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Nawaz Sharif and India

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Nawaz Sharif's return as the Prime Minister of Pakistan in early June this year marks a signpost from where a more meaningful relationship between India and Pakistan could be forged. The bilateral relationship had of late been mired in mistrust and often meaningless rhetoric. The previous civilian government in Pakistan was paralysed by its own ineptitude. An equally incoherent position in New Delhi has allowed the crucial relationship to drift. This drift must be arrested and Nawaz Sharif in Islamabad offers such an opportunity.

This brief will examine why it is important for India to work with Prime Minister Sharif and why Sharif may find it in Pakistan's interest to do so.

Introduction

Key challenges from Pakistan are no different from the past. In fact, these have become more acute. Three of them stand out as the most obvious at the present juncture. One is the existence of anti-India terrorist groups in Pakistan and the freedom with which these groups have been allowed to operate and plan hate campaigns and terrorist activities targeting India and its interests in the neighbourhood. Equally important is Pakistan's debatable role in promoting the return of the Taliban to Afghanistan. Third is the cost of opportunities lost in terms of India's broader strategic interests and objectives in its neighbourhood because of its fractious relationship with Pakistan.

The cyclic nature of these problems has stymied attempts to achieve a breakthrough. Bold initiatives, like the Lahore Declaration, incidentally with Sharif in the driving seat with the then Indian Prime

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Minister Atal Bihari Vajpayee, run headlong into dead ends. Good intents are superseded by rhetoric of suspicion and hatred. These ghosts of the past must be laid to rest. There are reasons why it must be done now.

There is greater awareness and commitment on both sides to nurture a pragmatic relationship. The political leadership in both countries are committed, in varying degrees, to this goal. Since 2004, a continuous thread of engagement has been woven. The dialogue, however, has laid out a more durable foundation on which to build the relationship. The November 2008 Mumbai attack came close to undoing this strand but did not. Frequent skirmishes on the Line of Control have forced interruptions. Despite these setbacks, the sentiment in New Delhi and Islamabad to begin afresh on building a relationship is palpable.

Why India Must Engage

For India, a peaceful periphery has been a lynchpin of its foreign policy. A stable and progressive comity of nations in its immediate as well as extended neighbourhood is essential for India's own evolution as a secular and just nation-state. Security interests dominate its strategic calculus. The expanding arc of radicalism and the existence of terrorist networks in the neighbourhood have been at the core of its security concerns. The impact of extremist ideologies and groups on neighbouring states and the region are of immediate concern. India fears that such extremist ideologies or groups could use the unstable environments in Afghanistan and Pakistan to mount attacks in India or against Indian interests in the region. These concerns are influenced by recent events – the targeting of Indian personnel in Afghanistan, the 26/11 attacks in Mumbai in 2008, and the continuing insurgency and militancy in Kashmir.

Besides supporting a politically stable environment, India pursues a deeper economic integration in the region. This is evident from India's efforts in pushing for the South Asian Association for Regional Cooperation (SAARC) to play a larger role in facilitating better trade and economic relations between the member countries. India's public declarations in favour of the New Silk Road Initiative and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, and developing infrastructure like the Zaranj-Delaram highway and the Chabahar port in Iran to enhance Afghanistan's connectivity with the rest of the region are a reflection of India's belief in the importance of regional economic integration.

A purposeful political and economic engagement with Pakistan is indispensable to these goals.

Why Pakistan Must Engage

Pakistan's compulsions are more immediate. Years of inept governance, economic failures and military adventures have brought the country to the brink of ruin. While other countries in the region have climbed the economic ladder with impressive growth rates, Pakistan has lagged behind with less than marginal growth for the last several years. A GDP growth hovering between 2 and less than 4 percent for the last two years has brought economic activity to a halt with soaring unemployment rates and plummeting foreign exchange reserves.



The International Monetary Fund (IMF) has forecast a growth rate of 3 to 3.5 percent in 2012-2013. A major reason for this crippled economic state has been the energy crisis brought about by bad policies and lack of investment in infrastructure. Power failures of up to 12 to 18 hours a day affect even some of the major urban centres like Lahore and Islamabad. The energy crisis has shaved off at least 2 percent of its potential GDP growth, a significant number. For instance, the textile industry, which contributes nearly half of the total export earnings, lost Rs. 200 billion in 2012 due to power shortages.

Prime Minister Sharif also inherits a worsening security situation in his country. Terrorists and extremists, once patronised by some state elements in Pakistan, are increasingly targeting the state and its people in different parts of the country. The state has no writ in an expanding zone of “no go areas” in the west. Terrorists in the mainland pose an even bigger challenge. Persistent violence against minorities including Shias and religious minority groups has assumed grave proportions, threatening in many ways Pakistan's social and religious fabric.

Data Sheet Jan-April 2013									
Nature of Attacks	Number of Attacks	Civilians		Security Forces		Millitants		Total	
		Dead	Injured	Dead	Injured	Dead	Injured	Dead	Injured
Bomb Blasts	139	343	1011	55	95	7	4	405	1200
Suicide attacks	25	168	340	43	82	61		272	422
Drone attacks	12					71	19	71	19
Target killings	499	637	190	78	31	5	1	720	222
Landmine explosions	19	18	10	7	15			25	25
Sabotage attacks	171	2	13			2		4	13
Dead bodies found		227		10		4		241	
Military operations	43	6	3	11		339	109	356	112
Schools blown up	39		1						1
Missile/Mortar/Firing	161	141	206	72	88	367	78	580	372
Total	1108	1542	1774	276	311	856	211	2674	2386

Source: Centre for Research and Security Studies, Islamabad.

Sharif is acutely aware how little time and manoeuvring space he has as a leader carrying the unassailable burden of high expectations from his people. Internal security depends on economic development and political stability. Economic growth calls for a fruitful integration with neighbouring economies, particularly so with India. India can also help bridge the energy gap besides promoting investment and trade. In the long run, even a working relationship with India can help Sharif in achieving a balance of power vis-à-vis the military without abruptly upsetting the status quo.

Trade benefits

A normal relationship with India benefits Pakistan in three ways. Firstly, it will help the country steer out of the economic mess through greater and easier access to one of the biggest markets in the world today. Trade figures draw a clearer picture. The formal bilateral trade grew from US \$144 million in 2001 to US \$2.67 billion in 2010-2011. The informal trade and trade routed through a third country, on the other hand, are well over US \$10 billion. Trade restrictions force both countries to import certain materials, available in the neighbourhood, from distant markets at a higher cost. Benefits to Pakistan are obvious from the following table:

SECTOR	PAKISTAN'S COST REDUCTION IF IMPORTED FROM INDIA (IN PER CENT)
Steel	55
Transport equipment	26
Engineering goods	15
Bicycles	20
Pharmaceuticals	35
Fruits and vegetables	40
Sugar	30

Source: FICCI Survey 2009

An improved relationship will significantly boost the bilateral trade under the South Asian Free Trade Area (SAFTA). India's trade with comparatively smaller countries like Bangladesh (US \$4.01 bn) and Sri Lanka (US \$4.54 bn) is far higher than with Pakistan (US \$2.67 bn). Pakistan's vacillation on giving Most Favoured Nation (MFN) status to India remains a major stumbling block. Various estimates suggest that a new trade regime benefiting from MNF and fewer tariff barriers could take the quantum of bilateral trade to US \$10 billion in a short period of time. A better trade relationship will encourage investment in each other's infrastructure and other development projects. It could eventually lead to a greater interdependence.

Secondly, a comprehensive economic relationship will benefit Pakistan in bridging its energy deficiency. India is committed to the project of laying a power transmission line from Amritsar to Lahore and a gas pipeline from Jalandhar to Jallo. The proposal is to supply 500 MW power and 400 million cubic feet of gas to Pakistan. These are good beginnings and must not be allowed to peter out. Prime Minister Sharif's first task is therefore cut out – implement the previous government's decision to give MFN status to India in letter and spirit. It will define the tenor of the relationship in the days ahead.

Thirdly, an improvement in bilateral economic relations can, in fact, become a catalyst for expanding the dialogue to contentious issues plaguing the relationship.

Obstacles

Two issues, however, have the potential of crippling the economic initiatives, and thus a deeper India-Pakistan relationship. One is the issue of terrorism. The second is Afghanistan, specifically Pakistan's role and its relationship with the Taliban and its allies.

Terrorism

Terrorism has by far been the most difficult problem to deal with. There is no uncertainty about the presence and activities of several terrorist groups inimical to India and its interests in Pakistan. Many of them enjoy overt and covert support of the Pakistan Army. Terrorist attacks in the recent past have been traced to these groups and their patrons in Rawalpindi. It is also indisputable that Pakistan has been more than lax in preventing these groups from carrying out terrorist attacks and in prosecuting them despite credible evidence. The possibility of these groups targeting India in future cannot be discounted either.

For India, the terrorist threat from groups based in Pakistan is serious and cannot be overlooked. It is also more or less clear that the Pakistan Army is unlikely to give up patronising these groups given their utility in different theatres, including India. The fact that Lashkar-e-Tayyeba (LeT) teams have been deployed in Mohamand Agency bordering Afghanistan's Kunar province to oust Tehrik-e-Taliban Pakistan (TTP) in the last week of June this year underlines the army's reliance on these groups to supplement military campaigns. The civilian support for such groups is fairly deep and widespread. The Punjab government, led by Prime Minister Sharif's Pakistan Muslim League-N (PMLN), has been doling out grants worth several million to educational institutions run by LeT's charity front, Jamat-ud Dawa (JuD). The PMLN government in Islamabad may not openly come out in support of these groups but will remain shy of taking hard decisions. Taking on anti-India terrorist groups is therefore not high on the priority list of the Sharif government.

Impressing Pakistan to sever ties with terrorist groups, not only for a stronger relationship with India but for also a greater good of the people of Pakistan, can be frustrating but is a noble goal to pursue. For the time being, there is a need for India to review its current approach to the subject. New Delhi should subsume the focus on LeT in the broader discussion on terrorism. Pakistan is acutely aware of the pitfalls of supporting extremist and terrorist elements. More people have died of terrorist and extremist attacks in Pakistan than India since 2007. India also needs to persuade Sharif and his advisors to ensure an effective investigation and a fair trial of the Mumbai terror accused. India must resist from setting a deadline or stipulating conditions that are seen as interfering with the judicial process in Pakistan. Instead, it must extend all possible help to Pakistan's investigating agencies and judiciary to complete the legal process.

India also needs to take Sharif at his word and allow him breathing space.

Furthermore, the growing belief across Pakistan about the gravity of the terrorist threat, and the fact that Prime Minister Sharif's next big challenge to prevent further economic meltdown is to stem the rapidly deteriorating security situation, gives India a rare opening to work with the political

leadership in Pakistan. There is an opportunity to convince the new government in Islamabad about the grave consequences of supporting terrorist and extremist groups. The benefits of reigning in these instruments of violence are mutual. India must be firm in informing Islamabad that future terrorist attacks will be met with strong retribution and that India will take all measures to pre-empt and prevent such attacks. These parleys must be held behind close doors and not aired in public.

To begin with, both India and Pakistan can renew the Anti-Terrorism Mechanism provided for in the Composite Dialogue. This can be supplemented with greater interaction between civilian police and intelligence agencies. Terrorist funding, travel and increasing use of social media by terrorist groups should form part of the discussion. The possibility of al Qaida's revival and renewed focus on the region must be on the agenda. A more active exchange and interaction programme between scholars and journalists of both the countries could encourage improved realisation of the threat posed by terrorist groups. Backdoor diplomacy channels should focus on drawing red lines and earmarking areas of cooperation on this front.

Afghanistan

Both India and Pakistan have considerable stakes in the stability of Afghanistan. They also harbour deep suspicions about each other's role and intentions. There is clearly a greater need to talk to each other on these issues. It will not be difficult to convince Prime Minister Sharif that a stable Afghanistan is critical to Pakistan's stability more than perhaps India's.

India is committed to the sovereignty and integrity of Afghanistan and supports the political process. Its economic engagement in Afghanistan is a key enabler of this objective. India is aware of Pakistan's anxiety about the Durand Line. Much of the suspicion about India's role in Afghanistan springs from this anxiety. India is willing to work with Pakistan in easing some of these apprehensions, specifically about the possibility of conflict with Afghanistan over Durand Line and even the greater fear of a Pashtun consolidation. In fact, India's engagement with Afghanistan will benefit from an improved relationship with Pakistan in many ways.

India and Pakistan need to open more channels of communication on dealing with the consequences of the US military drawdown by December 2014. India can play an important role in fostering a better relationship between Kabul and Islamabad. India has already clarified that it is not averse to an Afghan-led reconciliation process with the Taliban. Prime Minister Sharif can be persuaded to play a more active role in establishing a regional framework for helping Afghanistan to mature as a viable nation-state. A trilateral summit between Prime Minister Manmohan Singh, Sharif and President Hamid Karzai in late 2013 or early 2014 could be a helpful starting point for this process to mature and expand to eventually include Iran, Uzbekistan, Turkmenistan and Tajikistan.

A greater engagement of the civilian government in Pakistan with India on Afghanistan could be a game changer.

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