

Conference Reports

Towards an Asian Century: Future of Economic Cooperation in SAARC Countries

Islamabad, 20–21 November 2013

Socio Economic Cooperation between India and Pakistan

Lahore, 25–27 November 2013

Two conferences in Pakistan have been remarkable, not so much for their academic insights, but for their political significance, attendance and style: the International Conference Towards an Asian Century: Future of Economic Cooperation in SAARC Countries in Islamabad, organized by The Islamabad Policy Research Institute (IPRI) with assistance from the German Hanns Seidel Foundation (HSF), and the International Conference Socio Economic Cooperation between India and Pakistan, organized by the Department of History and Pakistan Studies, University of the Punjab, Lahore. Both conferences can be seen as new attempts by the Pakistan government to improve the country's relations with its South Asian neighbours in general and with India in particular.

IPRI is a think tank close to the army; its president, Sohail Amin, is a retired ambassador. Apart from the resident representative of HSF, Kristof Duwartes, and the rapporteur from Germany, participants at the Islamabad conference were drawn almost exclusively from the civil services of India, Bangladesh, Nepal, Afghanistan, China and Sri Lanka. According to the programme, the conference was dedicated to the future of the South Asian Association for Regional Cooperation (SAARC), which raised a number of pertinent questions: 'What are the drivers of mutual cooperation? What are the extra regional incentives which could encourage SAARC countries to unite and boost economic cooperation in South Asia? What are the real impediments, how could they be overcome and how should they be prioritized? In which areas could immediate cooperation help to hasten mutual economic collaboration? And in what ways can political issues and differences be resolved so as to create a better environment for economic cooperation?'

When India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives created SAARC in 1985, the idea of institutionalized cooperation had been around for many years. SAARC was created as a forum to discuss

the difficult relations between neighbours on a subcontinent, where one of the member states, India, is several times as big as all the others taken together. At the time, only India shared land borders with other members, none of the others members shared a border with any other. Border issues, however, are not to be discussed by SAARC, as 'bilateral and contentious issues' are excluded by the charter. Later, a South Asia Preferential Trade Area (SAPTA) and a South Asia Free Trade Area (SAFTA) were added. And although India, Pakistan, Bangladesh and Sri Lanka were founder members of the World Trade Organization (WTO), intra-regional trade has remained at the original low level of four to five percent of aggregate foreign trade for the last four decades. The main hurdle, as the presentations made clear, has been and still is the strained relationship between India and Pakistan. It has not changed since Afghanistan joined in 2007: Afghanistan is allowed to ship goods to India across Pakistan, but India has still not got any transit rights to Afghanistan. Transit trade from Karachi to Chaman and Torkham, the two main entry points to Afghanistan, has also been difficult; there are claims of abuse (drugs, weapons and tax fraud) on both sides. Despite the conference's focus on economic cooperation, it was clear that everything depends on the politics in Islamabad and New Delhi. A difference from previous discussions was China's eminent role in South Asia affairs. China has been Pakistan's most important ally for half a century. Now that India has abandoned its policy of self-reliance and liberalized its foreign trade, China has become India's most important trading partner, as was pointed out by Dr. Liu Zongyi of the Shanghai Institute for International Studies (SIIS) in his talk on 'China's growing economic relations with South Asia: A positive development'. The conference was well covered by state TV and reputable dailies. A review of the conference can be found in IPRI's newsletter no. 6, available on their website (<http://ipripak.org/>). IPRI plans to publish the proceedings as a book.

The Lahore Conference, organized by Professor Iqbal Chawla, differed in several ways. Firstly, it was limited to the all-important stumbling block of South Asian cooperation, i.e. the relationship between India and Pakistan. Secondly, organised as it was by the oldest university in the country, it was a more academic discussion, with hardly any participants from the military-political establishment, but open to students. Thirdly, with a strong contingent of participants from India, almost all of them from (Indian) Punjab, it was more a meeting of the two Punjabs, and as such an indication of the Pakistan's new (old) government's declared policy to seek better relations with its neighbour. The focus on the economy, as in Islamabad, did not necessarily mean that it was less political, as the issue of water distribution,

although often overlooked, is a major bone of contention between India and Pakistan: Pakistan depends totally on the Himalayan waters for irrigation, and the major streams enter Pakistan via Kashmir.

The Indian delegation, 18 professors from Punjab and one from Kashmir, was unusually large; some were even allowed to travel via Wagah/Atari, the border crossing on the old Grand Trunk (GT) Road that connects Lahore with Amritsar. It is open to foreigners, but not necessarily to Indians and Pakistan, who need a special permit as well as a visa. With so much local knowledge at hand, problems and prospects of closer cooperation could be discussed in depth. For the students it was a rare and welcome experience: interactions were possible even in their mother tongue (Punjabi). It was announced that the proceedings would be published.

The hosts did their utmost to make their guests feel comfortable: an excursion to Lahore Fort; the Samadhi (tomb) of Maharaja Ranjit Singh; the Gurdwara Dehra Sahib Arjun Dev, where the fifth guru was tortured and killed by Emperor Jehangir in 1606; the Mazar (tomb) of Allama Muhammad Iqbal, the national poet of Pakistan; the Badshahi Mosque and a cultural evening. At the reception given by the vice chancellor of the university, the most senior member of the Indian delegation requested the lifting of travel restrictions and asked – in the name of all vice-chancellors in the (Indian) State of Punjab – for a memorandum of understanding between the two Punjabs. However, the offer to take the whole delegation to Nankana Sahib, one of the holiest places for the Sikh community, had to be withdrawn in the last minute: visas for Indians and Pakistani visiting the other country are explicitly restricted, and permission to visit Lahore district did not include visiting Nankana Sahib in the neighbouring district. The Punjab government had obviously given their clearance, but Islamabad objected.

A few days earlier, in a similar incident, the visit of a group of around 100 university teachers and students from India to Lahore was cancelled just before the buses started, despite the fact that visas already had been granted. The reason: the leader of the Pakistan Taliban, Hakimullah Mehsud, had been killed by a US drone hours before direct talks were to start with the Pakistan government. A major strike by the Taliban in revenge was expected. A large group of young Indians would have been difficult to protect. The Nankana Sahib excursion, however, would have been a sign that Pakistan was ready for closer relations with India.

The rapporteur left Pakistan for India by road and could see for himself how both countries have upgraded their border installations in expectation of much more travel and transport. The road to Amritsar is now a four-lane highway. A fleet of trucks carrying bulk cargo, most probably cement and

food-grains, were headed for the border, where a new complex of passport and customs buildings was recently erected. This might not be welcome in all quarters. Pakistan has seen a change in almost all top positions in 2013, including president, prime minister, army chief of staff and chief justice; the head of the mighty ISI changed the year before. It has to be seen whether the prime minister is allowed to proceed with his new policy. It also depends on the new Indian government, which was elected in May 2014.

The two neighbours have taken a number of bold steps to improve bilateral relations: a direct bus link between New Delhi and Lahore was opened in 1999; Indian Prime Minister Vajpayee travelled to Lahore on its maiden journey and the Lahore Declaration was signed. In 2006 the railway link between Sindh and Rajasthan was reopened. In late 2013 it was expected that Pakistan would grant India most favoured nation status and change from a positive to a negative list of items allowed for bilateral trade. Unfortunately, this has not happened: whereas India granted Pakistan MFN status as long ago as 1996, Pakistan has yet to reciprocate.

All this requires that relations are no longer disturbed by terrorist acts: India has a long list of claims concerning terrorist acts that it believes were instigated by the Pakistan ISI. Hopes for a nuclear dividend after India and Pakistan became nuclear powers in May 1998 and attempts of the United States to punish both countries with economic sanctions may have led to a rapprochement and hopes for a de-escalation of relations in South Asia. However, it turned out that at the same time Pakistan was encouraging 'Kashmiri freedom fighters' to cut Indian supply lines. It is doubtful whether Nawaz Sharif, Pakistan's current prime minister, has the army's consent for his policy of opening up his country to trade with India. Nor should it be forgotten that the USA and their allies are reducing their involvement in Afghanistan, and maybe also in Pakistan, and lifting some sanctions against Iran.

This political background was not discussed at the two conferences, but everyone was well aware of it. What was discussed to some extent was China's new role and China's plans for an economic corridor between Kashgar and Gwadar. As a result, China's role in South Asian affairs in general, and in Indo-Pak relations in particular should not be underestimated.

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