible manner.

One participant questioned the rationale of thinking only in terms of alliances. After all, who were these alliances going to be pitted against? Alliances do take place, but that did not mean that a bilateral approach was not important or relevant. Pakistan wanted cordial relations with all powers in the region and outside.

Being close to China did not entail being distant from the US. Pakistan valued relations with the US including the economic connectivity. As one participant noted that even if the direct support of the US to Pakistan declined, the US exercised immense influence in the international financial institutions like the International Monetary Fund (IMF) and the World Bank from which Pakistan borrowed monies regularly.

hidden agenda. “It was for the betterment of the people of Pakistan and the entire region”, one delegate said.

### **Less economic dependence**

What cannot be denied is that Pakistan’s future economy dynamics will be dictated more by China than the US.

Pakistani participants expressed faith in the CPEC. No talk of China-Pakistan relations was complete without mentioning the “game-changing” nature of the economic corridor.

CPEC projects added strategic value to China. The project would also help ease a fair amount of pressure in the economic and security domains which was currently impacting the US-Pakistan relations, one participant noted.

### **Nature of US-Pakistan relations**

*Relations between the US and Pakistan were mostly secured on government-to-government basis. People-to-people relations have had little relevance. A very insignificant part of the US-Pakistan relations were centred around the people of the two countries.*

*This was really discouraging especially when judged in the context of the historical relations which have existed between the US and Pakistan. Participants called for exploring this avenue to further strengthen the bilateral relations between the two countries.*

Another participant said that while we should expand our relations with China, this expansion should not be at the cost of our relations with the US.

The same reasoning came from the US. It was also noted that the US and China had been working jointly on a host of issues.

CPEC, too, was not strictly a bilateral arrangement. Other countries could also join in including the US.

Some speakers reminded that the US had been open about the idea of joining CPEC so far. Pakistani participants clarified that CPEC had no

### **India as a key factor**

From the Pakistani side, India seemed to be a key factor of discourse. To Pakistan, India’s growing relations with the US were a cause of concern.

For all the change that India says had taken place in its own global and regional stature and outlook, Pakistan viewed its archrival as a competitor.

One of the implications of the growing US-India partnership would be added pressure on Pakistan to act against militant groups alleged to be operating inside India.

Pakistani participants questioned the rationale behind India's objection to CPEC because it passed through Gilgit-Baltistan, a territory which is bracketed with the disputed territory of the

On the other hand, Pakistan, because of its sizeable Shi'a population, needed to maintain a healthy balance in its relations with Saudi Arabia and Iran.

### **Geopolitical environment**

*As geopolitical environment changed, new countries were making inroads in the region, especially Afghanistan.*

*One delegate argued that new actors like Russia, China and Iran were making their way into Afghanistan, thus further reducing space for the traditional actors like Pakistan and the US.*

*"If space is occupied by some other country, even if that country were your friend, you would inevitably end up having less space", another delegate contended.*

State of Jammu and Kashmir. As one Pakistani delegate contended, Pakistan never objected to India taking initiatives in the disputed Kashmir territory that was under its control.

Growing closeness between India and the US, some thought, could also provide an opportunity to resolve the outstanding Kashmir issue. Pakistani participants noted that while they were ready to accept American mediation in helping resolve the irritants between India and Pakistan, India was unwilling to avail that option.

### **Broader outline of relations**

Pakistani participants asked the American delegates to help accord to Pakistan its due strategic value and relevance.

Pakistani participants contended that its even-handed approach towards Iran and Saudi Arabia could be taken advantage of amid the changing dynamics in the Middle East. Pakistan could serve as a bridge between the two countries, some expected.

There were others who disagreed. They warned that it would be increasingly difficult for Pakistan to maintain neutrality given that the Arab countries, the source of the highest remittances to Pakistan, looked towards it for security and support.

It was also contended that America viewed Pakistan mostly through the lens of Afghanistan. American participants concurred, noting that this might not be the best way, but felt that this perspective was likely to continue under the Trump administration. One even suggested that the entire South-Asia might not be important to the new administration.

It was also surmised that, under the Trump administration, US would be less interested in any long-term projects around governance and the rule of law. There may be increased stress on striking terrorist outfits directly which were threatening the US.

American participants asked their Pakistani counterparts to rely more on their own strengths. In Afghanistan, the only factor that could spell a change in the US approach would be an enhanced threat emanating from the IS.





## Working Session II



**Squeezed between internal  
strife and external pressure –  
Can there be a mutually agreeable  
endgame for peace in Afghanistan?**





# Squeezed between internal strife and external pressure – Can there be a mutually agreeable endgame for peace in Afghanistan?

Both the US and Pakistan want a stable and peaceful Afghanistan. Both understand the importance of peace in Afghanistan as a prerequisite for peace in Pakistan and the region.

The two countries, however, diverge over key ingredients in achieving the shared goal.

The US targets have also been changing in this context. Initially, the goal was the elimination of al-Qaeda - a goal that was achieved rather quickly. Since then, the goal changed to eliminating the Afghan Taliban.

Moving further on, the goal aimed at preventing the Taliban from victory in Afghanistan. Some delegates contended that, in order to finalize an effective strategy, it was essential to have absolute clarity on the goal/s to be achieved.

A few delegates hinted that clarity was possible. The United States might be comfortable with an Afghan government with the Taliban as a component as long as it ruled under the present constitution and remained democratic in nature.

## **Can that be compatible with Pakistan's position?**

Pakistan's goals, participants noted, had been rather consistent. Pakistan had always been interested in a friendly Afghanistan which was possible through the inclusion of the Pashtuns and exclusion of India. Pakistan had been consistently calling for an Afghan-led and



Afghan-owned peace process.

To some, the inclusion of the Pashtuns was an indirect reference to the inclusion of the Taliban. Many in Pakistan seemed to equate the Pashtuns with the Taliban. If that be so, could the Taliban be persuaded to accept the constitution and join the democratic mainstream in Afghanistan which converged with the American position?

Interestingly, in what appeared as a firm certification of the existent model for reconciliation, Gulbuddin Hekmatyar had decided to join the government by shunning violence and endorsing the Afghan constitution and the democratic process. This could be a key development for others doing the same in the future.

## **Reconciliation with the Taliban**

The participants also debated the potential prospects of reconciliation between the Afghan government and the Taliban.

Some wondered if the reconciliation should be held with the Afghan Taliban whose agenda was

One participant shared that, inside Afghanistan, Afghans did not like the reconciliation process.

### **The Pashtun factor**

*At times, Pakistani officials tended to portray the Taliban as representatives of the Pashtuns. A similar view also emerged in the discussions as Pakistani participants called for providing space to the Pashtuns. But, some strongly disagreed: "Taliban are basically anti-Pashtun".*

*Another recalled that they had killed more Pashtuns and destroyed Pashtun symbols.*

*There was another link, too. Much of the uplift work in Afghanistan was confined to the urban areas with no direct benefit to the rural population, especially the Pashtun belt. In this new Afghanistan, non-Pashtun ethnic groups, earlier pushed to the sidelines, were rising to play lead roles in the state affairs. While their condition had been gradually improving, not so that of the Pashtuns. It is the Pashtun areas where development was low and crime, drug and insurgency incidents high.*

*"The comparative advantage of the Pashtuns had diminished," one delegate said. Effective enfranchisement of the Pashtun people could help control the production and rise of the Taliban.*

to terrorize people.

Pakistani participants, with law-enforcement background, shared their experience of negotiating with the Pakistani Taliban. They warned them against signing agreements with them. One of them said that "their agenda was liquidation of the state". He contended that the same could be true for the Afghan Taliban.

These fallouts were not lost upon the Afghans.

The Afghan parliament, civil society, the Taliban, or the society in general had hardly spoken in favour of holding the talks.

Many delegates asserted that the support base among the Afghans for pursuing a policy of reconciliation was lost. Much of the talk for reconciliation emanated from outside Afghanistan, they said.

Yet, frequent calls were made to reconcile with

### **Will the Taliban claim Kabul?**

*Taking stock of the recent victories of the Taliban, some delegates wondered if more districts could fall to the Taliban, thus leading their way to the rest of the country and, ultimately, to Kabul?*

*Participants largely disagreed with this prospect. A Taliban victory, in no way, implied that Afghanistan would fall to them. They knew how to destroy, but not how to govern. This aspect was increasingly construed as the missing link between the Taliban gaining further ground in the countryside and their chances of ruling Afghanistan.*

*Alternately, with time, Afghanistan's civil society had grown increasingly vibrant. Additionally, even if the Taliban onslaught gathered momentum, they could not take over areas in the northern parts of the country.*

*"Afghan Taliban could barely cross the ethnic fault line", one delegate said.*

the Taliban. Sharing the rationale behind reconciling with them, a Pakistani participant argued that the Afghan Taliban of today,

Others clearly termed the Taliban a reality to contend with, whether one liked it or not.

### ***The two Taliban theory***

*Are Pakistani Taliban and Afghan Taliban different? This question repeatedly came up for discussion in the second round.*

*To some, the two were different. The Pakistani Taliban wanted to target the state of Pakistan, but the Afghan Taliban were fighting against the presence of foreign troops in the country. Afghan Taliban believed that their 'legitimate' government was overthrown through foreign intervention. This was the basis why they justified their fight against these intruders.*

*To many others, the two were different names for the same mindset. Both were fighting their respective states for imposing their regressive model. The two were interlinked, too: the Pakistani Taliban owed allegiance to the Afghan Taliban. The former had issued letters endorsing Mullah Omar, the Emir of the Afghan Taliban. That was the reason why it might be counter-productive to talk to them as Pakistani efforts to do so in the past had also backfired.*

especially their foot-soldiers, were less ideological and more grievance-ridden.

“There was a lot of rhetoric against the Afghan government, but the ideology component was missing,” one delegate said.

Participants argued that attempts to reconcile with the Taliban failed because they did not seem to be willing. There was a lack of consensus on this issue.

The participants also argued that the Taliban were winning in Afghanistan. Consequently, there

### ***Pakistan's influence over the Afghan Taliban***

*The perception that Pakistan had influence over the Afghan Taliban came under discussion. Most of the Pakistani delegates tried to dispel the impression that Pakistan had leverage over the Afghan Taliban.*

*Even before 2001, one delegate said, when the Taliban were reliant on Pakistan, they did not accede to some of Pakistan's demands such as accepting the status of the Durand Line or not dismantling the Bamiyan statues.*

*Others said that whatever influence Pakistan had in the distant past had reduced further. This diminishing effect had precipitated as bulk of the families of the fighting Afghan Taliban had moved back to Afghanistan.*

*Secondly, if Pakistan had leverage with the Afghan Taliban, it could ask them to control the Pakistani Taliban who were waging a war inside Pakistan. This had not happened. It would, therefore, be appropriate to conclude that the two Taliban groups were different sides of the same coin.*

*However, the American participants were sceptical of such explanations. They contended that Pakistan could at least rein in the Haqqani Network – now a critical component of the Afghan Taliban.*

was little desire to forfeit that advantage and converge to the negotiating table.

Delegates also seemed to agree that the approach towards reconciliation was, by and large, short-term. A long-term view was needed, thus increasing the chances of convergence.

Pakistan, on its part, needed to accept that America was likely to stay on in Afghanistan in the foreseeable future. Similarly, the Taliban would have to reconcile with that.

### Working Session III



## **Managing militancy – Opportunities and limits of US-Pakistan counter-terrorism cooperation**





# Managing militancy – Opportunities and limits of US-Pakistan counter-terrorism cooperation

## Mutual frustration

Pakistani participants repudiated the accusations of being selective against terrorism. They said that such allegations hurt the feelings of Pakistanis, thousands of whose compatriots had lost their lives to terrorism.

Pakistan once promoted jihadists to pursue foreign policy goals, but so did the Americans.

American participants contended that the question was not about Pakistan fighting the terrorists. It was about Pakistan fighting some terrorists and ignoring others.

Pakistani participants responded that the so-called distinction between the ‘good’ and ‘bad’ Taliban was a thing of the past. A new resolve had taken over that all militants had to be combated and eliminated, but the timing would be Pakistan’s own.

Pakistani delegates contended that this realization had not come now. Participants pointed out a gradually stepped-up approach against the militants.

The first time the military doctrine incorporated internal security as a major threat was under General Kayani. His successor, General Sharif, launched a military operation in North Waziristan, the hub of most of the militant activity. Now, the new chief had announced an operation in the urban areas across the country.



The government was also implementing its counter-terrorism National Action Plan (NAP). There could be shortfalls which needed to be remedied, but the intentions could not be doubted.

## Strengthening civilian counter-terror measures

Instead of continuing to blame, America should support Pakistan in its counter-terrorism efforts. One of the ways the US could support these efforts was by assisting the civilian component in the counter-terrorism fight.

Several Pakistani participants found the militarization of the security policy – the overt use of the military force as first resort. This was counter-productive to the ultimate goal of abolishing militancy.

Participants called for investing in the civilian law-enforcement system. One delegate asserted that “when you involved the military, or the

paramilitary forces, it was but an ad-hoc measure. You had to develop the civilian arm for an effective fight”.

A former senior police officer was confident that, given the political will, police could take on the

### Dealing with groups

Amid all the selective terror policies Pakistan had been accused of, there was realization that the two countries could collaborate against common threats.

*Around 35 people of the FIA's special investigation group were trained by FBI. In what were considered as success stories, the training was extremely effective and helped a great deal in investigating suicide attacks.*

*The special investigation group was now operating as the Counter-Terror (CT) Wing.*

sectarian terror and handle the Karachi violence, as it did in the 1990s.

Similarly, instead of using force, counter-violent extremism measures, ranging from empowering women to bringing education reforms, should be initiated. The entire society had been radicalized. Urgent de-radicalisation measures were needed to be taken.

Additionally, the US could support Pakistan in improving governance, especially the rule of law. Militants' main hub of activities was the poorly-governed areas including the FATA and Balochistan.

Pakistani participants argued that, instead of opting for covert liaison with individuals, the US should adopt an institutional mechanism against terrorism involving civilian law-enforcement bodies. The rotational meetings, in Islamabad and Washington, between Pakistan's Interior Ministry and US Justice Department should be revived.

It was recalled that the Pakistani state had also taken several measures against the militants including banning individuals instead of institutions, restricting their movement, reviving the parliamentary committee on national internal security, reforming the criminal justice system, providing legal cover to ISI's counter-terror wing and legislating on countering-terrorism.

Al-Qaeda had been the pre-eminent common threat. American participants acknowledged Pakistan's essential support in fighting al-Qaeda. The group was believed to be re-grouping which could only be thwarted through US-Pakistan cooperation and joint operation.

What al-Qaeda was in the past, the Islamic State (IS) is in the present. The IS was attracting new militant groups with a clear goal of inflicting maximum damage.

IS's rise in Iraq and Syria raises alarms about the group's presence, however nascent, in the Afghanistan-Pakistan belt. The group also posed threat to Pakistan. US-Pakistan cooperation could stem the IS threat before it assumed further alarming proportions.

American participants were not hopeful about Pakistan's cooperation against groups that only the US saw as threat, the Afghan Taliban being a prime example. Questions over their presence and Pakistan's leverage with them were again raised.

Americans asked Pakistan to exercise its influence on the Haqqani Network. When told that the fighters had moved out of Pakistan, some Americans demanded that their havens should be permanently eliminated. Such action would help remove the simmering mistrust between Pakistan and Afghanistan.



A Pakistani participant suggested that now that the Haqqanis had moved to Afghanistan, America could act against them there.

cooperation, the two sides realized that they could jointly fight against shared threats. Americans could also help in diminishing

### **Product of geo-strategic rivalry**

*A Pakistani participant enacted a regional picture of dealing with the militants. He said that there was a belief that, somehow, different countries were supporting proxies against each other. India, too, is accused of aiding the Baloch insurgency.*

*One delegate said that the presence of several hostile players in the region forced all countries, including Pakistan, to pursue their own strategic interests. In order to deal effectively with the militant groups, it would be better for all states to sit together and decide about Afghanistan.*

*Some delegates hinted that Pakistan's rivalry with India might have helped some militant groups to prosper.*

Similarly, American participants were dismissive when told that Pakistan's all-out fight against the militants included anti-India groups like Lashkar-e-Tayyaba (LeT). As with the previous round of the dialogue, American participants warned that the growth of anti-India groups could result in attacks similar to Mumbai. This would be detrimental to US-Pakistan relations.

Americans were curious to know if any plan for neutralizing such groups had been developed. They suggested that some aspects of the "demobilization, reintegration, disarmament programmes" could be useful.

Pakistani delegates wondered aloud why the Americans were not drone-hitting the Pakistani Taliban who had escaped to Afghanistan. At least, the Americans could ask the Afghans not to extend support and patronage to the Pakistani Taliban.

Some Americans hoped that this would be done. They said that the two countries could take on groups like Pakistani Taliban or Lashkar-e-Jhangvi (LeJ) which provided human resource to groups like IS.

In spite of some level of suspicion overriding their

al-Qaeda's presence in the region.

The Pakistani delegates complained that when it came to hunting and assaulting the head of al-Qaeda, Osama bin Laden, Pakistan was kept in the dark. Steps should be undertaken to eliminate the lingering trust deficit as on that will depend how the two sides would cooperate in combating the militant groups.

A Pakistani participant called for dealing with the 'core issue'. Several Taliban leaders had been killed, but the group had managed to survive. "Omar was gone, Mansoor was gone, Haibatullah was the leader now. If he is also eliminated, someone else would come to continue the fight", he warned.

### **Border management**

The proposal for properly managing the Afghanistan-Pakistan border also came up for discussion.

Pakistani participants blamed the long and porous border for criminals, including terrorists, to sneak from one country into the other. Infiltration was going on in both directions, one delegate said.

Delegates from the two sides acknowledged that managing the entire 2,650 km long border was a difficult proposition.

Yet attempts had been made to secure the border as best as it could be. The US had also tried to install border security mechanism which entailed the creation of a centre where Pakistan, Afghanistan and the US could work together

against terrorism. The programme also envisaged the installation of a quick-response force that could act within one hour of any request.

“It was more than merely a border control centre”, one participant privy to the plan said.

The plan, however, was “strangled in its cradle” in 2011 when relations between the US and

### **A brief overview of IS in the region**

*A number of delegates talked about the presence of IS in the region. A concise compilation of their thoughts is contained in the following part:*

*On 25 January 2015, the Islamic State or Da’esh, based in Syria, announced the formation of its new chapter encompassing Pakistan and Afghanistan. One Hafiz Saeed (not to be confused with LeT’s head) was made Wali (head) of the Khurasan chapter. Its 12-member shura consisted of 9 Pakistanis, 2 Afghans and 1 person of unknown origin. The group was estimated to have 7000-8000 members in Afghanistan, and 2000-3000 in Pakistan.*

*Although based in Afghanistan’s Nangarhar province, Khurasan chapter is strongly tied to the militant networks of Pakistan. Many of those who joined included the former Pakistani Taliban leaders. Hafiz Saeed, the Wali, was also one of them. The group’s anti-Shia ideology also attracted some sectarian militants. One Shura member, Omar Mansoor, was even reported for ties with Islamabad’s Red Mosque.*


*In 2015, Karachi police stated that around 12 Da’esh militants were operating in the city. A participant claimed that the supply line of IS’s Khurasan was from the Pakistani side.*

*The group’s central chapter, based in Syria, also attracted several Pakistanis. From Punjab alone, at least 100 people were reported to have left for Syria. In 2015, a group in Sialkot, mainly of banned LeT, was caught sending Pakistani volunteers. A network of women migrating to Syria was also caught from Lahore. The ISIS even demanded the release of Afia Siddiqi, a Pakistani-origin American presently imprisoned for planning a bombing.*

*When it came to the broader militant landscape, members from al-Qaeda in Pakistan have also switched sides to Da’esh. In Afghanistan, the group had even fought the Afghan Taliban. However, hardly any participant was convinced that Da’esh would fight the Afghan Taliban. Both groups were fighting the Afghan government, delegates contended.*

*Joint US-Pakistan cooperation against Da’esh was possible. Perhaps Da’esh was one of the few elements in Afghanistan-Pakistan region which the new US administration was clear in confronting.*

*One of the consistent targets of the American drone strikes had been members of the Da’esh, its first Wali Hafiz Saeed being one of them.*



Pakistan deteriorated. NATO forces mistakenly fired at the Salala check post. Pakistan thought that its representative at the centre had been misled. Because of the overall mistrust, the plan was abolished. It was suggested that the plan could be revived now.

Closing border, several delegates said, was wrong. There were around 262 crossing points along the lengthy border of which only 8 points were closed. The rest of the crossing points were open. Closing some points could not stop the terrorists from crossing over from one side to the other.

Blocking the entire border was physically and practically not possible, another delegate said.



## Working Session IV



**Overcoming shadows from the past –  
How can economic assistance to  
Pakistan work best for both countries?**



## Overcoming shadows from the past – How can economic assistance to Pakistan work best for both countries?

In the past, America's economic assistance to Pakistan has been multifaceted. This had come from direct investment, remittances as well as in the shape of civilian and military aid.

### Public and private sector involvement

Until 2005, the United States had been providing assistance directly through the government of Pakistan. Thereafter, the entire amount that came from the USAID went to the private sector, thus bypassing the government in Pakistan.

Since then, successive Pakistani governments have been asking for funnelling the aid money through them. But Americans thought that involving the private sector would enable the US government to win over hearts and minds.

Within the private sector, international contractors were engaged for enforcing financial controlling mechanisms. One Pakistani economist suggested that while "money should not come to the government, priorities should be determined through consultation with the government".

### Conditionality and non-conditionality mechanisms

American assistance all over the world was largely condition-based. The aid would continue only if certain conditions were regularly met.

The conditions of the US assistance to Pakistan in 2008, under the Kerry-Lugar-Berman Aid Act,



were meant to attain civilian supremacy, but the way the language was framed made the aid a controversial undertaking. The military thought that the aid was an attempt to control the institution.

Yet, it was unlikely that the Americans could dispense aid without attaching any conditions. One participant suggested that conditionality should relate to ensuring that democratic and egalitarian processes remained functional.

Another idea proposed was that the amount of assistance to Pakistan should be tied to the tax collected by the state itself.

One delegate complained that while the US asked for privatizing public sector, it never asked to do the same for the military-run enterprises which, according to the participant, distorted the economy.



### Short-term and long-term options

If the aid for Pakistan was not spent within a particular time period, usually very short, the aid

that short-term engagements should be discontinued.

Given that the entire donor space was shrinking,

### **Transactional nature of relations**

*US-Pakistan relations were often critiqued as transactional in nature. US aid to Pakistan had come in times of narrow security interests, such as during the 1960s, 1980s and 2000s.*

*Strikingly, one component of the US support to Pakistan in recent times had been transactional in nature. Coalition Support Fund (CSF), a pool of money paid to Pakistan for its counter-terror services, constituted reimbursements which were released after undergoing an elaborate process involving the Joint Chiefs of Staff Committee in Pakistan, the US Embassy in Pakistan going all the way to the Centcom in the US.*

*American participants saw the CSF as meant for incremental expenditures only, to be spent where the military organization had not been allocated funds. Deploying troops from Peshawar to FATA was an example. Between 2002 and 2013, the CSF reflected 20% to 25% of the budget for Pakistan Army.*

*Pakistani participants questioned this mechanism saying that their country's direct and indirect costs in war against terrorism should be acknowledged.*

was transferred back. USAID staffers were on constant move, but unable to understand the country, its dynamics and how the people

it was unlikely that the US could get past the short-term, low-level assistance packages for Pakistan.

### **American influence on Pakistan's economy**

*America's direct economic contribution to Pakistan was declining. Once, the US was one of the largest remittance sources for Pakistan. The position had now been overtaken by the Gulf countries. Direct investment had also declined.*

*That would mean that Pakistan was less dependent on the US assistance for its economy. The reliance would further decrease as work on CPEC progresses and its projects become operational.*

*But the assumption of Pakistan relying less on the US was not necessarily correct. As one of the participants clarified, the American influence in international financial institutions like the IMF and the World Bank as well rating agencies like the Moody's was what made Pakistan value its relations with the US. Pakistan's economy, after all, had been dependant on the IMF funds in multiple ways.*

operated here.

All these factors constrained the ability to commit on a long-term basis. But this was not to suggest

### **Stabilisation and development perspectives**

Within the US aid circles, a recurrent debate has



been on whether to prioritize “stabilization” programmes in post-conflict areas like FATA so as to help in their quick recovery, or to commit towards long-term development projects where results might take relatively longer in coming.

The State Department, reflecting priority foreign policy goals, wanted stabilization while the USAID preferred development programmes.

### **Signature projects and soft components**

American participants wondered why their assistance did not receive much appreciation when compared to that of China.

To the Pakistani participants, one of the reasons

remembered and lauded.

American participants shared that, for long, they had thought about the signature projects. While they acknowledged the importance of such projects, the overall goal, they thought, should be the impact aid would make.

### **Targeted areas**

Some Pakistani participants wondered if the projects identified were compatible with the needs of the country.

Reference was made to the Fulbright scholarship programme. Some participants said that they had come across Pakistani students who studied

## ***Is the aid even appreciated?***

*Has the US assistance to Pakistan won the hearts and minds of the Pakistanis?*

*Some Pakistani delegates opined that the young graduates from the US had brought in an informed and healthy working style which was beneficial for the country.*

*But many participants, including the Americans, admitted that, in spite of the generous assistance, people did not hold a positive opinion of the US. Over the years, the approval ratings of the US in Pakistan had been declining.*

*Several reasons could be cited. The US was generally considered an unreliable ally. The assistance was mostly directed to the military rather than the people. So it was not really visible on ground.*

*Also, US projects, unlike China, were not signature projects. When it came to China, people could physically see projects like Karakorum Highway or the Gwadar port. Perhaps, the US should also build something like an American university for science and technology where every Pakistani would aspire for admission.*

*Another important reason was that instruments shaping public opinion, like the media, were controlled by certain forces within Pakistan. True, the average Pakistani was unaware of the massive US assistance programme, but Pakistani government also chose not to highlight this aspect*

was less visibility of the America projects. They asked the Americans to focus more on high-visibility projects, or signature projects like dams and universities.

The US built dams in the 1960s which were still

subjects which had no market relevance in the country.

However, American delegates defended the initiative calling it a gold-standard project.

Several Pakistani participants called for ensuring diversity in the initiatives the US announced. One said that most of the development took place in the well-off urban areas, leaving the rural areas out of the aid spectrum.

American participants shared that they had undertaken the stabilization project in FATA where more than 1,000 schools had been developed as per locals' needs.

It was suggested that technology could also serve as a multiplier of outreach.

Pakistani participants complained that, because of the technicalities involved in USAID grant, a significant amount is circulated among a handful of well-connected contractors. American participants termed "elite capture" as unavoidable largely because the grant mechanism required the best people who often happened to be the elite.

Among other areas, Pakistani participants called for investing in infrastructure projects, exploring water and energy initiatives, building railway lines between Gwadar and southern Afghanistan and hammering out a water-treaty for Kabul River between Afghanistan and Pakistan.

## Press Conference



A press conference was organised at the conclusion of the second round of the bilateral dialogue on April 6 at the Serena.

The press conference was well attended by representatives both from the electronic and the print media.

Michael Kugelman of the Wilson Centre and Raouf Hasan from the Regional Peace Institute handled the press conference.

There were incisive questions asked about the nature of the US-Pakistan relations and various allied aspects particularly with regard to the

ongoing war against terror and US's expanding relations with India.

There were also questions about Pakistan's anti-terror policy and its relations with India and Afghanistan.

China-Pakistan Economic Corridor (CPEC) also figured in the list of questions asked.

The press conference lasted about forty-five minutes which was an appropriate finale to two days of intense, engrossing and meaningful engagement.





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