

DOCUMENTS (JANUARY-JUNE 2009)

DOCUMENT 1

JOINT DECLARATION OF PAKISTAN AND AFGHANISTAN ON DIRECTIONS OF BILATERAL COOPERATION

The Islamic Republic of Pakistan and the Islamic Republic of Afghanistan, recalling their historical, cultural and religious bonds;

Firmly believing on the need to open a new visionary chapter in their bilateral relations to further strengthen the overall good neighborly relations and mutual cooperation between the two countries, as well as to enhance regional cooperation and world peace;

Stressing on mutual respect for each other's sovereignty, independence and territorial integrity as well as on the principle of non-interference in each other's internal affairs according to the United Nations Charter;

Affirming their deep commitment for working resolutely towards making the South Asia an abode of stability, peace, prosperity and moderation;

Recognizing that militancy, extremism and terrorism are common threats to both countries as well as to the region and the world at large;

Encouraging the vital role of moderate, progressive and democratic forces;

Reaffirming their deep commitment to completely eliminate the scourge of militancy, extremism and terrorism in all their forms and manifestations, including entities promoting them;

Reaffirming their sincere commitment to develop closer bilateral relations and to pursue forward-looking policies in all fields.

In this spirit, and with a view to create sound foundations for deepening bilateral cooperation in all fields, the two countries hereby agree as follows:

1. To maintain frequent exchange of high level visits and contacts and to strengthen the exchange of visits and communications between the governmental departments, parliaments, armed forces, security agencies and non-governmental organizations of the two countries with a view to enhance mutual understanding and friendship in all fields.
2. To remain fully supportive of the Joint Peace Jirga Process.
3. To remain fully engaged with other frameworks of cooperation between the two countries.
4. To further develop a joint comprehensive strategy for combating terrorism and strengthening bilateral cooperation by the Ministries of Foreign Affairs of Afghanistan and Pakistan.

5. To closely cooperate with each other as well as with the international community to counter and completely eliminate the menaces [sic] of militancy, extremism and terrorism from the region.
6. To cooperate closely for the complete eradication of narcotics drugs and psychotropic substances, including their production, consumption and trafficking from the region.
7. To make full use of their historical, political and geographical advantages as well as the region's rich resources in order to promote bilateral and regional cooperation in all fields, especially in the realms of economy, trade, transit, investment, agriculture, education and technology.
8. To take urgent steps to improve connectivity through quantitative and qualitative improvement in infrastructure, especially improving and adding road and rail links and building transportation, transit and communication corridors connecting the entire region.
9. To collaborate closely in developing energy corridors in the region, including building oil and gas pipelines and electricity networks.
10. To develop bilateral programs and projects for the exploitation of mineral resources and other fields in their respective countries. In this context, they express their readiness to seek assistance from third parties on the basis of mutual interest and agreement.
11. To promote bilateral trade on preferential terms and working expeditiously towards full implementation of the South Asia Free Trade Agreement (SAFTA) and Economic Cooperation Organization Trade Agreement (ECOTA).
12. To encourage cultural as well as people to people exchanges and contacts, especially between the academia, think tanks, media and civil society of the two countries.
13. To cooperate closely in regional and international forums, including the United Nations (UN), the Organization of Islamic Conference (OIC), Economic Cooperation Organization (ECO) and South Asian Association for Regional Cooperation (SAARC).

(Makhdoom Shah Mahmood Qureshi)
Minister of Foreign Affairs
The Islamic Republic of Pakistan
(Dr. Rangin Dadfar Spanta)
Minister of Foreign Affairs
The Islamic Republic of Afghanistan ■

Ministry of Foreign Affairs, Pakistan, 6 January 2009
http://www.mofa.gov.pk/Press_Releases/2009/Jan/PR_14_09.htm

DOCUMENT 2

NATIONAL ASSEMBLY'S RESOLUTION NO. 15
RESOLUTION ON SWAT SITUATION

1. The House notes with urgent concern the grave violation of women's rights, civilian rights and human rights through terrorist actions in Swat during the past two years. Swat in[sic] an integral part of Pakistan and the citizens of the area are entitled to the same constitutional rights as other sections of the population.
2. The House rejects the ban imposed on girl's education by the Taliban in Swat. The restrictions on the movement of the citizens, particularly on women who are not allowed to exercise fundamental freedoms, are totally un-Islamic, unjustified and stand in violation of constitutional and human rights.
3. The House condemns in unequivocal terms, the destruction of girls schools and colleges by the militants in Swat. We consider these heinous acts a direct threat to the civilization and integrity of Pakistan.
4. The House also calls for the rebuilding of all schools including girl's schools and provision of adequate security to school-going children in Swat.
5. The House strongly condemns the militants' attempt to oppress the citizens of Swat in the name of religion. This has let [sic] to the loss of life and property, and destruction of social, economic and political infrastructure in the region. The House notes with concern that the women and the citizens of Swat live under a constant state of fear and are unable to lead a normal life because of the inhuman restrictions imposed by the militants through violence and terror.
6. The House expresses complete solidarity with the citizens of Swat and makes a pledge to stand up for the protection of their rights in the face of the onslaught by non-state actors.
7. The House calls for a comprehensive response to the problem of militancy and terrorism in Swat and the tribal region. The response shall incorporate efforts for peace and restoration of fundamental rights of the citizens followed by the development and implementation of a social and economic plan to rebuild the infrastructure in the region and facilitate opportunities for future employment and growth.

Sd/-

Mrs. Sherry Rehman,
Minister for Information & Broadcasting
Syed Naveed Qamar,
Minister for Privatization
Mr. Rehmatullah Kakar,
Minister for Housing & Works
Haji Ghulam Ahmed Bilour,
Minister for Railways

Mr. Hameed Ullah Jan Afridi,
Minister for Environment
Mir Israrullah Zehri,
Minister for Postal Services
Mr. Wasim Akhtar
Mian Riaz Hussain Pirzada
Khawaja Mohammad Khan Hoti■

National Assembly, Government of Pakistan, 20 January 2009
<http://www.na.gov.pk/resolutions.htm#Jan%2028,2008>

DOCUMENT 3

MOU FOR GIFT OF USED POWER PLANTS BY THE UAE

The United Arab Emirates has offered to gift power plants of 320 megawatts capacity to the people of Pakistan to help them in their efforts to resolve the power crisis.

Federal Minister for Water and Power, Raja Pervez Ashraf signed today a Memorandum of Understanding with the Chairman of Abu Dhabi Water & Electricity Authority (ADWEA), H.H Shaikh Diyab bin Zayed Al-Nahyan. The MoU has been signed with the objective to work out a plan for dismantling, packing and transporting the plants to Pakistan for early installation. The MoU was signed in the presence of President Asif Ali Zardari. It may be recalled that UAE President H.H Shaikh Khalifa bin Zayed Al-Nayhan had reiterated to gift the used 320 MW power plants during a meeting with President Asif Ali Zardari in Abu Dhabi last November.

The gesture of the UAE leadership would further strengthen Pakistan-UAE relations and would help Pakistan to do away with load shedding by adding more electricity to the system within the shortest possible time.■

Ministry of Foreign Affairs Pakistan, 4 February 2009
http://www.mofa.gov.pk/Press_Releases/2009/Feb/PR_51_09.htm

DOCUMENT 4

OPENING REMARKS BY FOREIGN MINISTER QURESHI AT THE MUNICH YOUNG LEADERS ROUND TABLE ON SECURITY POLICY ON THE SIDELINES OF MUNICH SECURITY DIALOGUE

Ladies and Gentlemen,

It is indeed an honour for me to speak before you on Pakistan's Security and Foreign Policy challenges. This is a much talked about subject and I would be glad to share my views with you before we open the floor to your questions.

2. Let me first of all thank the 'Koerber-stiftung Foundation' for inviting me to speak at the 'Munich Young Leaders Round Table on Security Policy'. Such initiatives are indispensable to furthering our mutual goals for peace and stability in an ever increasing complex world.

3. Pakistan is beset with many a challenge today, posing a threat to its security and internal priorities. These include:

Security situation in Afghanistan;

Rise of extremism and terrorism;

Our relations with India;

Weakening of State and democratic institutions over the years;

An ailing economy;

and the issue of nuclear proliferation.

4. Let me also say that the democratic Government of Pakistan is geared to meet these challenges and indeed sees opportunities for our betterment in them.

Security on the Afghan Border

5. I think, and not without good reason, that the first issue of importance for Pakistan is the growing insecurity on our borders with Afghanistan.

6. It is in the interest of Pakistan to see a stable and peaceful Afghanistan and we share international concern at the continuing insurgency in Afghanistan that must be controlled through a sustained and long term strategy with the cooption of all countries in the region.

7. As the West is now thinking in terms of a military surge in Afghanistan, there should be equal emphasis on a political and developmental surge.

8. I may also point out that with a military surge in Afghanistan there would be a greater danger of the number of militants crossing over into our territory and accordingly there should be more emphasis on border control.

9. There is also need to bring the Afghan people on one platform and for the Afghan Government to assume greater responsibilities in terms of security, development and political dialogue.

Terrorism and Extremism

10. Pakistan has had to face the threat of terrorism and extremism from its borders with Afghanistan. Unfortunately we have been a victim of terrorism for decades and especially since 9/11.

11. Our position against terrorism and extremism of any kind is unflinching despite the heavy cost we are paying today in terms of loss of precious civilian and military lives and the setback to our economy.

12. Our message to the terrorists is loud and clear. We will not allow our territory to be used in furtherance of terrorism and we will not be daunted by their threats.

13. At home, we have adopted a comprehensive multi-pronged strategy to deal with terrorism which has political and popular ownership. The policy involves resort to political dialogue, comprehensive development and the use of force where necessary. We are also addressing the root cause of terrorism in order to suppress the menace for the long term.

14. In our estimation until the problem of terrorism is tackled by eliminating poverty and economic deprivation, the international community would not be able to control its spread to other regions of the world.

15. It is, therefore, extremely important that programmes for economic uplift of Afghanistan and the border areas of Pakistan be initiated at the earliest.

16. I would also like to point out that the success of our efforts and sacrifices would depend upon the international community's understanding of our needs and compulsions. Pakistan's capability to counter terrorism and extremism must be enhanced. Similarly under no circumstances should our sovereignty be violated and the Pak-Afghan border must be kept sacrosanct.

Tensions with India

17. The belligerent Indian response to the Mumbai terrorist attacks unfortunately threw the Pakistan-India Peace Process back to square one.

18. This is not only of concern to Pakistan, but is of vital importance to the security of the world and must, therefore, be discussed candidly in any forum dealing with global security challenges. It is my intention to bring the most essential aspects of this problem to your attention.

19. Pakistan severely condemns the terrorist attacks in India and like all responsible members of the international community abhors any incidents involving the killing of innocent civilians.

20. Accordingly, we have offered India joint investigations probing the Mumbai attacks, as well as formation of a Joint Commission under the National Security Advisors of both countries.

21. We have also proposed to send a high powered delegation from Pakistan, in order to establish trust and confidence. We have also begun our own investigation of the Mumbai incident and have taken wide ranging measures in closing down the offices of the Jamat-ud-Daawa, arresting their leaders and freezing their assets.

22. This investigation can only reach fruition with Indian cooperation. Unfortunately India has refused to accept our sincere overtures and has started a vilification campaign against Pakistan, not realizing that Mumbai was as much a blow to Pakistan as it was to India.

23. Democratic governments in Pakistan have always pursued a policy of friendly relations with India. We want to cooperate with New Delhi in rooting out terrorism from the region and to resolve all our differences including the issue of Jammu & Kashmir through dialogue.

24. It would not be out of context to mention that India-Pakistan tensions have been a major impediment in the progress and prosperity of the down trodden people of South Asia.

Democracy and Political Institutions

25. Unfortunately, democracy has had a checkered growth in Pakistan's short history.

26. Pakistan's inception was rooted in the high ideals of democracy. However, this process was disrupted by martial laws and dictatorial regimes, weakening democratic institutions and adversely affecting the country's progress and sustained economic development.

27. The Pakistan's People Party has been in the forefront of the struggle to nurture and strengthen democracy in Pakistan and has made unmatched sacrifices in attaining this goal.

28. Many of our leaders were incarcerated in this noble struggle. Given our history of struggle against dictatorial regimes, we are determined to build resilient and sustainable democratic institutions in Pakistan. We are firmly committed to this goal in order to ensure Pakistan's march towards progress and prosperity.

29. Accordingly, the Government stands for the supremacy of Parliament, the independence of the judiciary and the freedom of the press. We have accordingly put into place long term measures to improve the law and order situation, provide speedy justice, give protection for civil and human rights and to make Government transparent and accountable.

Economy

30. Let me say in short, that when the People's Party took office last March, it inherited a weak and faltering economy. Severe food and energy shortages, spiraling inflation, rising fiscal and current account deficits, declining foreign exchange reserves, high subsidies, growing poverty and unemployment and meager allocations for the social sectors were the order of the day. The global financial crisis further accentuated our difficulties.

31. The Government immediately embarked upon wide ranging reforms to stem the rot. The agriculture sector the mainstay of the economy has been accorded priority so that we become self sufficient in food production.

32. The energy shortages are being addressed by offering renewed incentives to local as well as foreign investors in the exploration of oil and gas and the exploitation of our substantial coal reserves and hydel potential. The gas pipeline project with Iran is also being fast tracked.

33. We have successfully negotiated a financial stabilization package with the IMF to tide over the present economic crunch.

34. We have instituted the 'Friends of Democratic Pakistan Forum', to open up new vistas of economic cooperation and investments in Pakistan.

35. In order to protect the poorest segment of our society from the impact of the rising cost of living, we have introduced the "Benazir Income Support Programme", as a way of a social security net.

36. Pakistan has huge economic potential. We have the fifth largest coal reserves in the world and over 30,000 MW of hydel potential in the run of the river projects alone.

37. Pakistan can also act as a hub, linking Central Asia, South Asia and the Middle East. We can also act as a conduit for massive energy flow from Central Asia. The possibilities are endless and we look forward to investments in infrastructure programmes from abroad.

38. We strongly believe that the people of Pakistan and the region, deserves[sic] a far better future.

Nuclear Issues

39. The security and safety of our nuclear assets has been questioned lately amid growing fears of their falling in the wrong hands. Let me assure you that despite the threat of extremism and terrorism that I have referred to above, Pakistan's nuclear assets are under safe custody and control and we have instituted fool proof mechanisms for their control.

40. These issues are not the only issues facing Pakistan but they would give you an idea of what we have to confront on various fronts.

I would now be very happy to answer your questions.

Thank You all. ■

Ministry of Foreign Affairs Pakistan, 7 February 2009
http://www.mofa.gov.pk/Press_Releases/2009/Feb/PR_58_09.htm

DOCUMENT 5

TEXT OF PRIME MINISTER GILANI'S SPEECH ON REINSTATEMENT OF JUDGES

The text of Prime Minister Syed Yousuf Raza Gilani's Address to the Nation, regarding the restoration of Chaudhary Iftikhar, is as follows:

"My dear countrymen Assalam-o-Alaikum,

Today I am addressing you at such an occasion when our country is at a crossroads of its political history. You know that we always preferred conciliation, patience and mutual respect in politics.

"You know that democracy and democratic institutions are not strengthened unless the political parties and leaders respect mandate of each other. These days you are witnessing that lawyers and their supporters are

expressing their sentiments in favour of their demands that is their political and democratic right.

“In this situation that passion of patience and contentment is alive on which I have been insisting since I assumed the responsibilities of prime ministership, and have been trying to practice it.

“As far as long march of lawyers is concerned, I would like you to recall the historical fact that the relationship of lawyers community and Pakistan People’s Party is very old and unbreakable. We have always been shoulder to shoulder with each other for the cause of restoration of democracy, civil liberties and human rights. We respect this educated, protectors of law and conscientious segment from the core of heart and this is our faith that lawyers can play very positive and effective role in the real implementation of law and its supremacy in the country. Here I consider necessary to describe that when Chief Justice Iftikhar Chaudhry was deposed and in this regard lawyers started movement in collaboration with political parties and civil society, my martyred leader Mohtarma Benazir Bhutto practically participated in this movement. She participated in long march and she was house arrested and I was also detained during the same movement. Lawyers, PPP and other parties and civil societies have gave great sacrifices and offered the gifts of their lives. My Quaid Shaheed BB had promised that she would restore Iftikhar Mohammad Chaudhry as chief justice. When we formed government, Co-Chairman of PPP and President of Pakistan Asif Ali Zardari had promised that he would restore deposed judges and he stuck to his promise, but the hitch in restoring of Chief Justice Iftikhar Mohammad Chaudhry was that Justice Abdul Hameed Dogar had been appointed as Chief Justice and President Asif Ali Zardari had pledged that he would not remove any judge before his tenure.

“Now when Chief Justice Abdul Hameed Dogar is retiring on March 21, so after consulting President Asif Ali Zardari I have decided that now it’s time to fulfil the promise. We have also consulted leaders of our allied parties in this regard.

“Let me remind you that when I was elected as the prime minister of Pakistan, I immediately not only ordered the release of the detained judges, but also restored their salaries and other incentives.

“Dear countrymen as per my and the President of Pakistan’s promise, I announce the restoration of all the deposed judges including Iftikhar Mohammad Chaudhry. On the retirement of Chief Justice Abdul Hameed Dogar on 21 March Justice Iftikhar Mohammad Chaudhry would take charge of the Chief Justice of Pakistan. The notification of this is being issued.

Dear Countrymen

“On this occasion I pledge to take forward once again the politics of reconciliation and

I announce that the federal government will file a review petition against the decision of the Supreme Court disqualifying Mian Nawaz Sharif and Mian Shahbaz Sharif. I call on them to come and move forward by taking all the political forces along under the charter of democracy (CoD).

I order the provincial governments to lift Section 144 imposed during the long march and release all the political workers who were arrested during the long march.

I congratulate Chairman Pakistan People's Party Mr Bilawal Bhutto Zardari, lawyers, political workers and members of the civil society from the core of my heart on this historical occasion. Let us all celebrate this historical event in a respectable manner.

I assure you that we will make our beloved country from strong to stronger and to solve problems of the people, ensure our independence, solidarity of the state and keep our green crescent flag high through sheer hard work, honesty and dedication. Your continued support in this regard will give impetus to our determination and courage.

The fruits of patience that our government is demonstrating in national politics in line with the views of Muhtarma Benazir Bhutto Shaheed will not only be reaped by all of us but also our coming generations.

This spirit of respect will translate our dream of a greater Pakistan into reality. Let us pledge together to uphold this spirit forever. Long live Pakistan."■

16 March 2009

<http://www.sananews.com.pk/english/2009/03/16/text-of-gilanis-speech-on-reinstatement-of-iftikhar-chaudhary/>

DOCUMENT 6

STATEMENT BY THE FOREIGN MINISTER SHAH MEHMOOD QURESHI AT THE INTERNATIONAL CONFERENCE ON AFGHANISTAN

Your Excellency
 Mr. Ban Ki-Moon
 Secretary General United Nations
 Your Excellency
 Mr. Hamid Karzai
 President of the Islamic Republic of Afghanistan
 Your Excellency
 Mr. Maxime Verhagen
 Minister for Foreign Affairs of the Netherlands
 My brother
 Dr. Rangin Dadfar Spanta, Foreign Minister of Afghanistan
 Mr. Kai Eide, Special Representative on Afghanistan

Honourable Delegates,
Ladies and Gentlemen

I am privileged to be among distinguished colleagues and friends to deliberate an issue of great significance to Pakistan. May I express at the outset my profound appreciation to the Dutch Government and the UN for this timely initiative, and for their cordial hospitality.

Seven years ago, a great atrocity shook the world and stirred its conscience. The international community decided to correct an historic wrong. A country, hijacked by extremism and terrorism, and all but abandoned as the last vestige of the cold war, captured the international spotlight.

Together with the people of Afghanistan, the global fraternity committed to reverse the tragic legacy of three decades. It pledged to help build a new country. And to root out the many ills that plague this nation and our region.

The Afghanistan of today is a far cry from what it was a decade ago. Political, economic and security assistance of the international community reflected in the Bonn Accord, the London Compact and under the auspices of the United Nations has been instrumental in manifesting the world's support to the Afghan people. And this assembly today will reaffirm our collective commitment to continue this support.

Yet we all know all is not well. As Afghanistan braces for the Presidential Election, security challenges loom large. The fire of terrorism and extremism has not been extinguished. Perhaps it rages today with greater ferocity than before. Gulfs of misperception have not been bridged. Reconstruction, development and social welfare have yet to dent pervasive poverty and ignorance in a meaningful way. And trans-regional flows of narcotics, money and munitions continue fanning militancy and organized crime.

However, to this dark cloud, there is a silver lining. There is now a growing consensus among policy planners of the futility of an overly militaristic approach. The international community has taken a pause for introspection and a candid re-assessment of the situation. Key world capitals are reviewing the security and assistance paradigms.

The new administration in the United States has taken the lead in this course correction. President Obama has captured the imagination of peoples around the globe as a symbol of hope and change. His proposed way forward with the Muslim World on the basis of mutual respect and interest has been greatly appreciated in Pakistan. This is an auspicious beginning for us all.

A comprehensive strategy in a regional context must take into account the successes and failures of the past seven years. It must co-opt the support of local populations. It must factor in the concerns, the capacity and the aspirations of regional States and their peoples. [sic]And build solid stakes in lasting peace. It is our expectation that the global re-think on Afghanistan will translate into

concrete and coherent measures that would be consistent with the will and aspirations of the people of Afghanistan.

Excellencies,

Perhaps no country is affected more, or has greater stakes in Afghanistan than Pakistan. For three decades, Pakistan has hosted the largest refugee population of contemporary times on its soil. Whatever happens in one country invariably impacts the other. Our security and our stability, our problems and our prospects are inextricably linked. Our destinies are intertwined.

Pakistan has been happy to partner with the international community in its efforts to stabilize Afghanistan, and will continue to play an active role.

Excellencies,

Pakistan has been at the forefront of the global campaign against terrorism. On this frontline, we have sustained heavy casualties and incurred monumental losses. More Pakistani soldiers have fallen in combat than the combined casualties of foreign troops in Afghanistan. Our economic losses have been several folds greater than what we have received in compensation.

Yet today more than ever before, the Pakistani nation stands firm in its resolve to combat this menace. Our people are motivated, our armed forces galvanized and our resources mobilized. We will continue to pursue a multi-pronged strategy with the support and assistance of local populations.

With Afghanistan, our democratic Government has brought about a fundamental and qualitative transformation in relations. The leaderships of the two countries enjoy an equation which is both close and personal. Our multi-track engagement transcends political, economic, security and social spheres. Together, our two countries are developing a relationship of deeper trust and greater understanding.

We have revived the Jirga process and resolved to continue pursuing it as a useful means for promoting dialogue and development.

And earlier this year, I had the pleasure of signing with Foreign Minister Spanta, a historic Declaration on Future Directions of Bilateral Cooperation. The Declaration gives a clear vision to our partnership bilaterally and in a regional context.

To push forward trans-regional development agenda, Pakistan will shortly be hosting the Third Regional Economic Cooperation Conference on Afghanistan. We shall continue to play our role in Afghanistan's development and lend every possible humanitarian assistance. To this end, we are putting together a package of food support. And shortly, we will increase the quantum of our participation in Afghan reconstruction.

Excellencies,

I am confident that the international community will continue to extend [sic] Pakistan and Afghanistan its full support to their joint quest for a better and more peaceful future for their peoples.

May I avail this opportunity to suggest a few key elements of sustainable solution.

One: The situation demands a multi-faceted, comprehensive and balanced approach which is effective and seen by the people as just and therefore wins their hearts and minds.

Two: A regional approach has to be based on strict adherence to principles of respect for sovereignty, territorial integrity and non-interference. To be effective, it must have the whole-hearted support of all stake-holders.

Three: Time has come to initiate the healing process, through an Afghan led process of reconciliation based on genuine dialogue and an inclusive political process. The process must be culturally nuanced and tailored to local customs, traditions, values and religious beliefs.

Four: To rectify misperceptions international forces have to clearly and unambiguously signal that they have no hidden agenda. They must win confidence of the common folk through an extensive sensitization campaign aimed at winning hearts and minds.

Five: A major development surge should be planned, placing generous focus on reconstruction and social welfare. To this end, all disconnects and fragmentations, including within the international coalition must be ironed out, and the Afghan authorities given a lead and defining role.

Six: Capacity building of Afghan national security forces and institution building must be given the priority it merits.

Seven: The free flow of weapons, drugs and money has to be addressed. Farmers have to be provided alternate livelihoods, and the traffic of drugs and precursors halted. There is a need to tackle this issue in a coordinated manner within Afghanistan and at the regional level.

Eight: Strong pull factors have to be created to enable the Afghan refugees to return home with dignity and honour.

Excellencies,

Afghanistan is the heart of Asia. It is the melting pot of civilizations. If Afghanistan prospers, Asia will prosper. If Afghanistan falters, so will the world. Failure is not an option we are ready to fathom. We have to succeed. And to succeed we have to vest sovereignty where sovereignty must rest. The future of

Afghanistan must be determined by the people of Afghanistan alone. They must be equipped with the tools to steer by themselves the ship of their State.

Let us lend them a helping hand.■

Thank You

31 March 2009

<http://diplomacymonitor.com/stu/dm.nsf/dn/dn6C1B1E11299E060C8525758A0053A7D7>

DOCUMENT 7

TEXT OF JOINT STATEMENT OF AFGHANISTAN, TURKEY AND PAKISTAN ADOPTED AT THE CONCLUSION OF THE THIRD TRILATERAL SUMMIT HELD IN ANKARA

Within the framework of the trilateral Ankara Process, initiated on 30 April 2007, and with a view to continuing and enhancing the trilateral cooperation and solidarity among the three brotherly countries, His Excellency Hamid Karzai, the President of the Islamic Republic of Afghanistan, and His Excellency Asif Ali Zardari, the President of the Islamic Republic of Pakistan, visited Ankara on 1 April 2009 on the invitation of His Excellency Abdullah Gül, the President of the Republic of Turkey.

The three Presidents, together with His Excellency Recep Tayyip Erdogan, Prime Minister of the Republic of Turkey, held cordial and fruitful talks.

They, with reference to the Ankara Declaration of 30 April 2007, the Joint Press Release of the Joint Working Group of 6 July 2007, the Joint Declaration of 30 October 2008, and the Joint Statement of 5 December 2008, manifested the need for closer coordination and consultation among the three brotherly countries, at a time when significant developments have been taking place and initiatives are being launched that can have an impact on the efforts to promote security, stability, peace, and economic development in the region.

During the discussions, the three Presidents, who were also accompanied by the Chiefs of General Staff and Army Staff as well as highest intelligence officials of their countries, covered trilateral, regional and international issues of common interest, particularly from a security and stability perspective, including with a view to addressing terrorism. The three Ministers of Foreign Affairs also held a separate meeting.

Mindful of the importance of coordination and cooperation in security matters between political, military and intelligence authorities at the regional level, the three countries have decided to continue trilateral contacts between their above mentioned authorities at different levels in functional and plenary formats as a structured process.

In this vein, apart from the annual Trilateral Summit meetings, the three Ministers of Foreign Affairs will meet once a year with the participation of the military and intelligence officials of the three countries, the Joint Working Group will meet twice a year to follow-up the implementation of Summit level decisions and will also prepare the Summit and Ministerial meetings.

The three Presidents decided to expand and strengthen the trilateral cooperation among Afghanistan, Pakistan and Turkey, committing all their relevant institutions.

Presidents of Afghanistan and Pakistan, requested the Turkish President to organize in Turkey a regional summit that would underline their political will to enhance cooperation on regional issues.■

Ankara, 1 April 2009

<http://diplomacymonitor.com/stu/dm.nsf/dn/dn3ADDDF410FAB55C88525758C0064A190>

DOCUMENT 8

NATIONAL ASSEMBLY'S RESOLUTION NO. 16 ON SHARIAH NIZAM-E-ADL REGULATION 2009

In pursuance of the provisions of Article 247 of the Constitution of the Islamic Republic of Pakistan, 1973 Governor of the North West Frontier Province (Pakhtoon Khawah) has submitted a Regulation titled "The Shariah Nizam-e-Adl Regulation, 2009" to provide for Nifaz-e-Nizam-e-Sharia'h Muhammadi through Courts in the Provincially Administered Tribal Areas of the Province, except the Tribal Areas adjoining Mansehra district and the former State of Amb, to the President of Pakistan.

Through the above mentioned Regulation, the Governor has sought approval of the President to give effect to it.

The President being part of the Parliament, as envisaged under Article 50 of the Constitution, considering it expedient for the supremacy of the Parliament, has desired to the Prime Minister that the Government may lay the said Regulation before the Parliament.

This Regulation according to the Governor is to further the ends of a peace agreement signed between Provincial Government of NWFP and Tehrik-e-Nifaz-e-Shariat-e-Muhammadi, on 16 February, 2009.

Reportedly, as a result of the said peace agreement, law and order situation is improving in Swat. Therefore, this House recommends that the President being part of the Parliament may be pleased to accord approval to the said Regulation in terms of provisions of Article 247 of the Constitution.

Sd/-

DR. ZAHEERUDDIN BABAR AWAN,

Minister for Parliamentary Affairs

- 1- The Sharia law will be imposed in Swat, including the whole Malakand division;
- 2- The Army will gradually withdraw security forces from the region;
- 3- The government and the Taliban will exchange prisoners;
- 4- The Taliban will recognise the writ of the government and they will cooperate with the local police;
- 5- The Taliban will halt attacks on barber and music shops;
- 6- The Taliban will not display weapons in public;
- 7- The Taliban will turn in heavy weapons like rocket launchers and mortars to the government;
- 8- The Taliban will not operate any training camps;
- 9- The Taliban will denounce suicide attacks;
- 10- A ban would be placed on raising private militias;
- 11- The Taliban will cooperate with the government to vaccinate children against diseases like polio;
- 12- The Madrassa of Maulana Fazlullah in Imam Dherai would be turned into an Islamic University;
- 13- Only licensed FM radio stations would be allowed to operate in the region
- 14- The Taliban will allow women to work without any fear.■

13 April 2009

<http://rememberjenkinsear.blogspot.com/2009/04/text-of-swat-peace-accord-2009.html>

DOCUMENT 9

TEXT OF THE NIZAM-E-ADL REGULATION 2009

Following is the Text of the Nizam-e-Adl Regulation 2009 to provide for Nifaz-e-Nizam-e-Sharia'h through Courts in the Provincially Administered Tribal Areas:

A REGULATION to provide for Nifaz-e-Nizam-e-Sharia'h through Courts in the provincially Administered Tribal Areas for the North West Frontier Province, except the Tribal Areas adjoining Mansehra district and the former State of Amb.

WHEREAS it is expedient to provide for Nifaz-e-Nizam-e-Sharia'h through courts in the Provincial Administered Tribal Areas of the North West Frontier Province except the Tribal areas adjoining Mansehra district and the former State of Amb;

AND WHEREAS clause (3) of Article 247 of the Constitution of the Islamic Republic of Pakistan provides that no Act of Majlis-e-Shoora (parliament) or a Provincial Assembly Shall apply to a provincially Administered Tribal Areas, or any part thereof, unless the Governor of the Province in which the Tribal Area is situated, with the approval of the President, so directs, and in

giving such direction with respect to any law, the Governor may direct that the law shall, in its application to a Tribal Area, or to a specified part thereof, have effect subject to such exceptions and modifications as may be specified in the direction;

AND WHEREAS clause (4) of Article 247 of the Constitution of the Islamic Republic of Pakistan provides that the governor of a province, with the prior approval of the President may, with respect to any matter within the legislative competence of the Provincial Assembly, make regulations for the peace and good governance of Provincially Administered Tribal Areas or any part thereof;

NOW, THEREFORE, in exercise of the powers aforesaid, the Governor of the North West Frontier Province, with the approval of the President, is pleased to make the following Regulation:

1. Short title, extent and commencement.

- (1) This Regulation may be called the Shariah Nizam-e-Adl Regulation, 2009.
- (2) It shall extend to the provincially Administered Tribal Areas of the North West Frontier Province, except the Tribal Areas adjoining Mansehra district and the former State of Amb, hereinafter referred to as the said area.
- (3) It shall come into force at once.

2. Definitions.

- (1) In this Regulation, unless there is anything repugnant in the subject or context,
 - (a) "Court" means the court of competent jurisdiction established and designated as such under this Regulation, and includes a court of appeal or, as the case may be, a court of revision;
 - (b) "Dar-ul-Dar-ul-Qaza" means the final appellate or revisional court, in the said area, designated as such, under this Regulation in pursuance of clause (2) of Article 183 of the Constitution of the Islamic Republic of Pakistan;
 - (c) "Dar-ul-Qaza" means appellate or revisional Court constituted by Governor of North West Frontier Province in the said area, under clause (4) of the Article 198 of the Constitution of the Islamic Republic of Pakistan;
 - (d) "Government" means the Government of the North West Frontier Province;
 - (e) "Paragraph" means a paragraph of this regulation; "recognized institution" means the Shariah Academy established under International Islamic University Ordinance, 1985 (XXX of 1985) or any institution imparting training in Uloom-e-Shariah and recognized as such by Government;

- (f) "Prescribed" means prescribed by rules made under this Regulation;
- (g) "Qazi" means a duly appointed judicial officer as specified and designated in column (3) of Schedule II;
- (h) "recognized institution" means the Shariah Academy established under International Islamic University Ordinance, 1985 (XXX of 1985) or any institution imparting training in Uloom-e-Shariah and recognized as such by Government;
- (i) "Schedule" means a Schedule to this Regulation;
- (j) "Shariah" means the injunctions of Islam as laid down in Quran Majeed, Sunnah-e-Nabwi (Sallallahu Alaihe Wasallam), Ijma and Qias.

Explanation. In the application to the personal law of any Muslim sect, the expression "Quran Majeed and Sunnah-e-Nabwi (Sallallahu alaihe wasallam)" shall mean the Quran Majeed and Sunnah-e-Nabwi (Sallallahu alaihe wasallam) as interpreted by that sect.

- (2) All other expressions, not expressly defined in this Regulation, shall have the same meanings as assigned to them in any other law for the time being in force in the said area.
 - (3) Application of certain laws.-(1) The laws specified in column (2) of Schedule I, as in force in the North West Frontier Province immediately before the commencement of this Regulation, and so far as may be, all rules, notifications and orders made or issued there under, shall apply to the said area.
 - (2) All the laws applicable to the said area, including the laws mentioned in sub paragraph (1), shall so apply subject to such exceptions and modifications as specified in this Regulation.
4. Certain laws to cease to operate. If, immediately before the commencement of this Regulation, there was in force in the said area any law, instrument, custom or usage having the force of law not corresponding to the Injunctions of Quran Majeed and Sunnah-e-Nabwi (Sallallahu alaihe Wasallam) or provisions of any of the laws applied to the said area by this Regulation, such law, instruments, custom or usage, as the case may be, shall upon such commencement, cease to have effect in the said area.
5. Courts. Besides, Dar-ul-Dar-ul-Qaza and Dar-ul- Qaza, there shall be following courts of competent jurisdiction, in the said area, namely:
- (a) Court of Zilla Qazi;
 - (b) Court of Izafi Zilla Qazi;
 - (c) Court of Aa'la Illaqa Qazi;
 - (d) Court of Illaqa Qazi; and
 - (e) Court of Executive Magistrate.
6. Qazis and their powers and functions.

- (1) Any person to be appointed as Illaqa Qazi in the said area shall be a person who is a duly appointed judicial officer in the North West Frontier Province and preference shall be given to those judicial officers who have completed Shariah course from a recognized institution.
 - (2) In relation to proceedings and conducting the criminal or civil cases, all powers, functions and duties conferred, assigned or imposed on Judicial officers in the North West Frontier Province under any law for the time being in force shall, subject to application of such law in the said area and established principles of Shariah, be exercised, performed or discharged by them as designated in column (3) of Schedule II.
 - (3) Subject to the general supervision of the principal seat of Dar-ul-Qaza, a Zilla qazi shall supervise the work of subordinate courts and, through the District Police Officer concerned, the process serving staff, within the local limits of his jurisdiction.
7. Executive Magistrate.
- (1) In each district or protected area, there shall be a District Magistrate, Additional District Magistrates, Sub Divisional Magistrates and other Executive Magistrates as the Government may deem necessary to appoint.
 - (2) The District Magistrate and all other Executive Magistrates shall discharge their functions, responsibilities and exercise their powers according to the established principles of Shariah and other laws for the time being in force in the said area.
 - (3) Keeping peace, maintaining order, enforcing the executive authority of the Government and “Sadd-e-Zara-e-Jinayat” shall be the duty, responsibility and power of the District Magistrate. For this purpose he may take action against an individual under the established principles of Shariah.
 - (4) The cases included in Schedule III to this Regulation shall be exclusively tribal by Executive Magistrates.

EXPLANATION. The expression “Sadd-e-Zara-e-Jinayat” means and includes all actions and steps taken under the Shariah laws and any other law in force for the time being for the control of crimes.

8. Submission of Challan to Qazi or Executive Magistrate. It shall be the duty of every officer -in -charge of a police station to ensure that complete challan in each criminal case is submitted to the concerned Court within fourteen days from the date of lodging the first information report, except in a case in which the concerned Qazi or Executive Magistrate has granted special extension of time for a specified period for reasons to be recorded:

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- (1) Provided that if any officer in charge of police station or investigation officer fails to submit complete chalan within specified period, the Qazi or Executive Magistrate concerned shall refer the matter to competent authority for disciplinary action against the police officer responsible for such delay and necessary disciplinary action shall be taken against him forthwith and shall be duly communicated to the referring Qazi or Executive Magistrate.
 - (2) The officer in charge of a police station shall submit a copy of the first information report to concerned Qazi or Executive Magistrate within twenty four hours of its lodging, and inform the concerned Qazi and Executive Magistrate, from time to time, about the position and further progress of investigation of the case.
9. Proceedings to be in accordance with Shariah.
- (1) A Qazi or Executive Magistrate shall seek guidance from Quran Majeed, Sunna-e-Nabvi (Sallalloho Alaihe Wasallam), Ijma and Qiyas for the purposes of procedure and proceedings for conduct and resolution of cases and shall decide the same in accordance with shariah. While expounding and interpreting the Quran Majeed and Sunna-e-Nabvi (Sallalloho Alaihe Wasallam) the Qazi and Executive Magistrate shall follow the established principles of exposition and interpretation of Quran Majeed and Sunna-e-Nabvi (Sallalloho Alaihe wasallam) and, for this purpose, shall also consider the expositions and opinions of recognized Fuqaha of Islam.
 - (2) No court shall entertain a suit unless the plaintiff or, as the case may be, the complainant verifies that copies of the plaint along with supporting documents have been sent, through registered post with acknowledge[sic] due to all defendants, except in case of a suit for perpetual injunction accompanied by an application for temporary injunction.
 - (3) The pleadings shall be accompanied by copies of all relevant documents and affidavits of all the unofficial witnesses duly attested by an oath commissioner. The affidavits so submitted shall be treated as examination in chief of such witness:
 Provided that if, after submission of pleadings, in the opinion of court, any new issue arises, party to proceedings may be allowed to submit afresh copies of relevant documents and affidavits of unofficial witness attested in the manner aforesaid, for arriving at just conclusion of case.

- (4) In all cases of civil nature written statement shall be submitted within seven days and where the defendant fails to do so his defense shall be struck off:
Provided that the court may extend time for filing of written statement in extraordinary circumstances for an additional period of seven days, the time so allowed shall not be extended further on any ground whatsoever.
 - (5) After completion of evidence, the court shall ask the parties to argue, either verbally or in writing, on the adjourned date and, if either of the party fails to do so on the date so, fixed, the court shall pronounce judgment on merits without any further adjournment for arguments:
Provided that it shall be the duty of the court to make list of relevant reported judgments, referred to by any party as precedent, which shall form part of judicial record.
 - (6) No adjournment shall be granted to either party in any civil or criminal proceedings, except where the court is satisfied that adjournment is unavoidable. In such case the requesting party shall deposit the costs in court which shall not be less than two thousand rupees.
10. Observance of time schedule.
- (1) A period of not more than six months for disposal of a civil case, and a period of not more than four months for disposal of a criminal case, shall be standard time schedule excluding the time spent for sulh proceedings.
 - (2) A Qazi shall finalize a case within the time schedule prescribed under sub-paragraph (1) and, in case of any delay in disposal of any case beyond such schedule, shall report the cause and reasons of such delay to the Zilla Qazi, or, as the case may be, to the presiding officer of the principal seat of Dar-ul-Qaza, and shall act on the directions issued by such court in this behalf.
 - (3) An Executive Magistrate shall also finalize a case within the time schedule prescribed under sub-paragraph (1) and, in case of any delay in disposal of any case beyond such schedule, shall report the case and reasons of such delay to the District Magistrate and shall act on the directions issued by him in this behalf.
 - (4) If the Zilla Qazi or, as the case may be, the presiding officer of the principal seat of Dar-ul-Qaza in relation to proceedings in the court of Qazi, upon examination of causes of delay, is of the opinion that the delay has been caused due to the delaying tactics of a party, it shall impose a cost to be recovered from the defaulter party and direct the court concerned to dispose of the case within an extended period of not more than one month.

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- (5) If the District Magistrate, in relation to proceedings in the court of Executive Magistrate, upon examination of causes of delay, is of the opinion that the delay has been caused due to the delaying tactics of a party, it shall impose a cost to be recovered from the defaulter party and direct the court concerned to dispose of the case within an extended period of not more than one month.
- (6) If in the opinion of Zilla Qazi or, as the case may be, of the presiding officer of the principal seat of the Dar-ul-Qaza, the Qazi or Executive Magistrate, dealing with the case or proceedings is responsible for delay in its disposal, the Zilla Qazi or, as the case may be, the presiding officer of the principal seat of Dar-ul-Qaza may
- (a) in the case of Qazi, deliver upon him a letter of displeasure. If a Qazi is served with three letters of displeasure in a year, then the Zilla Qazi or as the case may be, presiding officer of the principal seat of Dar-ul-Qaza, after providing him an opportunity of being heard, may make an entry in his service record; and
 - (b) in the case of Executive Magistrate, inform the District Magistrate about such delay and recommend for disciplinary action, provided in clause (a) and the District Magistrate shall act on the recommendations accordingly.
- (7) In criminal cases, the Investigating Officer shall prepare copies of the case filed in triplicate, in addition to judicial file, so that the trial court may retain the judicial file for regular trial, and the remaining two files, may be sent to the court concerned when requisitioned.
- (8) An appeal or revision under this Regulation shall be filed within thirty days from the date of the decision in the respective case, after sending its copies, through registered post with acknowledgment due, to the opposite part, and the appellate or revisional court shall decide the same within thirty days, without remanding it on any ground whatsoever:
 Provided that such court shall have the power to rectify any illegality or irregularity of omission.
- (9) Any decree shall be executed either by the court which passed it, or by the court it is sent for execution, within two months.
11. Establishment of courts.
- (1) As soon as may be after the commencement of this Regulation, Government shall take necessary steps to establish as many courts as may be necessary to ensure expeditious dispensation of justice within prescribed time schedule.

- (2) Where the number of pending case at a time exceeds more than one hundred and fifty in a court of Zilla Qazi, District Magistrate, or, as the case may be, Izafi Zilla Qazi, or exceeds more than two hundred cases in a court of Aa'la Ilaqa Qazi, Executive Magistrate, or, as the case may be, Illaqa Qazi, it shall be necessary for the Government to establish a new court and provide it all related facilities to ensure dispensation of justice within prescribed time schedule.
12. Appeal and revision. Subject to the Constitution of the Islamic Republic of Pakistan, appeal or revision against the orders, judgment or decrees of the Dar-ul Qaza shall lie to the Dar-ul-Dar-ul-Qaza established for the purposes of this Regulation.
13. Power to appoint musleh.
- (1) Any civil or criminal case, subject to mutual consent of the parties, may be referred by a court to Musleh or, as the case may be, musleheen before recording of evidence, either on the agreement of the parties regarding the names of such musleh or musleheen, or in case of their disagreement, to such musleh or musleheen whose names appear on the list maintained by the court for such purpose:
Provided that the cases falling within the purview of Hudood laws and cases by or against the Federal Government or Provincial Government or any statutory body or persons under legal disabilities shall not be referred for sul'h.
- (2) The musleheen shall record their opinion with regard to a dispute referred to them with reasons thereof. .
- (3) Where a musleh or, as the case may be, musleheen, to whom a dispute has been referred for resolution, either fail or refuse to resolve it, or the Court is of the opinion that unnecessary delay has been caused, without sufficient reason, in resolving it, the Court, may, on the application of a party or suo moto, for reasons to be recorded, withdraw the order of such reference and, after such withdrawal, it shall resolve the dispute in accordance with Sharia'h as if it were not referred for sul'h:
Provided that, in no circumstances a case shall remain with a musleh or, as the case may be, musleheen for a period of more than fifteen days, but the court may, in extraordinary circumstances, for reasons to be recorded in writing, extend the time for fifteen days and, on the expiry of the aforesaid period, it shall stand withdrawn to the court for further proceedings.
- (4) The Musleh or, as the case may be, the musleheen, appointed for such resolution of the dispute, after hearing the parties and their witnesses, if any, perusing the relevant document, if any, and

inspecting the spot, if need be, shall form opinion about resolution of the dispute, with reasons therefore, and submit a report of their opinion to the concerned court without delay:

Provided that in case the opinion is not unanimous, the opinion of the majority members and the opinion of each dissenting member, separately or jointly, with reasons thereof shall be so submitted.

- (5) The Court shall, if it is satisfied that the opinion in a case referred to for sul'h under sub paragraph (1) is in accordance with Sharia'h, make it the rule of the Court, and shall announce it as such, but, if the court comes to the conclusion that the opinion is not in accordance with Sharia'h, it shall declare the opinion, for reasons to be recorded, as null and void and shall start its proceedings for decision of such dispute in accordance with Sharia'h as if it were not referred for sul'h.
 - (6) The court shall, before proceeding further, provide an opportunity to the parties to submit objections, if any, to such report, and, if any, objections are so made, the court shall, after hearing the parties, decide about the correctness or otherwise of the objections.
 - (7) The court shall, keeping in view the actual expenses incurred by the musleh or musleheen, on travelling to, and stay at, the place other than the place of his or, as the case may be, their residence, and the time spent, in dealing with the case, in particular circumstances of each case, fix the remuneration of such musleh or musleheen, to be paid by each party in such proportion as may be determined by the court.
14. Conduct of Judicial Officers and Executive Magistrates.
- (1) The conduct and character of each Judicial Officer and Executive Magistrate shall be in accordance with the Islamic principles.
 - (2) Notwithstanding anything contained in any law for the time being in force/ all cases, suits, inquires, matters and proceedings in courts, pertaining to the said area, shall be decided by the courts concerned in accordance with Sharia'h: Provided that cases of non-Muslims in matters of adoption, divorce, dower, inheritance, marriage, usages and wills shall be conducted and decided in accordance with their respective personal laws.
 - (3) Government may, from time to time, take such measures for the purposes of sub-paragraph (1), as it may deem necessary.
15. Aid and assistance to courts.
- (1) All executive authorities in the said area, including members of law enforcing agencies and members of other service's of

Pakistan, shall act in aid and assistance of the courts, and shall implement their judicial decisions and orders.

- (2) The Government may, where necessary, issue such directions to any law enforcing agency as are necessary in relation to service of court processes on the parties, witnesses or any other person, and, for any general or specific purposes, in order to ensure the conduct of such law enforcing agency in aid and assistance of the courts.

16. Language of the Court and its record. All the processes and proceedings of the court, including the pleadings, evidence, arguments, orders and judgments shall be recorded and conducted in Urdu, Pushto or in English and the record of the Court shall also be maintained in the said language.

17. Power to make rules. The Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Regulation.

18. Regulation to override other laws. The provisions of this Regulation shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force in the said area.

19. Repeal.

- (1) The Provincially Administered Tribal Areas Shari Nizam-e-Adl Regulation, 1999 (N.W.F.P. Reg. I of 1999), and rules made thereunder are hereby repealed.
- (2) The Code of Criminal Procedure (Amendment) Ordinance, 2001 (XXXVII of 2001), applied to the said area vide Home and Tribal Affairs Department's Notification No. 1/93-SOSLI (HD)/2001, dated the 27th April, 2002, is hereby repealed.
- (3) Notwithstanding the repeal of the Regulation under subparagraph (1), or cessation of any law, instrument, custom or usage under paragraph 4, the repeal or cessation, as the case may be, shall not
 - (a) revive anything not in force or existing at the time at which the repeal or cessation takes effect;
 - (b) affect the previous operation of the law, instrument, custom or usage or anything duly done or suffered thereunder; © affect any right, privilege, obligation or liability acquired, accrued or incurred under the law, instrument, custom or usage;
 - (d) affect any penalty, forfeiture or punishment incurred in respect of any offence committed against the law, instrument, custom or usage; of
 - (e) affect any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment; and any such investigation, legal proceeding or remedy may be instituted,

continued or enforced, and any such penalty, forfeiture or punishment may be imposed, as if the law, instrument, custom or usage had not been repealed or ceased to have effect, as the case may be.

SCHEDULE I

(See Paragraph 3 (1))

S.N. Nomenclature of laws

(1) (2)

1. The West Pakistan Historical Mosques and Shrines Fund Cess Ordinance, 1960 (W.P.Ord.y of 1960).
2. The Family Courts Act, 1964 (W.P.Act XXXV of 1964).
3. The Pakistan Arms Ordinance, 1965 (W.P.Ord.XX of 1965).
4. The Law Reforms Ordinance, 1972 (Ord.XII of 1972).
5. The Code of Civil Procedure (Amendment) Act, 1976, (XV of 1976).
6. The Law Reforms (Amendment) Ordinance, 1976 (Ord.XXI of 1976).
7. The North West Frontier Province Suppression of Crimes Ordinance, 1978 (NWFP Ord.III of 1978).
8. The North West Frontier Province Prevention of Gambling Ordinance, 1978 (N.W.F.P. Ord. V of 1978).
9. The Code of Civil Procedure (Amendment) Ordinance, 1980 (Ord.X of 1980).
10. The Offences Against Properties (Enforcement of Hudood) (Amendment) Ordinance, 1980 (Ord. XIX of 1980) .
11. The Offence of Zina (Enforcement of Hudood) (Amendment) Ordinance, 1980 (Ord. XX of 1980).
12. The Offence, of Qazf (Enforcement of Hadd) (Amendment) Ordinance 1980 (XXI of 1980).
13. The Ehtram-e-Ramzan Ordinance, 1981 (Ord. XXIII of 1981) .
14. The Offences Against Property (Enforcement of Hudood) (Amendment) Ordinance, 1982 (Ord. II of 1982).
15. The Zakat and Ushr (Amendment) Ordinance, 1983 (Ord.VII of 1983).
16. The Zakat and Ushr (Second Amendment) Ordinance 1983 (Ord. X of 1983).
17. The Zakat and Ushr (Third Amendment) Ordinance, 1983 (Ord. XXVI of 1983).
18. The Anti-Islamic Activities of Qadianis Group, Lahore Group and Ahmadis (Prohibition and Punishment) Ordinance, 1984 (Ord. XX of 1984.)
19. The Zakat and Ushr (Amendment) Ordinance, 1984 (Ord. XLVI of 1984).
20. The North West Frontier Province (Enforcement of Certain Provisions of Laws) Act, 1989 (NWFP Act II of 1980).
21. The Code of Civil Procedure (Amendment) Act, 1989 (IV of 1990).

22. The Zakat and Ushr (Amendment) Act, 1991 (XXIII of 1991).
23. The Enforcement of Sharia'h Act, 1991 (X of 1991).
24. The Pakistan Bait-ul-Mal^a Act, 1992 (I of 1992) .
25. The Code of Civil Procedure (Amendment) Act, 1992 (VI of 1992).
26. The North West Frontier Province Shari Act, 2003 (NWFP Act No.II of 2003).
27. The North West Frontier Province Waqf Ordinance, 1979 (Ord.I of 1979).
28. The North West Frontier Province Consumer Protection Act, 1997 (Act VI of 1997).
29. The Pakistan Environmental protection Act, 1997 (Act XXXIV of 1997).
30. The Civil Law (Reforms) Act, 1994 (Act XIV of 1994).
31. The Fatal Accident Act, 1855 (Act XIII of 1855).
32. The Partition Act, 1893 (Act IV of 1893).
33. The Antiquities Act, 1975 (Act VII of 1976).
34. The Essential Article (Control)Act, 1958.
35. The North West Frontier Province Orphanages (Supervision and Control) Act, 1976 (Act XIV of 1976).
36. The West Pakistan Suppression of Prostitution Ordinance, 1961 (Ord. II of 1961).
37. The Price Control and Prevention of Profiteering and Hoarding Act, 1977 (XXIX of 1977).
38. The West Pakistan Regulation and Control of Loud Speaker and Sound Amplifiers Ordinance, 1965 (Ord. II of 1965).
39. The Prevention of Gambling Act, 1977 (Act XXVIII of 1977).
40. The Indecent Advertisement Prohibition Act, 1963 (Act XII of 1963).
41. The Travel Agencies Act, 1976 (Act XXX of 1976).
42. The Employment of Children Act, 1991 (Act V of 1991)
43. The North West Frontier Province Registration and Functions of Private Educational Institutions (Amendment) Ordinance, 2002 (Ord XLVI of 2002)
44. The NWFP the Punjab Minor Canals (Amendment) Ordinance, 2002 (Ord. LVIII of 2002).
45. The North West Frontier Province Local Government (Amendment) Act, 2005 (Act X of 2005).
46. The North West Frontier Province Housing Authority Act, 2005 (Act XI of 2005) .
47. The North West Frontier Province Consumers Protection (Amendment) Act, 2005 (Act II of 2005) .
48. The North West Frontier Province Local Government (Second Amendment) Act, 2006 (Act II of 2006).
49. The North West Frontier Province Societies Registration (Amendment) Act, 2006 (Act III of 2006).

50. The North West Frontier Province Prohibition of Kite Flying Activities Act, 2006 (Act IV of 2006).
51. The North West Frontier Province Interest of Personal Loans Prevention Act, 2007.
52. The North West Frontier Province Agriculture and Livestock Produce Markets Act, 2007.
53. The North West Frontier Province Forest Ordinance, 2002 (Ord. XIX of 2002).
54. The Anti-Terrorism (Second Amendment) Ordinance, 1999 (Ord. XIII of 1999).
55. The Anti-Terrorism (Third Amendment) Ordinance, 1999 (Ord. XX of 1999) .
56. The Juvenile Justice System Ordinance, 2000 (Ord. XXII of 2000).
57. The Anti-Terrorism (Amendment) Ordinance, 2000 (Ord. XXIX of 2000) .
58. The National Highway Safety Ordinance, 2000 (Ord. XL of 2000).
59. The Zakat and Ushr (Amendment) Ordinance, 2000 (Ord. XXI of 2001).
60. The Patents Ordinance, 2000 (Ord. LXI of 2001).
61. The Control of Narcotic Substances (Amendment) Ordinance, 2000 (Ord. LXVI of 2000).
62. The Zakat and Ushr (Amendment) Ordinance, 2001 (Ord. XXI of 2001).
63. The Arms Laws (Amendment) Ordinance, 2001 (Ord. LXVI of 2001).
64. The Code of Civil Procedure (Amendment) Ordinance, 2002 (Ord. XXXIV of 2002).
65. The General Clauses (Amendment) Ordinance, 2002 (Ord. XXXIII of 2002).
66. The Representation of People (Amendment) Ordinance, 2002 (Ord. XXVIII of 2002).
67. The Representation of People (Amendment) Ordinance, 2002 (Ord. XXXVI of 2002).
68. The Representation of People (Third Amendment) Ordinance, 2002 (Ord. XLV of 2002).
69. The Zakat and Ushr (Amendment) Ordinance, 2002 (Ord. XXV of 2002).
70. The Zakat and Ushr (Amendment) Ordinance, 2002 (Ord. XXXVIII of 2002).
71. The National Commission for Human Development Ordinance, 2002 (Ord. No. XXIX of 2002).
72. The Pakistan. Electronic Media Regulatory Authority Ordinance, 2002 (Ord. No. XIII of 2002).
73. The Prevention and Control of Human Trafficking Ordinance, 2002 (LIX of 2002).
74. The Probation of Offenders*. (Amendment) Ordinance, 2002 (LXVI of 2002).

75. The Prohibition of Smoking and Protection of Non-Smokers Health Ordinance, 2002 (Ord. LXXIV of 2002).
76. The Freedom of Information Ordinance, 2002 (Ord. XCVI of 2002).
77. The Press Council of Pakistan Ordinance, 2002 (Ord. XCVII of 2002).
78. The Press, Newspaper, News Agencies and Book Registration Ordinance, 2002 (Ord. XCVIII of 2002).
79. The Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 2002 (Ord. CI of 2002).
80. The Drugs (Amendment) Ordinance, 2002 (Ord. XXVIII of 2002).
81. The Local Government, Election Laws (Amendment) Ordinance, 2002.
82. The Political Parties Order, 2002 (C.E.O. 18 of 2002).
83. The Political Parties (Amendment) Order, 2002 (C.E.O. 20 of 2002).
84. The Police. (Amendment) Order, 2002 (C.E.O. 36 of 2002).
85. The Contempt of Court Ordinance, 2003 (Ord. V of 2003).
86. The Political Parties (Amendment) Act, 2004 (Act III of 2004).
87. The Code of Civil Procedure (Amendment) Act, 2004 (Act VIII of 2004).
88. The Defamation (Amendment) Act, 2004 (Act IX of 2004).
89. The Anti-terrorism (Amendment) Act, 2004 (Act X of 2004).
90. The Illegal Dispossession Act, 2005 (Act XI of 2005).
91. The Marriage Functions (Prohibition of Ostentatious Displays and Wasteful Expenses) (Amendment) Act, 2006.
92. The Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2007 (II of 2007).
93. The Prevention of Electronic Crimes Ordinance, 2008.
94. The Control of Narcotics Substances Act, 1997 (XXV of 1997).

SCHEDULE II

(See paragraphs 2 (1) (g), 6(2)]

S.NO. Designation of judges and Judicial Officers in the NWFP except PATA
Designation of judges and Judicial Officers in the PATA

- 1 District and Sessions Judge Zilla Qazi
- 2 Additional District and. Sessions Izafi Zilla Qazi Judge
- 3 Senior Civil Judge/Judicial Aa'la Illaqa Qazi 30 of Criminal Procedure Code,1898 (Act V of 1898) Aa'la Illaqa Qazi
- 4 Civil Judge/Judicial Magistrate Illaqa Qazi

SCHEDULE III

(See paragraph 7(4)]

S. No. Description of Offences

- 1 All offences under Pakistan Penal Code punishable with imprisonment up to three years with or without fine.
- 2 All offences punishable under Local and Special Laws punishable up to three years with or without fine.

3 Cases for prevention of breach of peace and public nuisances under the Pakistan Penal Code and the Code of Criminal Procedure, 1898.

4 Cases pertaining to deviations of licenses and permits under relevant laws applicable to the said area. ■

Owais Ahmed Ghani

Governor, North West Frontier Province

http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=73492&Itemid=2

DOCUMENT 10

CHAIR'S STATEMENT AT THE MINISTERIAL MEETING OF THE FRIENDS OF DEMOCRATIC PAKISTAN, TOKYO

A Ministerial meeting of the Friends of Democratic Pakistan was held in Tokyo on 17 April 2009 under the chairmanship of the President of Pakistan H.E. Mr. Asif Ali Zardari. The Prime Minister of Japan H.E. Mr. Taro Aso addressed the meeting.

The President of Pakistan and all the participants expressed their appreciation and deep gratitude to Prime Minister Taro Aso and the Government of Japan for the excellent arrangements made for the Ministerial meeting.

The President of Pakistan expressed his gratitude on behalf of the people of Pakistan to the Friends of Democratic Pakistan for lending their individual and collective support to Pakistan enabling it to realize the vision of a democratic, progressive, welfare state, committed to the consolidation of democratic institutions, the rule of law, good governance, achieving socio-economic advancement, economic reform, and overcoming the challenges posed by terrorism and extremism.

In his address to the Friends of Democratic Pakistan, the President of Pakistan expressed and re-emphasized the commitment of the Government and people of Pakistan to defeat terrorism and militancy. He outlined the steps the Government of Pakistan will take to stem the spread of extremism and to address the political, economic and security challenges confronting the country. He stressed that his Government and the international community will remain firm partners in confronting and eliminating terrorism, militancy and extremism.

The President of Pakistan also expressed the commitment of the Government and people of Pakistan to achieve economic reform for further stability of the country.

The meeting expressed its full support towards the enhancement of Pakistan's inherent strength and capacity to meet the above challenges, individually and collectively, and with the support of international financial institutions.

The meeting acknowledged the important role of Pakistan and the great sacrifices that Pakistani people had made in confronting the menace of terrorism and extremism as well as Pakistan's strong commitment to become an anchor of stability and peace in the region as a whole.

The meeting recognized with appreciation the resolve of the Government and people of Pakistan to promote peace, security, stability and prosperity within the region and to work with the international community constructively to promote these goals at the global plane. In this context, the meeting recognized the need for Pakistan's strategy for public diplomacy to attract further support for and solidarity with the people and government of Pakistan.

The meeting expressed its full support to the efforts of the Government of Pakistan in ensuring its security and upholding the sovereignty, political independence and territorial integrity of Pakistan.

The members of the Friends of Democratic Pakistan decided to deepen and broaden their engagement with and provide tangible support to Pakistan with a view to establishing a robust partnership for peace and development.

The meeting expressed support for Pakistan's efforts to further advance economic reform by increasing policy reform, privatization as well as increasing private sector growth, accountability and transparency.

The meeting noted the report of the FODP Experts meeting held in Abu Dhabi on 1-2 April. It was decided to establish effective follow up mechanisms for international cooperation and coordination including Working Groups, with interested countries and institutions, in the identified areas of development, security, energy, institution capacity building and trade and finance. These Working Groups will carry forward the process of analysis, formulation, evaluation and implementation of proposals in the above areas. The existing donor coordination mechanisms will be strengthened.

It was decided that the Friends of Democratic Pakistan process will be carried forward with a view to exploring all avenues to support Pakistan in realizing shared development priorities and addressing security challenges with focus on less developed areas. In particular the Friends of Democratic Pakistan will support the efforts of the Government of Pakistan to tap the potential of public private partnerships and that of civil society actors. To facilitate the process of the FODP and its follow up, the meeting welcomed the decision of the Government of Pakistan to establish the FODP Secretariat in Islamabad.

The meeting welcomed Turkey's proposal to host the next High Level officials and Ministerial meetings in Istanbul.

The meeting also affirmed the solidarity of the international community to the Pakistani nation for realizing the vision of a democratic welfare state committed to the purposes and principles of the United Nations. ■

Ministry of Foreign Affairs, Pakistan , 17 April 2009
http://www.mofa.gov.pk/Press_Releases/Printer_Friendly/2009/April/PR_Print_160_09.htm

DOCUMENT 11

**JOINT STATEMENT
FIRST MEETING OF FOREIGN MINISTERS OF THE ISLAMIC
REPUBLIC OF AFGHANISTAN, ISLAMIC REPUBLIC OF IRAN AND
ISLAMIC REPUBLIC OF PAKISTAN ON TRILATERAL
COOPERATION**

On the basis of the agreement reached between the Heads of States of the Islamic Republic of Afghanistan, the Islamic Republic of Iran and the Islamic Republic of Pakistan in March 2009 on the sidelines of the 10th ECO summit in Tehran regarding periodic meeting of senior officials of the three states on strengthening and expansion of cooperation in various fields, and following the trilateral meeting of Deputy Foreign Ministers of Foreign Affairs of the three states held in Islamabad, the first trilateral meeting of the Minister of Foreign Affairs of the Islamic Republic of Afghanistan, Islamic Republic of Iran and the Islamic Republic of Pakistan, was held on 27 April 2009 in Kabul.

The meeting took place in a warm and friendly atmosphere. The three Foreign Ministers recalled religious, historical and cultural ties between the three countries. They recognized that the three countries and the region face common and serious challenges, and in that regard, emphasized the need to expand trilateral cooperation in various fields, including political, economic, cultural, security and other relevant regional and international issues;

At the conclusion of the meeting, the three sides:

Reiterated the importance of trilateral political dialogue and cooperation on regional and international issues of mutual interest;

Expressed their strong commitment to redouble their efforts, utilizing the potentials of the three countries, in addressing these challenges for the welfare and prosperity of their peoples;

Underscored the need for enhanced cooperation against terrorism, extremism, trafficking of narcotics and regional and international organized crime for strengthening peace, stability, security and advancing economic development in the region;

Reaffirmed the importance of strengthened and expansion of economic/trade cooperation and transit between the three countries;

Agreed to exchange and promote trade and transit facilities among the three countries, with due regard to the special needs of the land-locked countries, in accordance with the ECO recommendations, particularly the Joint Declaration of the 10th ECO Summit as well as relevant regional and international conventions;

Recognized the need to facilitate and expedite customs transactions to ensure effective and efficient delivery of goods and services;

Agreed also to promote preferential trade arrangements between the three countries, and to further strengthen the existing regional agreement and frameworks and remove trade imbalances;

Underlined the need to construct, in an expedited manner, railways and roads as link networks for enhancing trade, economic growth and strengthened regional cooperation between the three countries;

Affirmed the need to operationalize designated projects for transfer of electricity from Central Asia to the Islamic Republic of Iran and the Islamic Republic of Pakistan through Afghanistan;

Reiterated the importance of joint cooperation in the field of agriculture;

Emphasized joint cooperation to facilitate investment in various fields, in conformity with the national legislation of the three countries, for voluntary participation in relevant actions;

Agreed to establish joint training centers aimed at achieving a proficient labour force for formulation of relevant projects between the three countries;

Highlighted the importance of consolidating relations between the three countries, including peoples to people contact, as an important measure to bring to an end trafficking of human beings, in that regard, agreed to identify additional measures to ensure safe and legal movement of their citizens;

Emphasized enhanced cooperation and coordination of activities in various fields, including Culture, Education, Higher-Education, Health and Scientific Research;

Acknowledged with great importance the need to enhance cooperation for controlling the spread of transmitted diseases, including HIV/AIDS, Malaria, Typhoid, Tuberculosis and Hepatitis;

Agreed to hold periodic meeting of Foreign Ministers of the three countries in their respective countries;

Agreed to hold the Second Trilateral Summit in Tehran, Iran within one month;

The Ministers of Foreign Affairs of the Islamic Republic of Iran and the Islamic Republic of Pakistan expressed profound gratitude for the initiative of the Islamic Republic of Afghanistan for hosting the First Trilateral Meeting of Foreign Ministers of the respective countries;

This Joint Statement, contained in 18 paragraphs, is adopted in Kabul, on the 27th of April 2009 in two originals, Dari/Persian and English, both texts being equally authentic.■

DOCUMENT 12

PRESIDENT OF PAKISTAN, ASIF ALI ZARDARI'S INTERVIEW BY
WOLF BLITZER, CNN
(TRANSCRIPT)

Also coming up, my exclusive interview with the president of Pakistan, President Asif Ali Zardari. I ask him if he's afraid of being overthrown in a military coup and who he'd blame if that happens.

BLITZER: There are various concerns out there and threats regarding Pakistan. Tomorrow, Pakistan's president meets with President Obama. Today, President Asif Ali Zardari spoke with me in an exclusive interview. We covered a wide range of topics, including the safety of Pakistan's nuclear arsenal. I also asked the president to assess the exact areas of extremist activity.

BLITZER: Tom Foreman, our correspondent, is here in THE SITUATION ROOM, and he has on the map -- he is going to show us where some of the threats to your government, what some would consider to be existential threats, are located.

He's here.

ZARDARI: If I may say, they are not threats to my government. They are a threat to my security, they are a threat to my security of (INAUDIBLE), for my Army, my police, yes. They're not set to my government. My government is not going to fall because one mountain is taken by one group or the other.

BLITZER: All right. I want you to watch this and then we'll discuss -- Tom.

TOM FOREMAN, CNN CORRESPONDENT: Thanks, Wolf.

Let's take a look at the geography of this land and get a sense of what we're talking about here. Of course you know area, Iraq over here, Iran, Afghanistan, Pakistan. The area we're most interested in here is the northwestern region of Pakistan.

This has been an area where the Taliban has been strong, particularly down here, South Waziristan, North Waziristan, just across the border from Afghanistan. You know after 9/11, when the Taliban was crushed here, they retreated largely into this area, including al Qaeda leaders.

The concern for the United States and, Mr. President, presumably for your government, from what you say, has been the expansion this way toward the east, into this area. And north, up here.

Only a year ago, the limit was sort of here with influence up here. But now it's moved up further.

This is the Swat Valley, very important up here, and of course Buner we were talking about a little bit ago. All of this area along here, to some degree, can be described as contested these days, and when we zoom in tighter to Islamabad,

you can actually see that distance we're talking about. If you look at the actual measurement from here down to here, it's going to be about 60 miles.

That is one big concern on the Pakistani front. But for the United States there is another concern. The more that the Taliban is able to establish firm hold in here, uncontested by the Pakistani government, for the United States the concern is this is a big base from which to wage war into Afghanistan, where President Obama says he wants to reestablish the government based in Kabul.

Which, as you know, Wolf, and Mr. President, is having a very hard time.

BLITZER: Is that a pretty accurate assessment of what's going on in those areas?

ZARDARI: No. I would say it's an accurate assessment, but exaggerated.

BLITZER: What is exaggerated?

ZARDARI: The exaggeration is that they have been there -- they have been not today...

BLITZER: The Taliban.

ZARDARI: The Taliban, they've been there historically. They are the tribes. They are the people. They are the kin.

If they have been there, the Taliban, the United States has been there for the last 10 years. And if they don't know the exact locations of individuals, then don't expect us to know.

But we have been giving them a fight. We've taken back -- we've cleaned out Bajaur, Mohmand (ph), Buner, Dir (ph), all of those areas. We've cleaned them out.

BLITZER: Because you're going in there now after you've made a cease-fire, you made a deal with these Taliban-related groups that -- has it collapsed completely?

ZARDARI: The provincial government, (INAUDIBLE), made an arrangement, an agreement with them that if they were to lay down their arms, we would talk to the reconcilable.

BLITZER: You would let them, for example, institute Sharia law?

ZARDARI: No, no, no, no, no. Not at all.

It was swift (ph) justice under the constitution of Pakistan, and as is, the constitution of Pakistan would work and the laws of the country would apply there, not Sharia law. Sharia law is already in Pakistan, all around.

BLITZER: Because right now we're seeing and hearing reports that women can't leave their homes in some of these areas unless not only they're fully covered, but unless their husband or a male takes them outside.

ZARDARI: That is their interpretation of their law. That does not mean that we adhere to it or we accept it. We do not accept that. Wherever we are, wherever the government is, that is not happening.

Whenever they come in (INAUDIBLE) -- because you must remember, this is -- hasn't been -- there's no police station in most of this area. There is no law in most of this area. It has been like...

BLITZER: Are you going to send your troops in? You have 600,000 or 700,000 troops.

ZARDARI: Yes, sure.

BLITZER: Are you going to send them in and clean out that area from the Taliban and al Qaeda?

ZARDARI: Most definitely. Most definitely, we've cleaned out like...

BLITZER: So that cease-fire agreement is history? That's...

ZARDARI: The cease-fire agreement is not holding. But we are going to try and hold them to it because they're the reconcilables. They're supposed to fight for us.

BLITZER: Do you need American help, more drone attacks, for example, against suspected al Qaeda or Taliban targets in Pakistan?

ZARDARI: I need drones to be part of my arsenal. I need that facility. I need that equipment. I need that to be my police arrangement. I need to own those...

BLITZER: Because there you can see, we have some -- if you turn around over there, you can see some pictures from those Hellfire missiles on those U.S. drones going after suspected Taliban or al Qaeda targets in your country.

Are you OK with this U.S. strategy of attacking targets inside sovereign Pakistani soil?

ZARDARI: Let's agree to disagree. What I have agreed upon is I need this. We've have asked for them -- we've asked the United States for this...

BLITZER: For the technology?

ZARDARI: Technology.

BLITZER: Have they agreed?

ZARDARI: We're still in dialogue. They haven't disagreed, but they haven't agreed.

BLITZER: Is that the most important item on your shopping list right now?

ZARDARI: It is one of the items on our shopping list.

BLITZER: So you will ask the president of the United States for these drones?

ZARDARI: I will request the president of the United States to give it a thought that if we own them, then we take out our targets rather than somebody else coming and do it for us.

BLITZER: We invited some of our viewers to submit a comment or a question because knowing you would be coming here. And we have this iReporter who is a Pakistani student studying in Melbourne, Florida, right now. He's a Fulbright scholar. And I'm going to play what he wants to ask you.

Turn around and you can see him.

ZEEZHAN USMANI, CNN IREPORTER: Why can't we solve the problems we have created for ourselves? And why do you have to beg to the U.S. every time anything goes wrong in Pakistan?

BLITZER: His name is Zeeshan Usmani. He's a student in Florida.

ZARDARI: Definitely, Zeeshan, democracy is part of the answer. We -- this is our problem, this is our situation, this is our issue. We will solve it. By bringing in democracy, by electing me as the president to Pakistan, the people of Pakistan have voted. They have said yes to democracy and no to the Talibanization of Pakistan.

So we are solving this problem, and we shall.

BLITZER: The president of the United States, at his news conference the other day, he also said this about your fears of your neighbor, India. And I'm going to play the clip for you.

Listen to President Obama.

ZARDARI: Sure.

BARACK H. OBAMA, PRESIDENT OF THE UNITED STATES: On the military side, you're starting to see some recognition just in the last few days that the obsession with India as the mortal threat to Pakistan has been misguided.

BLITZER: All right. Has your what he calls "obsession with India as the mortal threat to Pakistan" been misguided?

ZARDARI: Democracies have never gone to war. No Pakistan democratic government has gone to war with India. We've always wanted peace. We still want to -- want peace with India. We want a commercial relationship with them.

I'm looking at the markets of India for the Pakistani -- for the industrialists of Pakistan and am hoping to do the same. I'm waiting for the elections to be over so that all of this rhetoric is over and I can start a fresh dialogue with the Indian government.

BLITZER: Because, as you know, there is concern, especially in the Congress, that of the approximately \$10 billion the U.S. has provided Pakistan since 9/11, most of that money has been used to beef up your arsenal against some sort of threat from India, as opposed to going after the Taliban and al Qaeda.

ZARDARI: Let's say they've given \$10 billion in 10 years, a billion nearly a year for the war effort in -- against the Taliban, and the war that is going on.

BLITZER: Just explain what that means.

ZARDARI: That money has been spent, my forces -- 125,000 forces are mobilized, they're there in the region fighting the Taliban for the last 10 years. It takes -- it is a lot of expense.

BLITZER: Do you want U.S. troops in Pakistan?

ZARDARI: I don't think the U.S. troops want to come to Pakistan.

BLITZER: But if you were to ask the United States, we need help -- maybe, I don't know if you do -- to deal with this threat, is that something you're open to?

ZARDARI: No, I'm open to the fact that we need more equipment, we need more intelligence equipment, we need support, intelligence-wise, et cetera. But not personnel. I don't think personnel are necessary. They'll be counterproductive.

BLITZER: Because the defense secretary, Robert Gates, told our Fareed Zakaria this the other day, saying he's open to listen to what you need.

Listen to Gates.

ROBERT GATES, SECRETARY OF DEFENSE: There has been a reluctance on their part up to now. They don't like the idea of a significant American military footprint inside Pakistan. I understand that. And -- but we are willing to do pretty much whatever we can to help the Pakistanis in this situation.

(END VIDEO CLIP)

BLITZER: All right. What do you think about that?

ZARDARI: I think the last statement, I'll take it on first value and go with it. I'll run with it and ask for more help.

BLITZER: Because he says, pretty much what you want you'll get. Just ask.

ZARDARI: We are asking. We've been asking for a lot of help, and it has been in the pipeline for a long time. And I'm not here to, you know, point fingers at anybody. I'm here to get more support for democracy, get more support for the war effort, and show them my record, and try and tell them, listen, one year of democracy, eight months of -- seven-and-a-half months of my presidency, we've done more than your dictator did before...

BLITZER: Do you have confidence in President Obama?

ZARDARI: I have confidence in the American system. I have confidence in the democracy in America. And definitely, I have hope in Obama.

BLITZER: How would you describe right now the U.S.-Pakistani relationship? ZARDARI: I think our relationships are pretty strong. I think it needs more effort. I think it needs more understanding on both our sides, and we need more interaction. But I think our relationship is pretty strong.

BLITZER: As you know, I interviewed your late wife. Benazir Bhutto, here. She was sitting in that seat, where you are right now, just before she went back to Pakistan. All of us were worried what might happened, and we know the worst-case scenario happened.

Let me ask you, how worried are you, Mr. President, about your security?

ZARDARI: I'm always - that is a very -- it's in the back of my mind. But the fact of the matter is, running doesn't solve anything.

She came, she was there, she got attention. She managed to throw out a dictator. In her spirit, under her name, under her philosophy, democracy, we took the presidency, we took the prime ministership, we made a first time woman speaker of Pakistan and Parliament.

Now, under the same philosophy, we shall defeat the Taliban, we shall defeat all the challenges, and take Pakistan into the 21st century.

BLITZER: Mr. President, good luck.

ZARDARI: Thank you.

BLITZER: Much more of the interview coming up, including an extensive exchange on Pakistan's nuclear arsenal. How secure is it? What does he need, the president of Pakistan, from the president of the United States, to make sure that nuclear arsenal is secure? And will he share with the United States the details, exactly where Pakistan's nuclear bombs are located?

Much more of that coming up, part two of the interview. That will be here, in THE SITUATION ROOM, today.

PART II.

WOLF BLITZER, CNN ANCHOR: I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Pakistan's president tells me his troops will definitely move in to try to crush the Taliban and the al Qaeda elements in his country. But fears that extremists will seize control of his country are very real within the Obama administration right now.

Stand by for my exclusive interview with the president of Pakistan, Asif Ali Zardari. He's here in Washington getting ready to meet with the president.

But let's go to our CNN foreign affairs correspondent, Jill Dougherty, first.

Jill, President Obama's strategy in holding meetings jointly and separately with the visiting presidents of Pakistan and Afghanistan, that strategy is going forward this week.

JILL DOUGHERTY, CNN FOREIGN AFFAIRS CORRESPONDENT: Right.

And, Wolf, you know, it's notable that just a few weeks ago, the administration was critical of the leaders of Pakistan and Afghanistan, but now they're toning that down, hoping that these high-profile meetings will yield some results.

DOUGHERTY (voice-over): Under severe strains at home, the presidents of Afghanistan and Pakistan brace for make-or-break talks with President Barack Obama in Washington, on the offensive to prove they can stand up to the Taliban.

HAMID KARZAI, PRESIDENT OF AFGHANISTAN: Afghanistan is the closest neighbor of Pakistan, the closest brotherly/sisterly relationship with Pakistan. We are like conjoined twins. We are not separable.

We are one. We are together. We were living together. We will die together.

But we will not die. We'll continue living together.

DOUGHERTY: But on Capitol Hill, questions are growing.

REP. GARY ACKERMAN (D), NEW YORK: Let me be blunt. Pakistan's pants are on fire.

DOUGHERTY: Some lawmakers fear Pakistan could collapse, leaving its nuclear weapons in terrorists' hands. The top diplomat to the region says it's not that bad yet.

RICHARD HOLBROOKE, U.S. SPECIAL REPRESENTATIVE FOR AFGHANISTAN and PAKISTAN: And we should not allow comments about how serious the issue is to be confused with predictions of a collapse. We do not think Pakistan is a failed state.

DOUGHERTY: The administration is pushing for emergency money for the region, including \$500 million for the Pakistani military to fight an advancing Taliban. And it wants to triple civilian aid to Pakistan, \$1.5 billion a year for the next five years. But Congress wants accountability, regular reports from the White House on how Pakistan is fighting terrorists.

Pakistan's president tells CNN's Wolf Blitzer he's done a lot already.

ASIF ALI ZARDARI, PAKISTANI PRESIDENT: I'm not here to, you know, point fingers at anybody. I'm here to get more support for democracy, get more support for the war effort, and show them my record.

(END VIDEOTAPE)

DOUGHERTY: So, no one here or over at the State Department is predicting what exactly might come out of these meetings, but just getting everybody in the same place at one time, Wolf, is an accomplishment, according to these officials.

BLITZER: All right, it would be. Thanks very much. Let's see what happens.

The Taliban threat, by the way, in Pakistan is on the agenda of the defense secretary, Robert Gates. He is on a trip to the Middle East right now. Pakistan's president insists the Taliban won't take over.

ZARDARI: It doesn't work like that. They can't take over.

BLITZER: Why can't they take over?

ZARDARI: They have a 700,000 army. How can they take over? (END VIDEO CLIP)

BLITZER: Does he have complete control of his military? He answers that question, addresses fears over Pakistan's nuclear weapons. My exclusive interview here in THE SITUATION ROOM with the president of Pakistan, that's next.

And it sparked 9/11 memories, all for a photo-op. Will you see the photos of that presidential plane flying over New York City?

And add one more city to the list of those supporting gay marriage.

BLITZER: Extremist threats, the possibility of a government coup and keeping nuclear weapons secure, all of those are very serious concerns regarding Pakistan.

Tomorrow, Pakistan's president meets with President Obama. Today, he spoke exclusively with me.

BLITZER: And joining us now, the president of Pakistan, Asif Ali Zardari.

Mr. President, welcome to Washington.

ZARDARI: Thank you, Wolf.

BLITZER: Let's talk a little bit about the nuclear arsenal of Pakistan, a subject of great concern not only in your country but around the world. This is what the "New York Times" reported this week.

"The United States does not know where all of Pakistan's nuclear sites are located and its concerns have intensified in the last two weeks since the Taliban entered Buner, a district 60 miles from the capital. The spread of the insurgency has left American officials less willing to accept blanket assurances from Pakistan that the weapons are safe."

Are your nuclear weapons safe?

ZARDARI: Definitely safe.

First of all, they are in safe hands. B, there is a command and control system under the president of Pakistan. And Buner, like you say, as the crow flies, these mountains are 60, 70 miles from Islamabad. They have always been there. And there has been fighting there before. There will be fighting there again. And there has always been an issue of people in those mountains who we've been taking on.

BLITZER: Because the world is worried if the Taliban or associated groups were to take over.

ZARDARI: It doesn't work like that. They can't take over.

BLITZER: Why can't they take over?

ZARDARI: We have a 700,000 Army. How can they take over?

BLITZER: But aren't there elements within the Army who are sympathetic to the Taliban and al Qaeda?

ZARDARI: I deny that. There aren't any, sir, sympathizers for them. There is a mind-set in the local area maybe who feel they are akin to the same religion, God, et cetera, et cetera. But nothing that should concern anybody as far as the nuclear arsenal or other instruments of such sort.

BLITZER: Because there has been deep concern as you know that the Pakistani intelligence service has links, direct links with Taliban and maybe even al Qaeda supporters.

ZARDARI: All intelligence links have their sources in all -- in all such organizations. Does that mean CIA has direct links with al Qaeda? No, they have their sources. We have our sources. Everybody has sources.

BLITZER: Do you feel you, as the president of Pakistan, have complete control over the Pakistani military?

ZARDARI: Yes, I do, sir.

BLITZER: You have no doubt about that? If you give an order, that order will be obeyed?

ZARDARI: It does, yes.

BLITZER: You're very confident of that?

ZARDARI: Very confident of that.

BLITZER: The security, getting back to the security of the nuclear arsenal, the chairman of the Joint Chiefs of Staff, Admiral Mullen, a man you've met with on a few occasions. He said he doesn't even know, and he is the top U.S. military officer, where Pakistan's various military, nuclear components are spread around. Is that information you're willing to share with the United States?

ZARDARI: I don't think so. I think it's on a need-to-know basis information.

BLITZER: But don't you think the United States should need to know something as critical as that?

ZARDARI: If comes up we might and I might not share it with them, it depends.

BLITZER: Has the U.S. asked you for that kind of information that they would be reassured that the nuclear arsenal is safe?

ZARDARI: They have not asked me directly, no.

BLITZER: But what I hear you saying is that, if Admiral Mullen or some other high-ranking U.S. official, maybe the president of the United States, were to say, you know what, let's work together, let's learn about your arsenal so that maybe we can help you. You'd be open to that?

ZARDARI: I think it's already been shared before.

BLITZER: What has been shared before?

ZARDARI: The information of the concerns have been shared before. Let's put it this way. Every official of any knowledge in your administration has shown -- they have given the same statement, that they have confidence in the fact that they are safe.

BLITZER: They have said that, that they are confident that they are safe but Admiral Mullen the other day said he's not sure, he's not sure where everything is located, he doesn't have that kind of information and he said he respected Pakistani sovereignty.

ZARDARI: So that answers the question.

BLITZER: He doesn't know where everything is.

ZARDARI: That answers the question.

BLITZER: All right. let's -- let's talk a little bit about the president of the United States. He's very worried about your government. I'm going to play a

little clip of what he said at his news conference the other night on his 100th day as president.

ZARDARI: Sure.

BLITZER: Listen to this.

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: I am gravely concerned about the situation in Pakistan. Not because I think that they're immediately going to be overrun and the Taliban would take over in Pakistan. More concerned that the civilian government there right now is very fragile.

BLITZER: All right. You heard he says the civilian government, which is you, is very fragile and he's very concerned about that.

ZARDARI: If you play that tape and then you play another tape by my point person, Ambassador Holbrooke, you'll realize what he meant. He meant the institutions are comparatively weak. Like our Parliament, like our social services, are comparatively weak compared to, say, compared to your systems, et cetera, et cetera, not that the government itself was weak.

BLITZER: How worried are you -- this is a blunt question, but there is a history in Pakistan -- of a coup d'etat, a military coup, taking over, removing you as the president of Pakistan?

ZARDARI: I don't think there is any such chance at the moment. Whenever we had a coup d'etat, whenever we have had a dictator, he's always been supported by you, as in the United States.

BLITZER: When you say the United States...

ZARDARI: The United States. And I don't think the...

BLITZER: So, when President Musharraf took over, you say the U.S. supported that?

ZARDARI: I think that is our position. Yes, they did.

And I feel that, at the moment, the world does not have the appetite to support another coup d'etat in Pakistan.

BLITZER: But what I hear you saying, if there were a coup in Pakistan, you would blame the United States for that?

ZARDARI: I would blame all the democratic forces in the world. And we always have.

And then we worked with them in order to get our country back. We've fought three dictators already. People's Party has a history of fighting three dictators and winning over them.

BLITZER: Are you concerned about U.S. support for Pakistan right now?

ZARDARI: I am concerned to the fact that I want more support. I am thankful for the support that I got and thankful to the people of America to give their tax dollars to us and - but I need more support.

BLITZER: What do you want specifically?

ZARDARI: I want to make a case with the world and the United States and the Congress and the president of America that, look at us, see what our weaknesses are, and decide for yourself what do we need?

We have been in a fight against the world, against the Soviet world for the last 40 years. That has automatically brought a sort of a weakness in our whole system. And that system needs to be helped in order to be strong enough to take this threat of the Taliban's. ■

5 May 2009

http://www.pakistan-embassy.org/news318_050509.php

DOCUMENT 13

PRESIDENT OF PAKISTAN, ASIF ALI ZARDARI AND PRESIDENT OF AFGHANISTAN, HAMID KARZAI INTERVIEW BY CHARLIE ROSE, NBC

CHARLIE ROSE, HOST: Welcome to the broadcast. Tonight from Washington, D.C., a historic conversation between the president of Pakistan and the president of Afghanistan, in Washington for a series of meetings with President Obama and other members of his administration. This is the first time the two presidents have appeared on television at the same time in the same interview.

HAMID KARZAI, PRESIDENT OF AFGHANISTAN: If we do not make our two countries in the region secure from the threats of terrorism and radicalism, it will travel further afield into the rest of the world, as it did. Therefore, it's not only the two countries that are at risk at having great stakes, but the rest of the world with us too. And that is why the United States and its allies are there.

ASIF ALI ZARDARI, PRESIDENT OF PAKISTAN: I would agree. I would second that motion totally of my brother Karzai that the world is at stake. Not just our two nations, the way of our life and our coming generations, but there is a challenge to the world which needs to be stemmed.

CHARLIE ROSE: Also this evening, looking at Afghanistan and Pakistan from a very different perspective, in an interview I recorded on April 27th with Sarah Chayes. She is a former NPR correspondent. She now runs a cooperative in Kandahar, and she is an adviser to General David McKiernan.

SARAH CHAYES, FORMER NPR CORRESPONDENT: The reason I'm committed to Afghanistan is I think that a lot of what the 21st century is going to look like is going to be determined by how we do in Afghanistan. And that means the 21st century for all of us. And so it's time to get past our disgruntlement, our maybe hard feelings with prior U.S. administrations or whatever it may be, and get in this and pull together.

CHARLIE ROSE: A historic conversation between the president of Pakistan, Asif Ali Zardari and the president of Afghanistan, Hamid Karzai, and a journalist from NPR who decided to remain in Afghanistan, Sarah Chayes. All of that next.

CHARLIE ROSE: We are in Washington for an exclusive and historic conversation between the presidents of Afghanistan and Pakistan. They are here for a trilateral meeting with officials of the United States government including President Obama, Secretary Clinton, special representative Holbrooke and many others in the American government, the Afghan government and the Pakistani government. They are here because, as President Obama has said, it is a fundamental fact that these three countries, Afghanistan, Pakistan and the United States are linked in a crucial way.

We want to have this conversation because this is the first time they have sat together on television, or any leader of Afghanistan and Pakistan together for an interview. So, I am pleased that they are doing it now, and I begin by saying thank you very much, President Zardari. Thank you very much, President Karzai. It is our pleasure to have you here.

There is no protocol for where I start, so I will just begin from left to right. What do you hope this accomplishes? And what do you believe it accomplishes?

ASIF ALI ZARDARI: Well, I personally feel that this should have been done much earlier. We are three countries facing the same challenge. And how unfortunate that nobody ever thought of this before.

I'm new at my job. I've been president of Pakistan seven months. But there are establishments around. And I think it's a great accomplishment. I feel that President Obama's -- this idea is very good. We bring a lot of strength to each other. And our people bring a lot of understanding to each other. So I think it's better late than never. And I think it's a step in the right direction.

HAMID KARZAI: Very good idea that we are together. This was an important event, enhancing a better understanding and cooperation between Afghanistan and Pakistan, and a better (INAUDIBLE) for -- better involvement for the United States of America with both of us in the common endeavor of us in the struggle against terrorism. It's a good thing.

CHARLIE ROSE: I would like for both of you to tell me what you believe is at stake in this moment from what is going on in Afghanistan with the Taliban, what is going on in Pakistan with the Taliban.

HAMID KARZAI: What is at stake is, of course, our freedom, the security of our lives, our future prosperity and well-being, and the security of the world at large. If we do not make our two countries in the region secure from the threat of terrorism and radicalism, it will travel further a field into the rest of the world, as it did. Therefore, it's not only the two countries that are at risk at having great stakes, but the rest of the world with us too. And that's why the United States and its allies are there.

ASIF ALI ZARDARI: I would agree. I would second that motion totally of my brother Karzai that the world is at stake. Not just our two nations, the way of our life and our coming generations, but there is a challenge to the world which needs to be stemmed.

CHARLIE ROSE: What specific things happened here that will allow things to be done that have not been done before, so that the Taliban has advanced to levels in proximity to Islamabad and in Afghanistan that worries everyone? What steps here?

HAMID KARZAI: Well, an important step here the day before yesterday was the first meeting of this kind in different layers of government. The three presidents met. The two presidents met with the secretary of state, followed by conversation between the various departments of all the three governments, including agriculture and all aspects of development. So it was wholesome. It was intended to provide the two countries, Afghanistan and Pakistan, not only with the environment and also where possible with the tools to fight terrorism and radicalism, but also to enhance cooperation between the two countries, the trade and transit and agriculture and electricity, all that. So it was a broader spectrum of seeking cooperation.

CHARLIE ROSE: Did you get what you need to do the job in Afghanistan?

HAMID KARZAI: We did initiate nicely. We are on a very different platform today with President Zardari in office for the past seven months. The trust and exchanges between us is widely better than it ever was. And that's a fundamentally different ground. And.

CHARLIE ROSE: And a fundamentally different relationship than you had with the previous president.

HAMID KARZAI: Indeed, indeed, indeed. And that is being enhanced better by the assistance that we are being provided by the United States of America.

CHARLIE ROSE: When you look at this relationship, what have you gained by the presence here, by the fact that you, in your government in Pakistan, his government, what common things can you do to advance the effort? Because your prime minister made a very important speech in which he said that there is a renewed commitment that was not there before to engage in the Swat Valley?

ASIF ALI ZARDARI: Charlie, I don't think he said that it wasn't there before. It was just that it's a home-grown formula (ph), and that is another topic, but let's come back.

CHARLIE ROSE: There wasn't -- there was an agreement that we try to work things out, a dialogue rather than military.

ASIF ALI ZARDARI: No, that's a 3D policy that the parliament has sanctioned, so that is another dialogue. But coming back to the situation how we come together is like how we were together in front of the senators. The fact

that we bring strength and we bring the knowledge of the region. And the politicians of America, the politicians, the Senate, the Congress, the people who matter, who have to understand and take the understanding back to their constituents, they got a chance to interact with us. We got a chance to interact with them to explain, put our case across to them. And I think it was a very fruitful -- I think it hasn't ever happened in the history of American, Pakistan and Afghan politics at all.

CHARLIE ROSE: In terms of promise of aid, promises.

ASIF ALI ZARDARI: Not just promise of aid. The fact that you have to bring an understanding. Promise of aid and help that is (INAUDIBLE). The world wants to get rid of this problem that we have in our region. But it doesn't originate from our region. It's a worldwide phenomenon.

The fact of the matter is that we got to talk to them. They got to talk to us. They know who Asif Zardari is, they know who Hamid Karzai is. They know who we are, we know who they are. It brings a lot of familiarity and a lot of strength to the situation and the coming challenges of the future. It's -- this is not something that's going to be get over tomorrow. Considering it is going to be on, and especially with President Obama and his new policy towards engagement to the whole Muslim world, I think it's a very good first step to find two democracies talking to him first off.

CHARLIE ROSE: Do you think you made the case with the Congress when you went to see them that there is a strategy and there is reason to believe that the strategy will work with the requisite support, the requisite economic support, the requisite training of Pakistani and Afghan forces?

ASIF ALI ZARDARI: I think we shared both our positions. We shared what the weaknesses were. And we shared what our strengths were. And I think we are both strengthened by the fact, because they are willing to support both our democracies.

CHARLIE ROSE: One of the problems, as you well know, has been Taliban forces leaving Afghanistan and going into Pakistan. Where is that? What makes you believe that will change?

HAMID KARZAI: Well, we have discussed this before among ourselves, the Afghans and our brothers in Pakistan. We have a border that's -- that's porous, where people cross from one side to the other very, very easily and almost any time of the day. This is one of the problems that we have, and this is exactly one of the reasons that the meeting in Washington was important. Enhanced cooperation, better knowledge hearing, better intelligence coordination, better military-to-military coordination, and government-to-government coordination, with this it will bring us closer to addressing it in an effective manner.

CHARLIE ROSE: What will you do about cases of Red Cross suggesting that American forces were killing civilians? The president apologized, offered his condolences, offered his condolences.

HAMID KARZAI: Yes.

CHARLIE ROSE: How big a problem is that and what was the decision about how to handle it?

HAMID KARZAI: Well, it is a big problem. I'm glad to see that both President Obama and Secretary Clinton acknowledged this difficulty and regretted the loss of civilian lives. But this is a very serious issue both for the people of Afghanistan and also for the people of Pakistan in a different way. We need to find a way to end the loss of civilian life, especially where and when it occurs as a consequence of aerial bombardment or the use of airplanes in villages. In Afghanistan, we have been saying for a long time now that the use of air power is no solution to fighting terrorism, whether there are one or two or many in a village, that we have other ways of doing that, and those ways we have proposed in the past, and recently we agreed on a mechanism of joint operations, joint central coordination operations between the Afghan forces and the American and international forces. That should be implemented.

Through the implementation of that, the need to use air power will go away and that need will not arise any more. And that will mean lesser casualties for Afghan civilians. I hope that the United States will work with us closely, very, very closely. And with an intention to eventually completely ending civilian casualties, something that really any human beings deserve to have.

CHARLIE ROSE: Secretary Gates has suggested that, you know, there is a limit to how many American troops should come in because you don't want the American footprint to be too large so that it looks like that we are playing too large a role. Is that a danger?

HAMID KARZAI: Well, we need to struggle together against the menace of extremism and terrorism between us and Pakistan, between Afghanistan and Pakistan, the United States and the rest of our allies. And we need to find local means of doing that first and better. And those local means must be enhanced and supported by the international means.

That means, as you had in your question earlier, support for the (INAUDIBLE) Afghan and Pakistani forces, of the Afghan and Pakistani institutions and of the Pakistani and Afghan overall capabilities. With that, the big footprint need will not arise. And Secretary Gates is right. The more we allow and enable the local forces in both countries, the better the results will be.

CHARLIE ROSE: What can Pakistan do about this problem of the Taliban leaving Afghanistan and the Pashtun regions and going over into Pakistan, leaving Afghanistan for Pakistan?

ASIF ALI ZARDARI: We are doing as much as we can. But to say that that's enough would be a wrong statement. We need to enhance our capabilities. We need help in enhancing our capabilities. It's not a border like when you think of the Afghan-Pakistan border, people usually get an idea of a border like Mexico. But it's not Mexico, and you do know that, Charlie, they haven't been

able to stop the cross border in Mexico, which is a plain land, you put barbwire, which we do not have, we cannot have.

And there is a natural flow of transit, trade or some let's say visiting every day, 10,000, 15,000, 20,000 people travel to Afghanistan and from Afghanistan to the Pakistani side every day just for any other reason -- trade, meeting people, families, occasional visiting, whatever. That's how much interactively they're involved.

Now this, to stop, because they don't travel with heavy machine guns from my border. That is something they acquire when they get to Afghanistan. So, we need -- I think we need a push from the Afghan side and the Pakistan side. Somewhere, we need to draw a line to complement each other's efforts.

CHARLIE ROSE: Two questions about Pakistan. Many Americans say to me, American officials, they want to see you to -- or General Kayani -- to move the army forces from the Indian border over to the disputed region. They need that army transference to take place.

ASIF ALI ZARDARI: Well, it is a complex answer to that, but in the simple term, let me tell you that we have moved some more recently. Because the action asked for it. And if need be, we will move more.

CHARLIE ROSE: They have convinced you or you already knew.

ASIF ALI ZARDARI: No, it was a demand-based proposition. When the demand goes up, we shift -- all our southern border is where all of our command posts are. That's where all the containments (ph) are, because that is the perceived threat. So, whenever we have to move, we will have to move from that border towards this. So, even if they are at rest position, they are in the containments and the containments happen to be on that front.

CHARLIE ROSE: Is the threat of the Taliban and what militant and terrorist activities mean a larger threat to Pakistan today than whatever might be happening on the Indian border?

ASIF ALI ZARDARI: Indian border is sometimes hot and sometimes cold. That is another story, but democracies are always trying to get friendly to each other, especially we bring in the strength of trying to improve our relations with India. So, we never talk war. Pakistan under a democratic system has never gone to war with India. So, that is one, that is one position. But at the same time, there is an active threat on the Afghan border from our side, from their side, from within the mountains. And that's where we're engaged today. So, today's war for the foreseeable future, for the world and for us, is that area.

CHARLIE ROSE: The question always comes up about Pakistan, and I have asked this of your ambassador and you have heard it many, many times, as to whether everybody in your government, in the army and in the intelligence services is on board with what you believe to be, and the president of Afghanistan and the president of America believes to be this serious, serious necessity of defeating the Taliban and making Afghanistan safe and making Pakistan stable?

ASIF ALI ZARDARI: I can assure you that everybody in my government knows that the threat is to them. It is not a threat to you or anybody else later, that threat lies to them personally also. So, everybody is in it at 100 per cent.

CHARLIE ROSE: From every – the leadership of all the Pakistani institutions.

ASIF ALI ZARDARI: All the Pakistani institutions, army, et cetera.

CHARLIE ROSE: And do they understand the reason that there has been suspicion in the past? That that was not true?

ASIF ALI ZARDARI: I don't hold -- you know, the case for the past, and I won't go into that because what is the past is the past. It's history. But that was everybody's problem. And we were part of the solution. So we will be part of the solution. We are the democracy of Pakistan. And we are there to make sure that the world understands that we will solve the problem.

CHARLIE ROSE: What do you want to hear from the president of Pakistan?

HAMID KARZAI: On this issue?

CHARLIE ROSE: On this issue and on how you defeat the Taliban and how you create a stable government with authority throughout Afghanistan?

HAMID KARZAI: Well, we have been talking in detail, and a plenty, on what is required from Pakistan and what is required from Afghanistan to wage an effective struggle against extremism and terrorism and to provide safety and security for our people on both sides of the border.

CHARLIE ROSE: But help us understand what that is. I mean, you have come to this understanding of what is necessary?

HAMID KARZAI: That is -- that is -- that is cooperation between the two countries at institutional level. That is the deployment of the right forces and the right policies. That's all that it should take when it comes to intelligence sharing, military-to-military coordination, civilian-to-civilian coordination, border crossings coordination, and all other initiatives during -- economic and developmental ones to address the problems that we have.

And yesterday's meeting and the day before yesterday's meeting did focus on this. Today as we sit before you, we are a lot better and more coordinated than we ever were in the past.

CHARLIE ROSE: Because of this meeting, because of what?

HAMID KARZAI: Because of the arrival of the democratic government in Pakistan, because of President Zardari's own thinking and desire, because of the desire for the Pakistani people, because of the trust that we have developed, because of the encouragement by the United States of America and our other allies and because we are in danger.

CHARLIE ROSE: And everybody understands that.

HAMID KARZAI: And everybody understands that.

CHARLIE ROSE: And that whatever has been taking place in the past was not enough to thwart the danger.

HAMID KARZAI: Sure.

CHARLIE ROSE: Speaks for itself.

ASIF ALI ZARDARI: Yes. The fact that it hasn't gone away and the forces of the world have been there for the last 10 years speaks for itself.

CHARLIE ROSE: Not enough has been done.

ASIF ALI ZARDARI: Not enough has been done.

CHARLIE ROSE: There is also this in terms of stability, that the United States hears and the president reflects the idea that there needs to be a kind of development taking place, of which the U.S. aid will help, to convince the respective citizens of both of your countries that the outside forces are interested in, in a sense, helping them become confident in their own government, that the aid that comes will get to the people and the people will appreciate that this -- in Pakistan and in Afghanistan, the governments are doing something to address their problems.

ASIF ALI ZARDARI: I totally agree with you, because nothing speaks louder than action.

CHARLIE ROSE: And that's economic aid, that's agricultural department...

ASIF ALI ZARDARI: Exactly.

CHARLIE ROSE: ... that is all of those things.

ASIF ALI ZARDARI: Success speaks for itself -- success has its own advocate. It doesn't need you and me. Like for instance, since I came into governance, since our government came into existence in Pakistan, we inherited a wheat shortage, to give you one example. Today we have surplus in wheat this season. It's only been seven months since I have been in the presidency. We are surplus in wheat and we shall, insha'allah, be an export country for wheat. Last year, I imported wheat. So, self-reliance comes, in one situation, in such a short while. That success speaks for itself.

CHARLIE ROSE: What can you do about the. ...

HAMID KARZAI: I guess you are talking about good governance.

CHARLIE ROSE: Yes, exactly. I am good governance.

HAMID KARZAI: You are talking about that. Well, Pakistan is in a lot better place than we are in Afghanistan with regard to the ability of the administration to deliver services to its people. Pakistan has been building wealth steadily in the past 60 years, and it had a foundation when the British left. Afghanistan had worked for almost 70 years to come to where it was in 1979 when the Soviets invaded, and that invasion brought with it the gradual destruction of the Afghan state institutions. In 30 years, almost everything vanished.

So, in 2001, when we began, with the help of the rest of the world led by the United States in the war on terror and in liberating Afghanistan, we also

began to rebuild not only politically the Afghan institutions, through a constitution and the democratic state, but also the government itself. The civil services, the police, the army, all other extensions of the government and the delivery of services.

To be short and concise, in 2002, Afghanistan was able to provide only to nine per cent of its population some form of very, very basic health service. Today, we are able to provide over 85 percent of our people with a much better health service and all over the country. And that's just one example.

But having said that, we are still a country that is -- that needs to go a greater journey to call itself a government fully able to deliver services.

CHARLIE ROSE: General Petraeus, for both of you, obviously has an important role in what happens in Afghanistan and Pakistan, and there have been lots of conferences here. And they have been working on a new strategy, and they talk about counter-insurgency, you know, and counter-insurgency means to take and to hold and to build. Is that what is necessary and will that work against the Taliban in both of your countries?

ASIF ALI ZARDARI: Sure, it will work. But let's do it.

CHARLIE ROSE: And do you have the resources today to do it?

ASIF ALI ZARDARI: That's exactly the point. What we are asking about and what we are talking about is give us the ability to deliver. Give us the tools and we will deliver.

CHARLIE ROSE: And what are the tools you need?

ASIF ALI ZARDARI: The tools are that we need much more support. We need much more help and more technology. We need more helicopters. We need night vision equipment. We need -- I've even asked for the drones.

CHARLIE ROSE: The drones.

ASIF ALI ZARDARI: Yes. Sure. I mean, why does it have to be a foreign weapon coming in? Why can't it be our own indigenous capability to take out the Taliban and the miscreants, and we will do it.

CHARLIE ROSE: The question also becomes -- yes, please.

HAMID KARZAI: I will add to President Zardari's answer here. This is a very important thing. Very important question. In addition to the material and capability side of taking and holding and delivering to the population, we must also free the population from the grip of radicalism and extremism as an ideology that was imposed upon them over decades, that has caused them immense suffering, that has also caused them to fall prey to the al Qaeda and the terrorist networks, to fall prey to the whole of this ideology on them. That will require for us on both sides to emancipate the population from that grip of this obscurantist ideological inclination, the al Qaeda and the extensions that they bring from the rest of the world to that part.

That means education. That means return to certain good, traditional values. That means the protection of community leaders and community elders.

That means lots of other things to build back the communities that we have lost to these negative forces.

CHARLIE ROSE: Said another way, it's a battle of ideas. It is a war of ideas as well as a war for the hearts and minds of the people.

HAMID KARZAI: Exactly.

CHARLIE ROSE: What is not being done to win that war today? Is it what?

HAMID KARZAI: This is precisely not being done.

CHARLIE ROSE: Exactly. The things we have been talking about.

HAMID KARZAI: Yes.

CHARLIE ROSE: President Zardari.

ASIF ALI ZARDARI: To a great extent, for instance, we need much more stimulus, much more support to build Pakistan itself to be able to face the challenges. We have fortunately, unlike my brother here, we have the institutions. But we have also been on the receiving end for the last 30 to 40 years. The Soviet world was on our border. The clashing of culture, the other negative creations of that war have affected my growth. So I haven't been able to grow according to the demand of my population, according to the demand of my times.

So, my \$14 to \$20 billion worth of export is not enough. I should have been an \$80 billion export country by now if I didn't have this challenge in my neighborhood, if I didn't have the security risk, if I didn't have challenges of my wife being assassinated, of my brothers being killed, of my hotels being blown up. This all brings in weaknesses, and those weaknesses need shoring up. So that's the shoring up that we are hoping to negotiate with the world and bring in, and (INAUDIBLE) friends of a democratic Pakistan, being able to get much more help, to be stable in the next five years, to not want any help, not warrant any help.

For instance, I want access to your markets on specific FDA facilities, whereby I can produce and come into your markets and give more jobs to my people. The idea is to employ the youth, take away the youth, which the negative forces would take, and convert them into positive human beings working for themselves and have pride in themselves. Rather than being used as fodder force by this force called the Taliban.

CHARLIE ROSE: My impression is trade has been on the agenda here for this conversation.

HAMID KARZAI: Yes.

CHARLIE ROSE: But go ahead, you want to say?

HAMID KARZAI: We already have extensive trade between Afghanistan and Pakistan, especially in the past seven years. This volume has increased considerably, say from the 25 millions of 2002 to nearly a billion today, annual trade is there. Much of that is because of the arrival of the

international community. Now, much of that is from Pakistan to Afghanistan. We also do send fruits and other things to Pakistan.

This transit agreement is to facilitate regional eventually trade and transit between us and Pakistan and beyond.

CHARLIE ROSE: As you know, many people believe that it is the heroin trade and the poppy trade that finances the Taliban.

HAMID KARZAI: Part of that, yes.

CHARLIE ROSE: Unless you do something about that.

HAMID KARZAI: Part of that, yes. Part of that is financing the Taliban. Not all of it. The drug dealers and the mafia are doing it to enrich themselves, not to pay someone else. But they do benefit from the drug trade.

CHARLIE ROSE: Can you change that equation?

HAMID KARZAI: Yes, we can change that equation over a long period of time. If I told you that we would change that tomorrow, I will not be you know, intelligent, or honest. So this is a deeper, deeper problem. We had it seven years ago. We still have it today.

But look at the difference. Seven years ago, we had a great many provinces in Afghanistan growing poppies. In 2005, we had three provinces poppy-free out of 34 provinces. Today, we have 22 provinces poppy-free out of 34 provinces. It's only one of our provinces that is producing so much that supply is almost 80 to 70 to 80 percent of the world's poppies, and that province is not entirely in the hands of the Afghan government. And that's what we should do, together with our allies, to bring it under our control and to provide better lives and better security for the people and better alternatives in order for them to grow something else, which they can, which they have been growing in the past.

CHARLIE ROSE: I have to speak to the nuclear issue. When the Taliban was within what, 60 miles of Islamabad, people once again worried that there was instability in Pakistan. Your army always reassures the American government and everyone else, this is under control. Is it under control if the Taliban can make those kinds of advances in your country?

ASIF ALI ZARDARI: The Taliban were in the mountains or are in the mountains which are geographically 80 miles from Islamabad. They have always been there. These mountains haven't just.

CHARLIE ROSE: They didn't show up yesterday.

ASIF ALI ZARDARI: Didn't show up yesterday. So if they take one hilltop and are trying to take the others, it does not mean Islamabad is in danger. I think this is a fear created by bad news is good news, by the media. But in one word, I can assure you that these are all in safe hands. And anybody who is – needs to know in the world, knows that they are in safe hands.

CHARLIE ROSE: And the president and the secretary of state and the secretary of defense accept that from you and your government and your army chief of staff?

ASIF ALI ZARDARI: Like I said, anybody who needs to know, and want -- knows, and accepts that.

CHARLIE ROSE: This is a remarkable conversation, and I know that you have a meeting with Robert Zoellick, president of the World Bank. How long is it going to take? When can we sit back and say you've gotten the resources. America has, and this meeting was the start of something new, so that it is the first step in defeating the Taliban and all that threat. How long is it going to take?

ASIF ALI ZARDARI: Well, as far as we're concerned, we have been educating and fighting for democracy for 10 years since the dictator was there, promising that democracy will deliver. I can tell you that the democracy has started to deliver. We're already there and we will not fail the world.

HAMID KARZAI: Resources are there. Cause is there, the cause of our struggle against extremism and terrorism for the sake of all of us around the world. But this cause has to be moved forward by a platform of a much higher morality, by the correct expenditure of resources and by the enhancement of the state structures in the two countries, by better cooperation two ways between us and three ways between us and the United States and our allies, and by an understanding of the two countries and their cultures and values. And by inculcating in our people in both countries trust in a significant way in the war against terrorism and by having them go along as much and as nicely and fully as we did in 2001. That will be the sure recipe for success.

CHARLIE ROSE: On that, I thank you very much. This is an historic conversation since you haven't appeared on television, and therefore I'm honoured that you would do it here at my table on my show. It is clear that this meeting and all the resources that have gone into it and your presence with your team suggest a genuine recognition of the risk and a necessity...

ASIF ALI ZARDARI: Yes.

CHARLIE ROSE: ... to move forward with more resources and more likelihood of success. I thank you very much.

HAMID KARZAI: You are welcome. Great interview. Good to talk to you.

CHARLIE ROSE: Thank you very much.

HAMID KARZAI: I liked it very much. Did you? It was very good.

CHARLIE ROSE: Thank you very much.

HAMID KARZAI: Very, very good. Great, great.

CHARLIE ROSE: Thank you. We'll be back. Stay with us.

Sarah Chayes is here. She is a former correspondent for National Public Radio. She now lives and works in Kandahar, Afghanistan. After covering the fall of the Taliban in 2001, she decided to stay to help rebuild the country. She runs a small cooperative in Kandahar and is an adviser to General David McKiernan, the commander of U.S. and NATO forces in Afghanistan. I am

pleased to have her here on this broadcast, and I certainly look forward to this conversation. Welcome.

SARAH CHAYES: It's an honour to be with you.

CHARLIE ROSE: Thank you. This country that you have devoted this sort of commitment to, is it in peril? Is it going to come out of this?

SARAH CHAYES: I would say both of those. It is definitely in peril. I think there's no question that we're looking at a very, very difficult time, a kind of make-or-break time, I think this summer. But I really think it can come out of it. It depends on a kind of reinvestment on the part of the international community, including obviously the United States, and to some extent a bit of a shift in approach.

CHARLIE ROSE: Tell me about both. First of all, the shift in approach, and then the kind of reinvestment that's necessary.

SARAH CHAYES: Shift in approach, I really think we have to focus on issues of governance. And there is a lot of analysis around -- sort of making the rounds that says, you know, Afghanistan, it's really just this tribal place and never really been governed, and corruption is part of South Asian culture and things like that. And I'm just astonished when I hear this, because I only hear it from Westerners. I don't hear that from Afghans. From Afghans, what I hear is we have been governed by a competent, responsive central government, not perfect but a real central government for most of the last century. A big interruption in the 1980s when we were invaded by a foreign superpower.

CHARLIE ROSE: Yes.

SARAH CHAYES: And we have been struggling to kind of recover from that ever since. And you know, I was in Kandahar, which is the, you know, the old Taliban stronghold...

CHARLIE ROSE: Right.

SARAH CHAYES: ... the al Qaeda stronghold within days after the fall of the Taliban regime. And I'm telling you, I received zero hostility, zero intrinsic rejection of my presence personally as an American female walking around with her face uncovered, not to mention.

CHARLIE ROSE: Yeah.

SARAH CHAYES: And the reason is because Afghans were desperate for a government. And they thought wow, finally we've got the attention of the international community. And countries like the United States which are known for -- let's set the word democracy aside, OK.

CHARLIE ROSE: Yes.

SARAH CHAYES: Let's just say we're known for, you know, transparent, accountable, professional and responsive government. And that's what they were looking to us to help restore, and the promise that we had a very narrow kind of counterterrorism objective at that time, which meant we wanted to run around chasing al Qaeda. And we were pretty much willing to empower

anyone who said that they would help us chase al Qaeda. I'm caricaturing a little bit, but not a lot.

CHARLIE ROSE: Yes.

SARAH CHAYES: And the problem is that I haven't really seen a major divergence from that approach from that day to this. So what I have seen is that the Afghan population has become more and more disaffected, not for ideological or tribal reasons at all, but really because they are unhappy with the way they're being treated by the government that we have empowered and pretty much given a blank cheque to.

CHARLIE ROSE: Do they blame us for that?

SARAH CHAYES: Absolutely. Sure, sure, because they say.

CHARLIE ROSE: We don't like -- you don't like the government you put in power, therefore we don't like you.

SARAH CHAYES: Yes. Yes. They say, look, you brought these people back into Afghanistan. We had repudiated them back in 1994. This was the one thing that we actually liked the Taliban for having done.

CHARLIE ROSE: Right.

SARAH CHAYES: So, you brought them back. We thought you had a plan while you were bringing them back. And what we have discovered is you didn't really have a plan. And so they're looking to us to help reign these folks in rather than further empower them.

And I have heard a lot of support for that in the Afghanistan-Pakistan strategy, as enunciated by President Obama, to wit, you know, new compact with the Afghan government to crack down on corrupt behavior. So it's there. And now for me, what is going to be really interesting is to see how we put that into practice. And part of that will require what the other point that I made, which is a reinvestment in Afghanistan. Not huge amounts of money, but some. We do need the increased military forces that were -- that had been promised and are on the way. We also need the, I think, again, to quote President Obama, dramatic increase in civilian effort. We need mentors for civilian government officials. We've got great mentoring happening in the Afghan national army. Let's expand that to the civilian side, and various other things like that.

CHARLIE ROSE: Can it happen in a Karzai government?

SARAH CHAYES: Good question. I think the answer to that question is, are we serious? And there is a lot of ways that we can be serious about cracking down on corrupt behavior. We haven't really asked Afghan government officials to, you know, for performance in this regard. We've asked in general terms, but not on a case-by-case basis. I think that if we are -- we need to get a little bit intrusive and I say that not as a kind of colonialist foreigner, but I say that because that is what I'm hearing from the Afghan population. Please, get more intrusive. That means on the provincial level with provincial governors, it means on a national level. It means no longer turning the kind of blind eye that we have been turning thus far.

There are many, many Afghans who feel that it's not possible under a Karzai government, but who simultaneously feel that the deck is stacked against the possibility of an opposition candidate carrying this election.

CHARLIE ROSE: What would you say to the Europeans who have been reluctant to provide the kind of men and women and materiel necessary as seen by President Obama?

SARAH CHAYES: I'd say two things. I would say number one, I understand your reluctance. I do understand it. I mean, we as Americans need to go back and look at, you know, September 2001, the North Atlantic Alliance for the first time in its history declared Article V, meaning the attack on the United States was seen as an attack on all of the allied member countries. And we, the United States, basically said, we don't need you. We can handle this. And we tried to handle it. Then we got distracted by Iraq. We were incapable, really, of handling it. And we handed NATO a very badly deteriorated situation, which to some extent we weren't entirely clear about.

We sort of said, OK, this is a peacekeeping mission. Come down to the Afghan south. Well, anyone who had been in the Afghan south for those years, you know, 2003, '4, '5, just prior to the arrival of the non-U.S. NATO member countries would know that this was by no means by that time a peacekeeping mission.

And so I can understand how there might be some reluctance on the part of European countries. On the other hand, I think it's a little bit shortsighted. And I have to say that the reason I'm committed to Afghanistan is I think that a lot of what the 21st century is going to look like is going to be determined by how we do in Afghanistan.

CHARLIE ROSE: Yes.

SARAH CHAYES: And that means the 21st century for all of us. And so, it's time to get past our disgruntlement, our maybe hard feelings with prior U.S. administrations or whatever it may be, and get in this and pull together.

And in particular, I think that there is a lot of room in this dramatic increase in civilian capacity for the Europeans to play an important role.

They know how to run cities. They know how to run, you know, health departments and water resource management and stuff like that. Let them send some mentors in. It's not a combat mission that they may have problems selling to their public opinion. But it's fabulously important, and I think would be fabulously interesting.

CHARLIE ROSE: Yeah. And you could simply call it governance.

SARAH CHAYES: Correct, exactly.

CHARLIE ROSE: Yeah. OK, but tell me why Afghanistan is a barometer of the future?

SARAH CHAYES: You're going to ask me to start preaching here, or you're going to give me an opportunity to start preaching.

Listen, I think that this is an interconnected world. I think that we are not going to get through the 21st century by repeating the tendency of the 20th century to divide the world out into with us and against us, into two blocks that are irrevocably hostile. I think that that produced a lot of wasted resources and human potential. And I think that the Muslim world is a fantastically interesting, complex, multifaceted civilization with which we are connected, you know.

CHARLIE ROSE: OK, but let me...

SARAH CHAYES: And that's...

CHARLIE ROSE: Let me interrupt you only because I want to make sure I get this.

SARAH CHAYES: Yes.

CHARLIE ROSE: It is a barometer in part because it's an Islamic part of the world. And therefore, that is where however, whatever has to be done, has to be done there.

SARAH CHAYES: Yes. And in particular, because it has obviously in the very recent past been a haven for a particularly virulent extremist little branch of Islamic society or civilization, which in fact it turns out is anathema to Afghans. Afghans are the most practical people I've ever encountered. They are in general quite conservative in their religious practices. They are not ideologically driven. They are not fanatics. And so for me Afghanistan is the perfect place to build a complex, interactive partnership with a very important part of the Muslim world.

CHARLIE ROSE: And how does Pakistan factor into this?

SARAH CHAYES: Pakistan is very problematic. I haven't been there in a long time, and I understand that every time one goes there, one is more concerned about Pakistan.

What I would say is Pakistan is involved in an internal struggle between its army and its civilian leadership. The army has run the country for most of its existence. And I believe that the army is, in fact, ginning up India as a threat, which it's not. India has no desire to own Pakistan, you know. But the reason for the army to have such predominant control over the country is this Indian threat

So, if you look at the recent Mumbai bombings, the Pakistani military intelligence agency's fingerprints were all over that thing, in a very obvious way, which if it hadn't wanted it to be traced back to itself, it could have hidden much better. Whereas what I believe it's trying to do is provoke India into being a threat.

The problem I think in large parts of the Pakistani military is the Pakistani military doesn't understand that playing with extremism, trying to instrumentalize extremism for its kind of short-term regional power -- power goals is extremely dangerous to the survival of Pakistan as a nation. And I think we're right in there. We're right in there where the youth of this extremism is threatening to engulf Pakistan itself, and the civilian authorities, unfortunately,

are not really being responsible enough to guide the country out of this phenomenally dangerous position.

CHARLIE ROSE: Is the commitment level that the president has suggested sufficient?

SARAH CHAYES: Not quite. I don't feel -- you know, there was this expression that Afghans were hearing throughout the presidential campaign here: "Yes, we can."

CHARLIE ROSE: We can. Right.

SARAH CHAYES: We haven't been hearing too much of that as regards to Afghanistan. We need some of that. We need some of that inspiration. We need some of that enthusiasm. It is -- it's going to be a tremendously difficult fight. We can win it with some inspiration. Win it, and when I say that I mean win it for all of us.

So, numerically, we are now at 21,000 additional troops. Desperately needed. We are likely to lose two international contingents in the Afghan south in the next couple of years. Those are going to need to get backfilled, and I suspect they will have to get backfilled by U.S. forces. But we especially need this difference in approach, and that's going to take a lot of moral courage. It means we need to get our troops more out into the countryside, less in their vehicles, less use of fixed wing assets, you know, a little bit of more of that very classic counterinsurgency down there at the village level. And we need to buckle down on governance in a serious way, and that means some of our own internal contradictions, where sometimes we are working with the very same people that we are calling corrupt and counterproductive. We can't keep that up. We need to be a little bit stronger in that regard.

CHARLIE ROSE: I assume because you know him, the General McKiernan gets all of this?

SARAH CHAYES: He does. He does. And it is -- you know, the military is a very large battleship. It turns somewhat slowly, which means that he needs a lot of support from the political actors. He needs more support from the embassy than he has gotten in the past. And I think he will be seeing that as new personnel come in.

We haven't had the kind of symbiotic strong relation partnership between our civilian leadership in Afghanistan and our military leadership, and I think we are going to be seeing changes in that direction.

I think the dedication, the deployment, if I can use the military term, of some really high-level individuals to focus on the Afghan and Pakistani situation is really good news.

CHARLIE ROSE: So, you have gone from war correspondent to cooperative developer, to super-duper adviser to the military commander in Afghanistan.

SARAH CHAYES: Special, please, special. I don't know how super-duper I am, but...

(LAUGHTER)

CHARLIE ROSE: Special, not super-duper, all right. All right, special. Now, what is it about you that has made that journey?

SARAH CHAYES: That's a very interesting question that I haven't really thought about. I think that in -- I think I'm a boundary crosser. I think what really interests me is being a kind of connective tissue that can bring groups of people who think that they are disparate or different from each other, to bring their views to each other.

One of my cooperative members said to me one evening, and this is a gentleman who, I think he has had about a sixth-grade education. He said, I know what you are. You are a bridge. You are trying to improve understanding about Afghanistan in the United States, and improve understanding of the United States in Afghanistan. You are trying to connect us together. And I said, wow, I guess that's it.

And I find that this is turning more and more into a population focus campaign. That's what is encouraging to me. And so, ISAF, the NATO and U.S. forces in Afghanistan, the leadership is realizing that it needs more and more people who have that embeddedness in the population, to be able to open those channels which have not always been open in the past. And I know people who have come, civilians who have come and who have spent years and years in Afghanistan, like myself. I mean, this is the most fascinating and the most interesting period of my life, bar none. I think anybody who comes over to mentor a governor or, you know, a water department chief or something like that is going to find it will have been one of the most fascinating and inspiring periods of their career.

CHARLIE ROSE: Thank you for sharing it with us.

SARAH CHAYES: Thanks for having me.

CHARLIE ROSE: Sarah Chayes, former correspondent, former cooperative, a person committed to Afghanistan and its future.

Thank you for joining us. We'll see you next time. ■

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DOCUMENT 14

PRESIDENT OF PAKISTAN, ASIF ALI ZARDARI AND PRESIDENT OF AFGHANISTAN, HAMID KARZAI INTERVIEW BY DAVID GREGORY OF THE NBC NEWS

MR. DAVID GREGORY: Our issues this Sunday: The president calls it the most dangerous place in the world. The front line in the war on terror is now

the rugged frontier lands of Afghanistan and Pakistan. It's where al-Qaeda terrorists and the Taliban have come back with vengeance in the years after 9/11, and where the White House has decided to surge more than 20,000 additional U.S. troops. This week, an unprecedented White House summit with the region's leaders and a warning.

MR. GREGORY: Is it America's war or their war? And is it winnable? With us exclusively this morning, President Asif Ali Zardari of Pakistan and President Hamid Karzai of Afghanistan. Then, insights and analysis on why these two countries now represent the most pressing national security challenge to the Obama White House. With us, Steve Coll of *The New Yorker* magazine, former longtime foreign correspondent and senior editor of *The Washington Post* and author of the best-selling book "Ghost Wars" about Osama bin Laden and the U.S. engagement with Afghanistan; and Andrea Mitchell, chief foreign affairs correspondent of NBC News. But first, the presidents of Pakistan and Afghanistan. I sat down with both leaders earlier this week after their White House meetings. Pakistan's President Zardari, in office for the last eight months, is the widower of slain Prime Minister Benazir Bhutto. I began by asking about the Taliban and whether he agrees with the Obama administration that the group represents an existential threat to his country.

MR. ASIF ALI ZARDARI: No, I consider the philosophy of Taliban as threat to the world, not just to Pakistan and your country, but I feel it's a larger threat.

MR. GREGORY: Existential threat to Pakistan?

MR. ZARDARI: Pakistan, the whole world. They start from the Horn of Africa and come down all the way to Pakistan. They don't evolve from Pakistan and go up, they come down.

MR. GREGORY: Do you consider the Taliban to be a bigger threat today than India?

MR. ZARDARI: I consider it a different--they're-- India 's a country and Pakistan is a, a...(unintelligible)...we're, we're two states which in fact Pakistan stemmed out of the subcontinent out of India. So it's a different relationship, it's a different context.

MR. GREGORY: Is there a war with the Taliban inside Pakistan?

MR. ZARDARI: There is a war, sir.

MR. GREGORY: And is it America's war or Pakistan's war?

MR. ZARDARI: It's a war of our existence. We've been fighting this war much before they attacked 9/11. They're kind of a cancer created by both of us, Pakistan and America and the world. We got together, we created this cancer to fight the superpower and then we went away-- rather, you went away without finding a cure for it. And now we've both come together to find a cure for it, and we're looking for one.

MR. GREGORY: When you speak like that, it doesn't sound as if you consider it Pakistan's war, you consider it America's responsibility.

MR. ZARDARI: No, I think it's a joint responsibility. I think it's the joint responsibilities of all the democracies of the world. That's why we made this Friends of Democratic Pakistan, so we can bring most strength to the situation. You've got to admit that you all have been trying to battle it for the last eight years. The--all the...(unintelligible)...world powers have been trying to battle it for the last eight years in Afghanistan and nobody's come out of victorious yet.

MR. GREGORY: And so you say there is a commitment on the part of Pakistan to fight the Taliban now. How many troops, how many Pakistani troops do you now have in the western part of your country battling the Taliban?

MR. ZARDARI: Three times the amount of troops you have battling them in Afghanistan. That's 125,000 we have on ground.

MR. GREGORY: And yet the administration--you have a military force of roughly 660-- 650,000 men.

MR. ZARDARI: Oh.

MR. GREGORY: Has the administration said to you there should be more fighting men in the west?

MR. ZARDARI: There is a point of view that more men might improve the situation, but that's something that's still disputed by our military analysts. We don't think that more--presence of more troops there--you must remember, 650-personnel strong army doesn't mean they're all infantry. That's the fighting brigade of the infantry, that's the teeth of the army. So they're not all infantry. They're tank drivers, they're truck drivers, they're other--gunners, etc., etc. So we have an infantry of 250,000, out of which 125,000 happens to be in those mountains.

MR. GREGORY: So you have a sufficient number of troops fighting the Taliban.

MR. ZARDARI: We think, we think they're sufficient.

MR. GREGORY: You appeared on Capitol Hill this week, and the chairman of the House Foreign Affairs Committee, Representative Howard Berman, said this, speaking of you. He said, "He did not present a coherent strategy for the defeat of this insurgency. I had a sense of what they're doing today," he said, "I did not have a sense of what they plan to do tomorrow." What's the strategy?

MR. ZARDARI: So, well, he didn't even ask me, so that's OK. But I'll tell you what I've got planned to do. We, we've been loving...(unintelligible)...in, in America, my wife was loving, and we were of the view and always have been of the view that democracy is the answer to the problem. Like somebody said, it may be--not be the best form of government, but it's the only form of government. Now we've got democracy. Democracy needs help. It needs a little more help than we've been getting in the past. What the American public and people at large do not understand is for 10 years you have given \$10 billion to a

dictator, but you've given them for the war in these mountains. So it's actually reimbursement for the money spent; after all, 125,000 troops moving in logistically, otherwise do cost. So you've been paying back...(unintelligible)...into Pakistan for the expenses occurred as such. But we need to support democracy.

MR. GREGORY: Mm-hmm.

MR. ZARDARI: We need to support the country, we need support—we need to support the systems. And we've been involved for the last 30 years. It's not 10 years.

MR. GREGORY: But is that a strategy for cracking down on the Taliban insurgency?

MR. ZARDARI: Sure it is. Sure it is. The stronger my institutions are, the more the youth I employ, the less fodder they have. The more poverty goes down, the less fodder they have to recruit from. That's the strategy. What else can—what—there is no scientific theorem to that. And if there was one, if you had a strategy, you would've done it in a, in 10 years.

MR. GREGORY: But there's a military question, which is, is Pakistan capable of dealing with an insurgency, capable of mounting an effective counterinsurgency when the orientation of your military's primarily been to fight a big enemy to the east in India, predicated on the idea of some kind of deterrence? Are you able to mount a counterinsurgency strategy at this point?

MR. ZARDARI: Sir, we've been in this war for the last seven years. But if you see the record of the one year that the democratic government of Pakistan, the PPP government and its allies has been there, we've done more to damage the infrastructure of the Talibans or the—or these miscreants, whatever you need to call them, than ever before.

MR. GREGORY: And yet there are some who say that the strategy has not borne fruit. You went in—so people understand, you went into an area north of Islamabad, the Swat Valley, and you essentially made a deal with the Taliban, which is they would put down their arms if Islamic law could be applied, could be implemented there.

MR. ZARDARI: Incorrect.

MR. GREGORY: Incorrect. Tell me what's correct.

MR. ZARDARI: The correct position is that we came up with the formula which was that there would be speedy justice there known as...(foreign language spoken). Nothing to do with Sharia law. It's been interpreted by—as Sharia law by them. And then that didn't work. But we had to get the population to be with us. The population was fed up with them and was fed up with the fighting. Some—the provincial government came up with this idea that let's go for a peace deal and let's get the people involved. They tried it. It hasn't worked.

MR. GREGORY: But when you made this deal, when you actually signed this deal...

MR. ZARDARI: The parliament signed on this deal. The parliament recommended me--to me to sign.

MR. GREGORY: Were you against it?

MR. ZARDARI: I was--yes, I had a position against it.

MR. GREGORY: Right. Why? Why did you think it was misguided?

MR. ZARDARI: I thought that it won't work.

MR. GREGORY: You think it was abdication to the Taliban?

MR. ZARDARI: No, it's not abdication. I thought that the Taliban are not rational people. I don't think there's any good Taliban. The world does, so that's a defensive opinion.

MR. GREGORY: But so you think there's no negotiating with them.

MR. ZARDARI: I don't think there should be a negotiating with them at the moment. Maybe one day when there is enough, we've done enough.

MR. GREGORY: Mm-hmm.

MR. ZARDARI: Then always--there cannot only, only be war. There has to be a--the parliament has come up with a strategy where there's the three D's: dialogue, deterrence and development. So we have to go into dialogue by the will of the people, which we did. It didn't work. Now we've got to do the, the deterrence phase where we are fighting. And then once we've calmed the situation down in--then we'll go to the development stage to give them the ownership, give them schools.

MR. GREGORY: You have the fighting that's going on in Swat. You have the Taliban insurgency there. That insurgency has also spread into Punjab, to the state of Punjab. I don't have to tell you, that's where half of Pakistan's population is. And it has lead to some dire assessments by analysts who look at your country with a critical eye, including a former adviser to General David Petraeus who helped him with the insurgency in Iraq, and he said this: "We're now reaching the point where within one to six months we could see the collapse of the Pakistani state," because the Taliban insurgency has so destabilized Pakistan. Does he have that right?

MR. ZARDARI: I think you--he's had other positions wrong before, so--and having said that, we have a threat, yes. Is the state of Pakistan going to collapse? No. We are 180 million people. The population is much, much more than the, the insurgents are. But we do have a problem. We have a problem because it's been there. It was like I said, it was a monster created by all, all of us. We got together and we didn't--we forgot to make a cure for it.

MR. GREGORY: Can you survive politically?

MR. ZARDARI: Of course.

MR. GREGORY: Is it possible to defeat this insurgency without U.S. soldiers fighting by your side or at least training your soldiers in Pakistan?

MR. ZARDARI: I think we need to find a strategy where the world gets together against this threat, because it's not Pakistan specific, it's not Afghanistan specific. Like I said, it's all the way from the Horn of Africa. You've had attacks

in Spain, you've had attacks in Britain, you've had attacks in America, you've had attacks in Africa, Saudi Arabia. So I think the world needs to understand that this is the new challenge of the 21st century and this is the new war, and we've all got together.

MR. GREGORY: The question a lot of people ask is are you--is Pakistan really committed to that war? In *The New York Times* Dexter Filkins, who, who's reported from Afghanistan and Pakistan, writes this: "Whose side is Pakistan really on? ... Little in Pakistan is what it appears. For years, the survival of Pakistan's military and civilian leaders has depended on a double game: assuring the United States that they were vigorously repressing Islamic militants--and in some cases actually doing so--while simultaneously tolerating and assisting the same militants. From the anti-Soviet fighters of the 1980s and the Taliban of the 1990s to the homegrown militants of today, Pakistan's leaders have been both public enemies and private friends. When the game works, it reaps great rewards: billions in aid to boost the Pakistani economy and military and Islamist proxies to extend the government's reach into Afghanistan and India."

MR. ZARDARI: I think it's an old concept, an old theory that he's talking about. And what billions are you talking about? Like I said, a billion dollar a year? That's not even--altogether, this aid package is not even one tenth of what you gave AIG. So let's face it; we need, in fact, much more help. We are responsible, a responsible state. We've brought democracy back, it's a young democracy. Accept it, it was not me who was aiding the dictators of the past.

MR. GREGORY: Is there a view, however, in Pakistan that the Taliban should be kept around for a rainy day, as it's been said, as a bulwark against Indian influence in neighboring Afghanistan?

MR. ZARDARI: I don't think so. I don't think so.

MR. GREGORY: You don't think that was part of the past at all?

MR. ZARDARI: I think in--it was part of your past and our past, and the ISI and the CIA created them together. And I can find you 10 books and 10 philosophers and 10 write-ups on that, of what all you didn't do.

MR. GREGORY: Fair argument, certainly, a lot of people would agree with you. But did the game change after 9/11 to a point where the U.S. decided to root out this threat and Pakistan was straddling both sides?

MR. ZARDARI: You tell me. I was imprisoned by the same dictator you were supporting. You were supporting a dictator who...

MR. GREGORY: You're speaking of General Musharraf.

MR. ZARDARI: I'm speaking of General Musharraf. In fact, I lost my wife on his watch and I have--I spent five years in his prison.

MR. GREGORY: But, Mr. President, you know well that there is a widespread belief that your military and your intelligence services still have these same sympathies for the Taliban.

MR. ZARDARI: I wouldn't agree with you. I think General Musharraf may have had a mind-set that I-to run with the hare and hunt with the hound. But certainly not on our watch. We don't have that thought process at all.

MR. GREGORY: Let me ask you about Pakistan's nuclear arsenal. There's been a question about the security of that arsenal. You've assured the world that those nuclear weapons are secure. But I wonder why you're continuing to add to your stockpile, add to your arsenal at what is described as a pretty fast rate when there's so much instability in the country?

MR. ZARDARI: That's, that's, that's not a fact. It's a, it's a position that some people have taken. We, we're not adding to our stockpile as such. Why do we need more?

MR. GREGORY: So you're not adding to your nuclear arsenal at all?

MR. ZARDARI: I don't think so, no.

MR. GREGORY: You don't--do you know?

MR. ZARDARI: Even if I did, I wasn't going to tell you.

MR. GREGORY: There is a view that--in the intelligence community in this country that it does not know where all the nuclear weapons are within Pakistan. Why not share that information so there could be a joint strategy to keep those weapons secure?

MR. ZARDARI: Why don't you do the same with other countries yourself? I think it's a sovereignty issue and we have a right to our own sovereignty. It's a sovereign country.

MR. GREGORY: Who's in control of Pakistan, you or the military?

MR. ZARDARI: I think the military is in control of their hemisphere and I'm in control of the whole country.

MR. GREGORY: Can they overrule you?

MR. ZARDARI: No. I can overrule them.

MR. GREGORY: Haven't they overruled you in the past?

MR. ZARDARI: No. We've gone to their position and they've come to our positions.

MR. GREGORY: But you still have final say?

MR. ZARDARI: The parliament has final say. It's the parliament that forms government, and I am a product of the parliament.

MR. GREGORY: But why is it when you wanted your intelligence chief to go to Mumbai you were overruled by your military?

MR. ZARDARI: No, it was not overruled by the military. They thought it was too, too soon. And eventually we've offered for the intelligence chief to meet.

MR. GREGORY: There's a lot of discussion about additional aid, as you've been talking about throughout our conversation, for Pakistan, \$1.5 billion for five years, a total of \$7.5 billion. But as you know, there's discussion about putting some strings, some limits on that aid based on performance by Pakistan. Do you disagree with that policy?

MR. ZARDARI: I think it doubts an ally before you go into action together. If we are allies--and we, and we understand, it's an accepted position that you--we cannot work this problem out unless Pakistan, Afghanistan and America are on the same page. How do you go and take an ally along by saying, "OK, I don't trust you," from the first day? It's not a, a good position to be in. So I feel that we shouldn't have any, any kind of conditionalities. We should have a result, a result-oriented relationship where I should be given a time line and I'll give you all a time line so we can both give each other time lines and meet the time lines on, on the, on, on the positive.

MR. GREGORY: In terms of U.S.-Pakistani cooperation, there are drones that fire missiles and target Taliban and other extremists, al-Qaeda figures, within Pakistan. Do you consider those to be effective?

MR. ZARDARI: I would consider them to be very effective if they were part of my arsenal. I've been asking for them, but I haven't got a positive answer as yet. But I'm not giving up.

MR. GREGORY: Where is Osama bin Laden?

MR. ZARDARI: You all have been there for eight years, you tell me. You lost him in Tora Bora, I didn't. I was in prison. In fact, my wife warned America about Osama bin Laden in '89. She rung up senior Bush and asked, asked of him, "Are you destabilizing my government?" Because he paid the then opposition \$10 million to do--overthrow the first woman elected in Islamic country. So we knew that he was your operator. And...

MR. GREGORY: But you're not actively looking for him?

MR. ZARDARI: I think the world is looking for him, and we are part of the world's lookout brigade

MR. GREGORY: Do you think he's alive or dead?

MR. ZARDARI: I've said before that he--I don't think he's alive.

MR. GREGORY: And you believe that.

MR. ZARDARI: I have a strong feeling and I have sole reason to believe that, because I've asked my counterparts in the American intelligence agencies and they haven't heard of him since seven years.

MR. GREGORY: Mr. President, thank you very much for your views and good luck with your work.

MR. ZARDARI: Thank you, sir.

MR. GREGORY: Coming next, seven years after 9/11 and the war rages on with the insurgent Taliban still controlling parts of Afghanistan. Can the government regain control? And the tough issue of civilian casualties due to U.S. air strikes. Some harsh words from President Hamid Karzai. Our exclusive interview from earlier this week is next.

(Announcements)

MR. GREGORY: Afghanistan's President Hamid Karzai after this brief commercial break.

MR. GREGORY: Mr. President, welcome back to MEET THE PRESS.

MR. HAMID KARZAI: Happy to be here.

MR. GREGORY: President Obama talked about the deterioration in Afghanistan during a speech back in March. This is what he said.

PRES. OBAMA: The situation is increasingly perilous. It's been more than seven years since the Taliban was removed from power, yet war rages on. Insurgents control parts of Afghanistan and Pakistan. Attacks against our troops, our NATO allies and the Afghan government have ridden--risen steadily. And most painfully, 2008 was the deadliest year of the war for American forces.

MR. GREGORY: So here we are seven years after the attacks of 11 September 2001. Another American president is committing troops to Afghanistan, 21,000 additional troops. By this summer there'll be 68,000 U.S. troops. My question: Is it too little, too late?

MR. KARZAI: Well, a very important question, indeed. When we began in 2001 with the arrival of the international community in Afghanistan and the two--the Afghan people and the international community joining hands, we together defeated the Taliban and the terrorists and al- Qaeda in less than a month and a half. Subsequent to that the Afghan people would, as we established the interim government, would come in large numbers, hundreds of them, to my office and ask for more international forces in the country, in their villages, in their towns, in their districts. That didn't happen at that time. So in that sense, the arrival of more forces is late. It should've happened then, six years ago, and we should've paid attention then, six years ago, to the sanctuaries, to the training grounds, to the--those financing the terrorists. It's a bit late. But as we all know, it's never too late for a good thing to do.

MR. GREGORY: With 21,000 additional troops, there's a question of what can be gained. But the issue of civilian casualties as a result of U.S. air strikes, how much damage does that do to the U.S. effort?

MR. KARZAI: A lot of damage. This is something that I've been engaged with our allies for at least six years now.

MR. GREGORY: And you talked to President Obama about it.

MR. KARZAI: Oh, very, very much. For as least six years now, in different ways and different forms. The Afghan people are allies of the United States. The Afghan people want this effort together to succeed. The Afghan people see that the presence of the international community in Afghanistan brings us plenty of good things. But Afghan people also want to have their children safe. The Afghan people say we are fighting together with you, shoulder to shoulder against terrorism, that we are part of the struggle; that we are not--our homes, our villages are not places for terrorism and that they should be safe. It's an important thing that America recognize that civilian casualties are the biggest concern of Afghanistan and a damage to the effort against terrorists.

MR. GREGORY: When President Obama addressed the American people and announced more troops going to your country, he raised a very important question, which is what is America's purpose.

MR. KARZAI: Mm-hmm.

MR. GREGORY: ...in Afghanistan? Dexter Filkins, veteran war correspondent, has covered Afghanistan and Pakistan thoroughly for The New York Times, writes in the current edition of The New Republic this, and he starts with a question: "What can be won in Afghanistan? Driving around the country, as I did recently, one is constantly overwhelmed by how little has been accomplished there. In December 2001, the country lay in ruins. Today, it is still pretty much the same place. ... Today, Taliban fighters move freely across the countryside, and in some places they have set up a shadow government. ... After eight years of neglect, the Afghanistan state is a weak and pathetic thing." Pretty strong words. Why is that the case?

MR. KARZAI: Very wrong words.

MR. GREGORY: Wrong. You say it's wrong.

MR. KARZAI: Very wrong words. Pretty strong, wrong words. It isn't like that. In 2001, Afghanistan did not have a single kilometer of paved road. Today Afghanistan has its ring road completed, nearly 3,000 kilometers and above. Today we have many of the roads in the cities paved. Today we have health services, which were only to about 9 percent of the Afghan population in 2002, reaching nearly 85 percent and over of the Afghan population. The rural developing program of Afghanistan goes to more than half of Afghanistan's 40,000 villages. In 2002, we had 4,000 students in Afghanistan universities and only three or four universities. Today we have 75,000 students in Afghan universities, 14 public universities and, and many private universities. In 2002, the 4,000 students that we had were all boys, men. Today, nearly 40 percent are girls of the 75,000. Today we have thousands of Afghans studying abroad, at least 1,000 each year in India and hundreds in Europe and America. We have experts return to Afghanistan. I met with them three months ago. The country is a lot better.

MR. GREGORY: Back in 2003, this is what you said about the Taliban. They were the ones who provided safe haven to al-Qaeda, these are the people that threatened both Afghanistan and Pakistan. This is what you said back in June of 2003: "I am not worried about the resurgence of the Taliban. The Taliban movement as a movement is finished and is gone." Were you wrong about that?

MR. KARZAI: I was not wrong about that.

MR. GREGORY: But they're back.

MR. KARZAI: I was, I--no. It's--there's a difference. The Taliban as a movement is gone from ruling Afghanistan. They were the government in Afghanistan. In 2001 they were the government. Today they are not the government. In 2002 they were threatening you. Today they are not, from Afghanistan. Yes, they are a threat in the form of the terrorism that they bring upon us, in the form of the violence that they bring upon us; not as an organized political force holding the government in Afghanistan. That's not there.

MR. GREGORY: Are they an existential threat to your leadership?

MR. KARZAI: They're not an existential threat to Afghanistan's government. They are a threat to our, to our efforts towards more security, more progress, more reconstruction and a more peaceful life. That threat they definitely are, and especially in parts of the country. That's strongly there, yes.

MR. GREGORY: The new administration has a slightly different strategy for trying to deal with the Taliban, and it has to do with operations on a tactical level, similar to what was done in Iraq, to try to turn some of these what might be called irreconcilables and bring them into the American fold.

MR. KARZAI: Mm-hmm.

MR. GREGORY: This is how the president described it back in that March speech.

PRES. OBAMA: There is an uncompromising core of the Taliban. They must be met with force and they must be defeated. But there are also those who've taken up arms because of coercion or simply for a price. These Afghans must have the option to choose a different course. And that's why we will work with local leaders, the Afghan government and international partners to have a reconciliation process in every province.

MR. GREGORY: Now, you have called that reconciliation process...

MR. KARZAI: Yes.

MR. GREGORY: ...unworkable. Why do you believe that?

MR. KARZAI: No. I, I didn't call the reconciliation process unworkable. And by the way, I agree with President Obama's description of the elements of peacemaking with the Taliban. Those Taliban who have been driven out of the country by fear or coercion or intimidation by our forces or the international forces, or by whatever other circumstances that they've found themselves compelled to leave the country and take guns against us are the ones that we want to reconcile with. They are the sons of the soil, they must return. To be very precise, those of the Taliban who are part of al-Qaeda or other terrorist networks, or those who are in the grip of, you know, intelligence services must not and cannot come to Afghanistan because they will continue to bring violence and destruction and, and, and damage to Afghanistan. But those who have been driven out of fear or the other circumstances that I described earlier are welcome. They're the sons of our soil, they're from our country and we want to reconcile with them. And that's what President Obama was referring to. What I was objecting to was the international forces directly engaging at local level with the Taliban commanders for reconciliation. That is the job of the Afghan government.

MR. GREGORY: Speaking about the Taliban and the defeat of the Taliban and al-Qaeda generally, do you have more confidence today in Pakistan's commitment to fighting and defeating the Taliban than you did under General Musharraf?

MR. KARZAI: Definitely more, yes. Definitely there is recognition the Pakistani leadership and the democratically-elected leadership. They see very much the same way things that, that, that--as we see; therefore, we have a lot more confidence there. We had a very good meeting in Washington. I hope that this will be taken into further steps, meaning implementation on the ground. I'm a lot more confident and a lot more hopeful.

MR. GREGORY: You are running for re-election, and as you campaign you've had some pretty pointed messages. You're critical of the United States for civilian casualties as a result of U.S. air raids. You also were at a rally recently during which you were very clear and you said, "Look, I have made certain demands of the Americans, and if they do not provide additional aircraft, for instance, I'll go somewhere else and I'll get it." You appeared to threaten the administration, and I wonder whether your core political message is an anti-American message.

MR. KARZAI: It is not. It is very much a pro-American message. So the Afghans do want this relationship with America to continue, but of course Afghanistan has a character of its own and an interest of its own and a demand upon our allies as well. We are, we are your front line in the war on terrorism. The Afghan people have given everything on a daily basis in the war on terrorism. We have our police dying every day, at least five, six of them. Our security forces...(unintelligible)...people. Our villages are not where the terrorists are. And that's what we kept telling the U.S. administration, that the war on terrorism is not in the Afghan villages, not in the Afghan homes. Respect that. Civilian casualties are undermining support in the Afghan people for the war on terrorism and for the, the, the relations with America. How can you expect a people who keep losing their children to remain friendly?

MR. GREGORY: And yet...

MR. KARZAI: And, and, and that's a moral question as well. We have to be morally on a much higher platform in our force to win the war on terrorism.

MR. GREGORY: And do you worry, do you worry that the U.S. has not met that standard?

MR. KARZAI: The U.S. has...

MR. GREGORY: Have they not met their own moral standard?

MR. KARZAI: The U.S., the U.S., the U.S. has not met that standard in Afghanistan. The United States must stand on a much higher moral platform in order for us together to win this war.

MR. GREGORY: Let me be clear about what you are saying. Are you suggesting that the United States is waging an immoral war in Afghanistan?

MR. KARZAI: No. No. It's not immoral war, it's the standard of morality that we are seeking which is also one that is being desired and spoken about in America. In other words, are we the same as the terrorists, are we the same as the bad guys, or are we standing on a much higher moral, moral

platform? Are we better human beings or not? We must definitely be better human beings in order for us to tell the people that, "Look, those guys are wrong and we are better." And we must show that in our practice, and that practice should be extreme care for civilians and their children and their homes and, and, for the civilians to see us completely distinct and separate from the terrorists. So we have to be better. My moral, moral platform has to be a lot higher, a lot more distinct and likeable than the terrorists and the bad guys. That's what separates us. Otherwise there'll be no difference, so why should the people care about us or--and not care about them? Do you get my point?

MR. GREGORY: And yet Secretary of Defense Gates has made the point that there has to be sustained commitment on the part of the Afghan people and the Afghan government.

MR. KARZAI: And there is.

MR. GREGORY: He says this: "It's absolutely critical that the Afghans believe that this is their war. It is their war against people who are trying to overthrow their government that they democratically elected." Do you think that's the view of your people?

MR. KARZAI: That is absolutely the view of our people. And that's why our people, even when they are bombed, even when they suffer, they still come to us. They receive me in their midst when I go to, to offer my condolences. They receive the American soldiers, they receive the American officers when a, when an incident like that. In Farah there was an incident of massive civilian casualties, and the U.S. military officials and the Afghan government went together to the population. That means the people are still with us. Had they been against us, they would have not received us, they would have not come to us. But then, there is a limit to all of that. Any society will, will, will get fed up with, with, with continued violence and continued casualties. That is something very, very serious. And I, and I have conveyed this to my friends in America in all humility and friendship, on behalf of the Afghan people, that Afghans are a straightforward, honest allies, believing in the cause that we have undertaken, and that's why we were able to defeat the Taliban and al-Qaeda in less than a month and a half. And if you continue to behave the way we are, we will lose that. And that's, and that's a correct thing to do.

MR. GREGORY: Before you go, just a couple of other issues. One of the big issues fueling the insurgency in Afghanistan is the poppy crop, opium. This is what you said on this program back in 2004.

MR. KARZAI: This production of, of, of poppies supports terrorism. It criminalizes the economy. It undermines institution building in Afghanistan . Afghanistan will have to destroy it for the sake of the Afghan people and also because of...(unintelligible). We will succeed because we have to succeed.
(End of videotape)

MR. GREGORY: And yet today 60 percent of Afghanistan's gross domestic product is poppy, it is opium. It accounts for 93 percent of the world's production of opium. That's not a very strong record.

MR. KARZAI: It isn't, it isn't like that today. When I was speaking, was it 2004, we had only-- well, in 2005 we had only three provinces free of poppies in Afghanistan. Today we have 22 provinces free of poppies in Afghanistan, either completely or mostly, you know, to, to a bigger extent. Only one province in the country is producing poppies to the quantity that it can make 60 percent of Afghanistan's exports. So Afghanistan has made progress in, in, in, in reducing poppies in Afghanistan, in eradicating and removing it from, from our, our culture. But the money that is spent to eradicate poppies and to provide it with alternative livelihoods is something that we have a question about with our allies.

MR. GREGORY: Finally, this spring you signed a law that makes it legal for Afghan men to rape their wives. Now, you have said in the past month that you were reviewing that law. Are you going to repeal it?

MR. KARZAI: It has been reviewed. When--there's so much that I can talk about in response to what is there. It is not exactly as, as is printed in the, in the, in parts of the world media. But when I heard of this, I called the minister of justice and he told me that there were problems in this law and that it will be-- then I instructed the review and amendment of the law. I called in the clergy in the country, the senior most who, who had a hand in drafting this law, and they'd redo the...(unintelligible)...amend it and redraft it, and even parts of the law removed. I've already done that. The minister of justice was with me about 10 days ago to give me the amended law that will be sent to the parliament. So it's something that we have to do.

MR. GREGORY: Right.

MR. KARZAI: And we have to correct it, regardless of whether it's...

MR. GREGORY: So how--just to be clear then, how are you correcting it? What is permissible behavior?

MR. KARZAI: But it's, it's, it's, it's--well, it's, it's, it's the--it's not my choice. It has to go through a legal process and consultation and back to the parliament. We are a democratic country. We have a parliament that, that passes laws like that, that debates them and then sends them back to the concerned lobbies.

MR. GREGORY: But, but are basic human rights part of your democratic values?

MR. KARZAI: Absolutely. Oh, absolutely. Absolutely.

MR. GREGORY: So, so raping of women is a crime in Afghanistan and will be a crime?

MR. KARZAI: Absolutely. Absolutely. A crime in Afghanistan, because our religion is extremely, extremely difficult on that.

MR. GREGORY: So this particular area, the, the ability to rape your wife is something that will be repealed.

MR. KARZAI: Rape has, rape has...

MR. GREGORY: Is that--are you saying that unequivocally?

MR. KARZAI: It is not, it is not in the law. This--it's not in these very sharp words that are described in the Western media. Even if it is milder than that, it is wrong and it will be repealed, it will be removed and the amendment will be made in this law. So the Afghan people don't want that and the Afghan people are sensitive about it. I assure you that has been done.

MR. GREGORY: Right.

MR. KARZAI: It's something that really embarrassed us when it came out. We are a lot more aware a nation, a lot more culturally good nation than sometimes we are seen in, in, in the rest of the world.

MR. GREGORY: So in democratic Afghanistan it is illegal for a man to rape his wife?

MR. KARZAI: Absolutely. Absolutely. Like hell. Sure.

MR. GREGORY: All right, Mr. President, thank you very much. Good luck with your important work.

MR. KARZAI: Thank you.

MR. GREGORY: Coming next, some perspective and analysis on our interviews with Presidents Zardari and Karzai. What now for the U.S.? NBC's chief foreign affairs correspondent Andrea Mitchell and The New Yorker's Steve Coll, author of the Pulitzer Prize-winning book "Ghost Wars" about the CIA's involvement in Afghanistan and Pakistan after this brief station break.

(Announcements)

MR. GREGORY: We are back. And joining us now, Steve Coll of The New Yorker and Andrea Mitchell of NBC News. Welcome to both of you. We've had a chance to watch both of those two interviews. And to frame this discussion a little bit, Doyle McManus in the Los Angeles Times writes in his column this about Pakistan, and we'll put it on the screen for our viewers to see: "The United States has just acquired a new client state," he writes, "one with 170 million people, nuclear weapons, and Islamist insurgency and Osama bin Laden. And that's the good news. The country is Pakistan, and last week it officially became the Obama administration's biggest and most daunting rescue mission." Steve Coll, take a moment to explain why it's so important for Americans to take the time to understand this threat in all of its complexity, both Pakistan and Afghanistan.

MR. STEVE COLL: Well, I think Doyle captured it. Two primary reasons: Pakistan, and particularly the border area along the Afghan border, is the locus of international terrorist groups that are actively plotting against the United States, Britain, India, governments of Afghanistan and Pakistan. Secondly, Pakistan is a country with the world's fastest growing nuclear weapons arsenal. If it became a Jihadi state ruled by the Taliban, not only the United

States but the entire world would be threatened in a profound and, and important way. So I don't think this is a bet in the sense that I don't think the Obama administration has a choice.

MR. GREGORY: Andrea:

MS. ANDREA MITCHELL: Agreed. I think it's the nuclear weapons, it's the locus of terror, the border with Afghanistan. Afghanistan can never be stable unless Pakistan is secured. The continuing rivalry with India and the fact that Pakistan focuses on India—and we keep telling them, the United States government, to focus on the insurgents, on the Taliban, on the al-Qaeda threat, but they still are so reluctant to move their forces away from India. So you have a regional problem, and that's why this administration at least is taking it on as a regional problem that requires that kind of solution. That's why you have Richard Holbrooke, that this is their main focus.

MR. GREGORY: And it's important to understand that our history and their history since the middle '70s is that when America averts its eyes, when America takes its eye off of that region, really bad things happen.

MS. MITCHELL: And you had both leaders telling you, "Well, you walked away. You, the United States, walked away." And it's true. They're—of course, they have responsibility for their own failures of leadership. I mean, the most extraordinary thing about watching both of them, David, is how delusional they are about their own responsibility for their countries, how weak they are as leaders. I think, you know, the administration touts the successes of this week of bringing them together, of forcing them to meet, of having their intelligence chiefs meet with each other, of getting a dialogue moving on, on every level, at every Cabinet department, that was the big success they're touting. But the fact is when you really drill down and talk to individual intelligence leaders here in the United States, they say they're not going to talk to each other, not unless we the United States go to every meeting and force them to engage, because of this rivalry.

MR. GREGORY: Steve, what struck you from hearing both of these leaders after their meetings at the White House?

MR. COLL: Well, I think what Andrea says is important, there was a detachment in both men. They were both at times very effective analysts of the nature of the crisis under their feet, but neither of them was able to express an affirmative, forward-looking political vision about how they were going to address this crisis. President Karzai's running for re-election. Where in the interview did he talk about what he wanted to do in his next five years? How is he going to, through his leadership, address the problem that the Taliban poses to Afghans, not to the United States? President Zardari, I thought his cancer metaphor about the Taliban was excellent and, and his analysis of the nature of the crisis was good. But his answer to your question, "What's your strategy?" was, "We have a democracy. That's our strategy." Well, that's not going to be adequate. The Pakistan army is up on the front lines in Swat and Buner, fighting

a very difficult war. Refugees are pouring out. You would imagine the president of a democracy standing with those people who are now at the heart of the war, going to the hospital, standing in the market places saying, "This is our war. We're taking this place from the Taliban." Instead, there was this air of sort of detachment throughout both interviews that was concerning.

MR. GREGORY: We, we talked about Osama bin Laden, and this is sort of the tip of the iceberg. People I've talked to indicate that there hasn't been any actionable intelligence on the whereabouts of bin Laden since 2002, which they say is a prime example of a real shifting of resources to the war in Iraq. So my question--and, Andrea, I'll start with you--you know, people follow Afghanistan and follow Pakistan and they say, you know, it's the same enemy, things have not really changed, it's just as dangerous since 9/11. How do we define victory?

MS. MITCHELL: It's the same enemy since before 9/11, when you really think back to how long we've been dealing with this threat. And victory would have to be defined by having a strong central government with democratic principles. But you see more and more often people in the administration saying, "We can't find it with these two leaders." So they're trying to figure out a way to layer Karzai after the election. They don't see an alternative but to have some sort of strong chief of staff under him to try to prop him up, because he hasn't proved able to govern. Zardari is hopelessly ineffective. Eighty percent of the popular support now goes to the Islamicist leader Sharif, the former leader, who is no friend of the United States. But they are flirting with him as an alternative, or the military. They don't really know what--where to find a stable government. And that's one of their first challenges, to find a government with which this country can deal.

MR. GREGORY: Right. So, Steve, what is it that the United States can achieve, and what is the risk of not achieving it?

MR. COLL: Well, it has to achieve stability and it has to continue to fight al-Qaeda, because al-Qaeda's continuing to fight the United States. The final dismantling of al-Qaeda's leadership is a realistic goal, but it may take some time and it certainly will take some effort. Stability in South Asia will be more difficult to achieve. But containing the Taliban, rolling them back and creating conditions for Pakistan's democracy to flourish and for the Pakistani people in particular to start to feel as if their country is going in the right direction; those, I think, have to be the goals. In the long run, stability in this region, in Afghanistan and Pakistan, can't be achieved unless Pakistan normalizes its relations with India, makes peace with India. In the long run, that's the goal. But in order to even create conditions for that to be pursued, right now the Taliban have to be rolled back.

MR. GREGORY: But, you, you...

MR. COLL: This momentum has to be...

MR. GREGORY: The, the question is, is do you--are you actually capable of defeating the Taliban? I mean, here in the western part of Pakistan, where Osama bin Laden is believed to be hiding and Zawahiri, his number two, is believed to be hiding, you have the biggest manhunt in the history of the world, the biggest bounty on their heads in the history of the world and nobody has turned these guys in.

MR. COLL: It's true, he's among friends, and it's also true that the effort to find him has not been as robust over the last five or six years as it should have been. But look, this is not a war with a purely military solution. The defeat of the Taliban is really a political project in which they are contained, marginalized and ultimately reduced to a nuisance. That is what I believe the government of the United States and its international allies is trying to press upon President Karzai, President Zardari, that you need all of your government in this fight. This is not something just for the Pakistan army. This is for the civilian administration, this is for the political parties, everyone. Because in the end, the Taliban aren't going to be eradicated, wiped out like a poppy crop.

MR. GREGORY: Mm-hmm.

MR. COLL: They're just going to be converted into ordinary politics, contained and reduced as a menace to the--to Pakistan and the to the United States.

MS. MITCHELL: And...

MR. COLL: If, if, if success is to be achieved.

MS. MITCHELL: And that's why you had what some people might have criticized as a dog and pony show at the State Department, with 32 people participating--people from every department and Karzai, Zardari, Secretary of State Clinton, Richard Holbrooke--but to try to get them to engage. Because if there isn't some kind of domestic program for these two countries, particularly Afghanistan where there has been no civilian component to the military operations, they believe that it will fail. That said, I think it in the short term has to also boil down to the nuclear weapons. We heard the president saying at his news conference that he believes, he has confidence they are secure. They don't really have confidence they're secure. They had more confidence under Musharraf, because they had a general in charge and they felt that the military really did have this relationship where we had a triple key program, we had the, the codes as well as the Pakistanis. They now are very concerned about those weapons moving around the country.

MR. GREGORY: Is--in 10 seconds, does the U.S. public have the stomach for a longer, more protracted fight with U.S. troops on the ground in Afghanistan?

MR. COLL: I think the U.S. public wonders why we're there. But the truth is that we have to be there while Pakistan is at issue, its stability and its government is at issue.

MR. GREGORY: All right, we'll leave it there. Andrea Mitchell, Steve Coll, thank you both very much. And coming next...

PRES. OBAMA: And my next 100 days will be so successful, I will be able to complete them in 72 days. And on the 73rd day I will rest.

MR. GREGORY: ...highlights from President Obama's night as comedian in chief to the press and official Washington, next on MEET THE PRESS.

MR. GREGORY: Before we go this morning, some highlights from last night's White House Correspondents dinner here in Washington, where the president met the press with some comedic jabs and one-liners.

PRES. OBAMA: Good evening, everybody. I, I would like to welcome you all to the 10-day anniversary of my first 100 days. I am Barack Obama. Most of you covered me. All of you voted for me. Now, Sasha and Malia aren't here tonight because they're grounded. You can't just take Air Force One on a joy ride to Manhattan, I don't care whose kids you are. Which, which brings me to another thing that's changed in, in this new, warmer, fuzzier White House, and that's my relationship with Hillary. You know, we had been rivals during the campaign, but these days we could not be closer. In fact, the second she got back from Mexico she pulled me into a hug and gave me a big kiss, told me I better get down there myself. In the second 100 days we will design, build and open a library dedicated to my first 100 days .It's going to be big, folks. In the next 100 days I will learn to go off the prompter and Joe Biden will learn to stay on the prompter.

MR. GREGORY: Just a taste from the White House Correspondents dinner last night. And we'll be right back.■

Meet the Press (NBC News), 10 May 2009

DOCUMENT 15

THIRD REGIONAL ECONOMIC COOPERATION CONFERENCE ON AFGHANISTAN (RECCA) ISLAMABAD, 13TH MAY 2009

INAUGURAL ADDRESS BY PRIME MINISTER SYED YUSUF RAZA GILANI

Your Excellency
Mr. Hamid Karzai
President of the Islamic Republic of Afghanistan,
Distinguished Ministers & Heads of Delegations,
Honourable participants,
Excellencies,
Ladies and Gentlemen

It gives me immense pleasure to extend you all a very warm welcome to Islamabad and to the Third Regional Economic Cooperation Conference on Afghanistan.

We particularly welcome, once again, Your Excellency President Hamid Karzai. Your gracing of the occasion has honoured us all. I am also grateful to the participants from forty countries and Organizations for being with us today, which is a testimony of their resolve towards the development of Afghanistan.

It is a great privilege for Pakistan to host this Conference on Afghanistan. Words cannot do justice to the special bond existing between us. Our faith and folklore, our culture and customs, have common roots. Our joys and sorrows, our successes and tragedies, intersect. And our peoples are bound by a distinct sense of shared destiny.

Since my meeting in Colombo with President Karzai in August last year, our two democratic governments have jointly brought about a fundamental transformation in our bilateral relationship. Today our multi-track engagement is comprehensive - encompassing political, economic, security and social spheres.

In line with the aspirations of our peoples, we have revived the Jirga process. We have adopted a Declaration on Future Directions of Bilateral Cooperation. Together, we are embarked shoulder - to - shoulder, on the road to deeper trust, greater understanding, and intensified cooperation.

Excellencies,

Pakistan is proud to be an active participant in the reconstruction of Afghanistan. We are contributing over \$ 300 million for this purpose.

We have already completed the Torkham-Jalalabad highway and are now engaged in building a parallel carriageway. We have supplied 200 trucks, 100 buses, and over 50 ambulances and mobile medical units. We have printed 10 million textbooks for Afghan school children, and supplied school kits, computers, tents, food aid and other essential items.

Currently Pakistan is engaged in constructing the 200-bed Jinnah General Hospital and Thalacemia Centre in Kabul, another hospital in Logar and a Kidney Centre in Jalalabad. We are building a hostel for over 1,000 students in Kabul, and undertaking expansion of the Universities of Kabul, Nangarhar and Balkh.

Pakistan has also been engaged in capacity building of Afghanistan's State institutions in the fields of diplomacy, law enforcement, judiciary, agriculture, counter narcotics, customs and medical and paramedical services.

I must note that Pakistan was the first country to channel assistance directly to the Afghan Government. Ours is a collaborative effort, with the Afghan Government in the lead. Our participation is meant for the Afghan people, on projects identified by the Afghans, and implemented through the Afghan authorities.

Among regional frameworks, Pakistan is a leading participant in ECO's endeavors for the reconstruction of Afghanistan.

May I also recall the support and sustenance that Pakistan has extended – despite its limited resources – to the millions of Afghan nationals, who were forced to take refuge here. We look forward to the day when all our Afghan brothers can return home in dignity and honour and be rehabilitated in their own motherland, safely, and sustainably. We look forward to assistance from the international community in this regard.

Excellencies,

For far too long, history and circumstances have thrown up challenges that have worked to the detriment of our region. The people of Afghanistan, together with the people of Pakistan have suffered immensely.

Three decades of conflict have scarred generations, devastated infrastructure and undermined the fabric of our societies. Protracted international indifference further aggravated the situation.

Today, we stand at a defining moment. The struggle against terrorism is a struggle for a profound vision for a better tomorrow. It is a struggle for hearts and minds, one in which dialogue and development must be the most potent tools in our arsenal.

We believe it is imperative to turn the page on Afghanistan. After long years of conflict and suffering, the people of Afghanistan and the region deserve security and stability. They deserve stronger institutions, effective governance, respite from narco trade, meaningful reconstruction and sustainable economic development. They deserve a healing process.

This is an imposing agenda, but one entirely within the realm of possibility. It is achievable by adopting a comprehensive approach that addresses political, economic and security challenges in a holistic manner.

A culturally nuanced, Afghan – led process of dialogue and reconciliation, has to proceed in tandem with efforts to co opt local populations. Equally important, Afghanistan's development has to be accorded priority. Afghanistan's government, its neighbours, regional countries, major powers and international organizations have to act in concert to advance the shared goals.

The regional dimension of Afghanistan's development strategy warrants closer attention. While EU and ASEAN enjoy intra-regional trade levels of 67 and 23 percent respectively, ECO and SAARC regions register levels barely above 5 percent. We need to change this situation significantly. We need to expand intra-regional trade substantially, by among other means, expeditious implementation of the Economic Coordination Organization Trade Agreement and other regional trade arrangements.

We have to re-negotiate Transit Trade Agreements. Trans-Afghan road and rail links have to be strengthened. We also have to put in place region-wide frameworks on energy and food security. And border areas have to be developed through creation of trans-border economic zones. These plans should be implemented through project based cooperation, grounded in public-private partnerships with the full engagement of our corporate sectors.

Pakistan welcomes the renewed focus on trans-regional development. The RECCA process, by bringing together various stakeholders on a single forum is an important plank to advance the regional development agenda. I am confident this Conference will endorse a concrete set of projects and proposals for fast tracking cooperation.

Pakistan, on its part is prepared to join in efforts with Afghanistan in promoting regional connectivity, strengthening energy cooperation, expanding opportunities for Afghan citizens and enhancing the capacity of Afghan national institutions.

We are announcing at this forum, allocation of 1,000 scholarships for Afghan students. We are proposing setting up model villages for Afghan returnees and announcing plans for promoting skills development through vocational training centres. A regional Customs Academy will be set up in Kabul. Our railroads will be extended up to Afghanistan, and projects on infrastructure and energy connectivity accelerated. These projects are the first incremental steps towards the realization of a futuristic vision for our region that we share with our Afghan brethren.

We have no doubt that this vision is within reach. Through concerted efforts, we will establish integrated and interconnected corridors of trade and transport. We will transform our region into one where terrorism and extremism are but a distant memory. And where future generations can enjoy the fruits of freedom, development and prosperity in an environment of security, stability and abundant opportunity.

Let us collectively work to realize this vision.■

I thank you.

13 May 2009

www.pid.gov.pk/pmspeachmay1309.do

DOCUMENT 16

TEXT OF THE JOINT STATEMENT BY PRIME MINISTER GORDON BROWN AND PRESIDENT ASIF ALI ZARDARI ISSUED IN LONDON ON 13 MAY 2009

Pakistan and the UK are bound together by a longstanding strategic partnership based on shared history, values and the close ties between our two nations. It is partnership of sovereign states and of equals, strengthened by a community of almost one million British citizens of Pakistani heritage, their personal and family ties to Pakistan and their major contribution to the development of the United Kingdom. 1.4 million people fly every year between our two countries; and trade between Pakistan and the UK amounted to over £ 1 billion last year.

Our two countries already enjoy close cooperation in many areas. President Zardari and Prime Minister Gordon Brown today agreed to broaden

this partnership by establishing a strategic dialogue in a structured manner to promote mutual prosperity and stability.

They agreed that the strategic dialogue will be actively driven forward by the President and Prime Minister of Pakistan and the Prime Minister of the UK. They will meet annually to assess bilateral relations and to determine our shared priorities and objectives. Foreign Ministers will meet biannually to review progress and provide direction to the joint UK-Pakistan work programme that we are announcing today. Ministers and senior officials with responsibility for Economic Affairs, Interior and Defence will meet regularly to take forward key elements.

They agreed our strategic dialogue will address a number of areas and priorities. We will focus mutual efforts to overcome threats from militancy, terrorism and extremism, to bring stability and to reduce poverty. We recognize that these threats can only be overcome in the long term by improving prospects for sustainable economic development, education and opportunities for young people. We are committed to a long term partnership on these issues.

The UK will help Pakistan to obtain support from the international community. The UK supported the Pakistani Government in establishing the Friends of Democratic Pakistan group, and will work with Pakistan to ensure that this strategic dialogue contributes to and enhance the work of the Friends.

Pakistan and the UK will ensure that this strategic dialogue is developed in a way which contributes to comprehensively upgrading bilateral relations on the basis of mutual interest and mutual respect. The UK will continue to support efforts of the Government of Pakistan to safeguard the sovereignty, political independence, unity and territorial integrity of Pakistan. Pakistan and the UK reiterate their respective commitments to the principles of non-intervention and non-interference in internal affairs.

The President of Pakistan expressed and re-emphasized the commitment of the Government and the people of Pakistan to defeat terrorism and violent extremism. The Prime Minister of the UK expressed his faith in Pakistan's ability to meet the challenges it faces. We will work together to help create the long-term conditions for greater security and prosperity in Pakistan.

The UK recognizes the significant achievement of the Pakistani Government in stabilizing the economy and keeping Pakistan's IMF programme on track, and the international community demonstrated its support for Pakistan's economy at the donors' conference in Tokyo on 17 April. We are committed to ensuring that this support is delivered on time and in ways that best support Pakistan's priorities for development.

Together we agreed that sustainable development and poverty reduction in Pakistan are key priorities. With this in mind, the UK Prime Minister has announced a commitment of £ 665 million of development aid to Pakistan over the next four years. Within this total, the UK will provide nearly £200m specifically to support education, over £ 130m to help improve healthcare, and £

120m of support direct to Pakistan's budget, which will support macroeconomic stability, the implementation of the IMF programme and social protection for poor people.

Under the terms of the UK's 10 year Development Partnership Arrangement with Pakistan, signed in 2006, regular reviews are held to monitor progress on our two countries' existing joint commitments, including support for programmes to reduce poverty, respect for human rights, human resource development, women's empowerment and good governance.

The UK will press for an enhanced relationship between the European Union and Pakistan, including a significantly enhanced trade relationship through greater market access for Pakistan in the EU markets. President Zardari looked forward to the holding of the EU-Pakistan Summit in June.

Ensuring all children have the opportunity to receive free, quality education is a priority for the Pakistani Government. Together we will look at how we can increase our cooperation in this field through closer links between education departments in both the UK and Pakistan.

Over the next year, the UK and Pakistan expect to agree £ 190 million to help the Pakistani government provide better schooling and more opportunities for technical and vocational training to help young people find employment. In technical and vocational training, the two countries are working together to implement the Pakistan government's National Skills and provide better training for half a million young Pakistanis.

Winning the battle of ideas against violent extremists and those who support them is crucially important to both our countries. The UK is committed to supporting the Pakistani government in developing a comprehensive approach for tackling extremism. Together we will share experience of developing the mechanisms needed to counter extremism. We will work to counter violent extremism through addressing grievances and causes which lead to radicalization, especially among young people. And we will empower the media, civil society and ordinary people to take a stand against extremism.

Pakistan and the UK are committed to working for lasting peace in Afghanistan, including by promoting national reconciliation and development. Militancy, terrorism and extremism have affected the region. We will work with others to stop the illegal supply of weapons to militants and non-state actors, to interdict their funding, and eliminate the drugs trade and poppy cultivation in Afghanistan.

The UK strongly supports Pakistan in building its capacity to counter the challenges posed by the violent extremists. It is also important to seek indigenous solutions that enjoy the support of the local people and are culturally sensitive. The UK strongly supports Pakistan's commitment to a comprehensive strategy to promote stability in the broader region. The UK Foreign Secretary's Special Representative for Afghanistan and Pakistan will visit Pakistan on a regular basis and engage in high-level dialogue with the Pakistani Government.

The Prime Minister of the UK recognized the difficulties which Pakistan faces in mitigating the problems of the people who have been displaced as a result of the military operation against extremist elements. The UK is assisting Pakistan in meeting the immediate humanitarian needs of these Internally Displaced Persons.

Terrorism and violent extremism pose a serious threat in both our countries. Together, we possess an unwavering determination to defeat that threat. The UK salutes the efforts and sacrifices made by Pakistan and its armed forces. We will intensify further our joint work in this area through the bilateral Joint working Group on Counter Terrorism, Counter-Narcotics, and Organized Crime (JWG). The JWG, led by the Interior Ministries and comprising senior officials drawn from a range of departments and agencies across both governments, will meet six-monthly to strengthen co-operation in these areas and deliver practical and concrete outcomes. How the Group's work is taken forward will be decided through mutual consultations.

As part of the broader international community, the UK strongly supports Pakistan's commitment to develop its comprehensive strategy to promote stability in the areas on Pakistan-Afghanistan border. It was agreed that British and Pakistani officials will discuss how to assist Pakistan in the implementation of that strategy and how, building on our existing cooperation, the UK can best support the development of Pakistani security forces counter-insurgency and counter-terrorism capabilities.

Both Pakistan and the UK are committed to deepening stability in the wider region, including by strengthening relations between Pakistan and its neighbours. In particular, both Pakistan and the UK recognize the vital importance of Pakistan and India normalizing their relations.

Pakistan and the UK noted that a mechanism to discuss non-proliferation and arms control issues has existed since 2004, and renewed their commitment to strengthening their co-operation for enhancing global and regional stability.■

Islamabad, 14 May 2009

<http://www.phclondon.org/News/NewsItem333.asp>

DOCUMENT 17

TEXT OF TEHRAN DECLARATION OF TRILATERAL SUMMIT

The presidents of Iran, Pakistan, and Afghanistan held a landmark summit meeting in Tehran on Sunday in which they agreed to enhance trilateral cooperation.

At the summit, the three countries agreed to work together to fight extremism and terrorism, drug smuggling and trafficking, and other regional

security problems and to make joint efforts for the reconstruction of Afghanistan.

Following is the text of the joint declaration issued at the conclusion of the trilateral summit in Tehran on Sunday:

Tehran Declaration

The Heads of States of the Islamic Republic of Pakistan, the Islamic Republic of Afghanistan and the Islamic Republic of Iran inspired by teachings of Islam and in view of deepest desire of the people of the three countries to enjoy a peaceful, secure, and prosperous environment, and on the basis of the decision reached on the sideline of the 10th ECO Summit held on 10th March 2009 in Tehran, held their first meeting on Trilateral Cooperation on 24th May 2009 (1388/3/3) in Tehran.

Appreciating the initiative of the Trilateral Cooperation among the Islamic Republic of Pakistan, the Islamic Republic of Afghanistan and the Islamic Republic of Iran as a concrete move for realizing the vision of the leaders to harness their true potential for the welfare and prosperity of the entire region and in accordance with the will of their people to open a new chapter for peace, stability, public welfare and economic development;

Recalling the Joint Statement issued at the conclusion of the First Meeting of Foreign Ministers of the I.R. of Pakistan, I.R. of Afghanistan and I.R. of Iran held in Kabul on 27 April 2009 (1388/2/7);

Underlining the heartfelt desire and will of their peoples for putting an end to insecurity and creating a conducive regional environment for a promising future for their coming generations;

Given:

- The sufferings of the people of the region and sacrifices made by them;
- The growing concern arising from the insecurity, terrorism, extremism and drug production and trafficking;
- Emphasizing:
- Their deep historical, religious, cultural bonds, common heritage and geographical commonalties;
- The deep desire of their Muslim governments and people for broadening cooperation in the political, security, economic, cultural, scientific and social fields and promoting people to people contacts;
- Significance of the regional approaches with the participation of the three states for settling problems of this region;
- Respecting:
- Commitments of their countries as provided in the international agreements and treaties;

- The principles and purposes of the UN Charter;
- The rights of all States to sovereignty, independence and territorial integrity;
- The principle of peaceful coexistence, good neighborly relations and non- interference in the internal affairs of each other's States;
- All measures and acts already taken for establishment of peace and stability in the region;
- For the purpose of:
- Bolstering bonds of friendship among the governments and peoples of the three countries;
- Finding a regional solution with the participation of the three States for the establishment of peace, stability and tranquility in the region;
- Realizing economic development, promoting local cultures, protecting religious beliefs of all peoples of the three States; and
- Alleviating poverty, and addressing the needs of the people;

Agreed as Follows:

- 1- To establish a mechanism for holding regular and periodical trilateral consultations on special issues by Senior Officials, Foreign Ministers and the Heads of State/Government of the three countries.
- 2- To reaffirm their deep commitment to make every effort to eliminate extremism, militancy and terrorism and address their root causes which are in stark contrast with the spirit of Islam and rich cultural traditions and customs of the region.
- 3- To encourage cultural interactions including exchange of parliamentary delegations, intellectuals, academicians, seminarians, and the youth as well as promotion of people-to-people contacts.
- 4- To exchange experiences, information as well as embark on concentrated efforts towards socio-economic development in the region and planning and implementing trilateral economic projects in different areas including energy, transportation, industries, mining agriculture, cattle-breeding and environment.
- 5- To take urgent steps for development of the infrastructure connectivity between the three countries and in the region, including construction of roads, railways and improving the existing ones.
- 6- To collaborate closely in establishing and developing energy corridors in the region, including oil and gas pipelines and electricity networks.
- 7- To establish trilateral economic, industrial, planning commissions and Chambers of Commerce.
- 8- To encourage the involvement of private sectors of the three countries in the regional development programs.

- 9- To encourage ECO member states for the establishment of a Free Trade Area in the region by 2015 as a priority task, as agreed in the 10th ECO Summit in Tehran (2009).
- 10- To coordinate and to pursue projects for trans-regional cooperation especially within the framework of ECO and OIC.
- 11- To promote trilateral socio-cultural cooperation in the areas of education, health, sports, culture and art.
- 12- To strengthen trilateral cooperation among the relevant-institutions of the three countries to counter production and smuggling of narcotics and psychotropic substances and their illicit trafficking.
- 13- To promote trilateral cooperation among the relevant institutions of the three countries to counter organized crimes such as illegal human-trafficking, money laundering and arms smuggling.
- 14- To create pull factors in Afghanistan for the safe, voluntary, gradual and dignified return and reintegration of refugees with the sustained and enhanced support of the international community and UNHCR.
- 15- To create incentives and to facilitate the voluntary return of Afghan specialists to their homeland in order to assist rapid reconstruction of the country through attracting cooperation and participation of the relevant international organizations such as UNHCR.
- 16- Emphasizing the importance of reconstruction process in Afghanistan in order to achieve sustainable peace and economic development in that country, with the support of international community including international organizations, financial institutions, donor countries as well as Afghanistan's immediate neighbors.
- 17- Emphasized further effective measures for implementation of bilateral, trilateral and multilateral agreements to which the three countries are party, concerning trade and transit of goods between and through their countries.
- 18- Reiterated their commitment to establish joint training centers aimed at achieving a proficient labor force for formulation of relevant projects between, the three countries.
- 19- Welcomed the World Bank offer of assistance to develop a plan jointly with the customs authorities of Afghanistan and Pakistan and Afghanistan and Iran to share Customs information electronically.
- 20- To establish a working group in order to conduct a feasibility study for setting up a Joint Investment Fund among the three countries to follow up the adopted decisions by their leaders and also to financially support the trilateral projects. The cases for using the resources of this fund will be determined by the relevant authorities of the three countries.
- 21- To establish a trilateral coordination committee at the level of Deputy Foreign Ministers of the three countries to prepare a comprehensive Action Plan to monitor the progress of trilateral cooperation. The three

sides also emphasized that the Foreign Ministers shall present the results of their studies and evaluations of the activities of the above-mentioned Council as well as the progress of implementation of the agreements to the 2nd Summit Meeting which will be held in Islamabad in October 2009, while the following Summit Meetings will be held next year in alphabetical order, starting from Kabul.

- 22- To also invite, if required and by consensus, other countries to the future Summits under the trilateral process.
- 23- The Presidents of the Islamic Republic of Pakistan and the Islamic Republic of Afghanistan expressed profound gratitude to the President of the Islamic Republic of Iran for the warm hospitality extended to both delegations and the excellent organization of this conference,
- 24- This declaration was done in Tehran on 24 May 2009, in twenty-four items and three originals, Farsi, Dari and English, each of which is equally authentic.■

Tehran Times, 26 May 2009

http://www.tehrantimes.com/index_View.asp?code=195443

DOCUMENT NO. 18

TEXT OF PRESIDENT OBAMA'S SPEECH IN CAIRO

The following is a text of President Obama's prepared remarks to the Muslim world, delivered on 4 June 2009, as released by the White House.

I am honoured to be in the timeless city of Cairo, and to be hosted by two remarkable institutions. For over a thousand years, Al-Azhar has stood as a beacon of Islamic learning, and for over a century, Cairo University has been a source of Egypt's advancement. Together, you represent the harmony between tradition and progress. I am grateful for your hospitality, and the hospitality of the people of Egypt. I am also proud to carry with me the goodwill of the American people, and a greeting of peace from Muslim communities in my country: assalaamu alaykum.

We meet at a time of tension between the United States and Muslims around the world – tension rooted in historical forces that go beyond any current policy debate. The relationship between Islam and the West includes centuries of co-existence and cooperation, but also conflict and religious wars. More recently, tension has been fed by colonialism that denied rights and opportunities to many Muslims, and a Cold War in which Muslim-majority countries were too often treated as proxies without regard to their own aspirations. Moreover, the sweeping change brought by modernity and globalization led many Muslims to view the West as hostile to the traditions of Islam.

Violent extremists have exploited these tensions in a small but potent minority of Muslims. The attacks of September 11th, 2001 and the continued efforts of these extremists to engage in violence against civilians has led some in my country to view Islam as inevitably hostile not only to America and Western countries, but also to human rights. This has bred more fear and mistrust.

So long as our relationship is defined by our differences, we will empower those who sow hatred rather than peace, and who promote conflict rather than the cooperation that can help all of our people achieve justice and prosperity. This cycle of suspicion and discord must end.

I have come here to seek a new beginning between the United States and Muslims around the world; one based upon mutual interest and mutual respect; and one based upon the truth that America and Islam are not exclusive, and need not be in competition. Instead, they overlap, and share common principles – principles of justice and progress; tolerance and the dignity of all human beings.

I do so recognizing that change cannot happen overnight. No single speech can eradicate years of mistrust, nor can I answer in the time that I have all the complex questions that brought us to this point. But I am convinced that in order to move forward, we must say openly the things we hold in our hearts, and that too often are said only behind closed doors. There must be a sustained effort to listen to each other; to learn from each other; to respect one another; and to seek common ground. As the Holy Koran tells us, "Be conscious of God and speak always the truth." That is what I will try to do – to speak the truth as best I can, humbled by the task before us, and firm in my belief that the interests we share as human beings are far more powerful than the forces that drive us apart.

Part of this conviction is rooted in my own experience. I am a Christian, but my father came from a Kenyan family that includes generations of Muslims. As a boy, I spent several years in Indonesia and heard the call of the azaan at the break of dawn and the fall of dusk. As a young man, I worked in Chicago communities where many found dignity and peace in their Muslim faith.

As a student of history, I also know civilization's debt to Islam. It was Islam – at places like Al-Azhar University – that carried the light of learning through so many centuries, paving the way for Europe's Renaissance and Enlightenment. It was innovation in Muslim communities that developed the order of algebra; our magnetic compass and tools of navigation; our mastery of pens and printing; our understanding of how disease spreads and how it can be healed. Islamic culture has given us majestic arches and soaring spires; timeless poetry and cherished music; elegant calligraphy and places of peaceful contemplation. And throughout history, Islam has demonstrated through words and deeds the possibilities of religious tolerance and racial equality.

I know, too, that Islam has always been a part of America's story. The first nation to recognize my country was Morocco. In signing the Treaty of

Tripoli in 1796, our second President John Adams wrote, "The United States has in itself no character of enmity against the laws, religion or tranquility of Muslims." And since our founding, American Muslims have enriched the United States. They have fought in our wars, served in government, stood for civil rights, started businesses, taught at our Universities, excelled in our sports arenas, won Nobel Prizes, built our tallest building, and lit the Olympic Torch. And when the first Muslim-American was recently elected to Congress, he took the oath to defend our Constitution using the same Holy Koran that one of our Founding Fathers – Thomas Jefferson – kept in his personal library.

So I have known Islam on three continents before coming to the region where it was first revealed. That experience guides my conviction that partnership between America and Islam must be based on what Islam is, not what it isn't. And I consider it part of my responsibility as President of the United States to fight against negative stereotypes of Islam wherever they appear.

But that same principle must apply to Muslim perceptions of America. Just as Muslims do not fit a crude stereotype, America is not the crude stereotype of a self-interested empire. The United States has been one of the greatest sources of progress that the world has ever known. We were born out of revolution against an empire. We were founded upon the ideal that all are created equal, and we have shed blood and struggled for centuries to give meaning to those words – within our borders, and around the world. We are shaped by every culture, drawn from every end of the Earth, and dedicated to a simple concept: *E pluribus unum*: "Out of many, one."

Much has been made of the fact that an African-American with the name Barack Hussein Obama could be elected President. But my personal story is not so unique. The dream of opportunity for all people has not come true for everyone in America, but its promise exists for all who come to our shores – that includes nearly seven million American Muslims in our country today who enjoy incomes and education that are higher than average.

Moreover, freedom in America is indivisible from the freedom to practice one's religion. That is why there is a mosque in every state of our union, and over 1,200 mosques within our borders. That is why the U.S. government has gone to court to protect the right of women and girls to wear the hijab, and to punish those who would deny it.

So let there be no doubt: Islam is a part of America. And I believe that America holds within her the truth that regardless of race, religion, or station in life, all of us share common aspirations – to live in peace and security; to get an education and to work with dignity; to love our families, our communities, and our God. These things we share. This is the hope of all humanity.

Of course, recognizing our common humanity is only the beginning of our task. Words alone cannot meet the needs of our people. These needs will be met only if we act boldly in the years ahead; and if we understand that the challenges we face are shared, and our failure to meet them will hurt us all.

For we have learned from recent experience that when a financial system weakens in one country, prosperity is hurt everywhere. When a new flu infects one human being, all are at risk. When one nation pursues a nuclear weapon, the risk of nuclear attack rises for all nations. When violent extremists operate in one stretch of mountains, people are endangered across an ocean. And when innocents in Bosnia and Darfur are slaughtered, that is a stain on our collective conscience. That is what it means to share this world in the 21st century. That is the responsibility we have to one another as human beings.

This is a difficult responsibility to embrace. For human history has often been a record of nations and tribes subjugating one another to serve their own interests. Yet in this new age, such attitudes are self-defeating. Given our interdependence, any world order that elevates one nation or group of people over another will inevitably fail. So whatever we think of the past, we must not be prisoners of it. Our problems must be dealt with through partnership; progress must be shared.

That does not mean we should ignore sources of tension. Indeed, it suggests the opposite: we must face these tensions squarely. And so in that spirit, let me speak as clearly and plainly as I can about some specific issues that I believe we must finally confront together.

The first issue that we have to confront is violent extremism in all of its forms.

In Ankara, I made clear that America is not – and never will be – at war with Islam. We will, however, relentlessly confront violent extremists who pose a grave threat to our security. Because we reject the same thing that people of all faiths reject: the killing of innocent men, women, and children. And it is my first duty as President to protect the American people.

The situation in Afghanistan demonstrates America's goals, and our need to work together. Over seven years ago, the United States pursued al Qaeda and the Taliban with broad international support. We did not go by choice, we went because of necessity. I am aware that some question or justify the events of 9/11. But let us be clear: al Qaeda killed nearly 3,000 people on that day. The victims were innocent men, women and children from America and many other nations who had done nothing to harm anybody. And yet Al Qaeda chose to ruthlessly murder these people, claimed credit for the attack, and even now states their determination to kill on a massive scale. They have affiliates in many countries and are trying to expand their reach. These are not opinions to be debated; these are facts to be dealt with.

Make no mistake: we do not want to keep our troops in Afghanistan. We seek no military bases there. It is agonizing for America to lose our young men and women. It is costly and politically difficult to continue this conflict. We would gladly bring every single one of our troops home if we could be confident that there were not violent extremists in Afghanistan and Pakistan determined to kill as many Americans as they possibly can. But that is not yet the case.

That's why we're partnering with a coalition of forty-six countries. And despite the costs involved, America's commitment will not weaken. Indeed, none of us should tolerate these extremists. They have killed in many countries. They have killed people of different faiths – more than any other, they have killed Muslims. Their actions are irreconcilable with the rights of human beings, the progress of nations, and with Islam. The Holy Koran teaches that whoever kills an innocent, it is as if he has killed all mankind; and whoever saves a person, it is as if he has saved all mankind. The enduring faith of over a billion people is so much bigger than the narrow hatred of a few. Islam is not part of the problem in combating violent extremism – it is an important part of promoting peace.

We also know that military power alone is not going to solve the problems in Afghanistan and Pakistan. That is why we plan to invest \$1.5 billion each year over the next five years to partner with Pakistanis to build schools and hospitals, roads and businesses, and hundreds of millions to help those who have been displaced. And that is why we are providing more than \$2.8 billion to help Afghans develop their economy and deliver services that people depend upon.

Let me also address the issue of Iraq. Unlike Afghanistan, Iraq was a war of choice that provoked strong differences in my country and around the world. Although I believe that the Iraqi people are ultimately better off without the tyranny of Saddam Hussein, I also believe that events in Iraq have reminded America of the need to use diplomacy and build international consensus to resolve our problems whenever possible. Indeed, we can recall the words of Thomas Jefferson, who said: "I hope that our wisdom will grow with our power, and teach us that the less we use our power the greater it will be."

Today, America has a dual responsibility: to help Iraq forge a better future – and to leave Iraq to Iraqis. I have made it clear to the Iraqi people that we pursue no bases, and no claim on their territory or resources. Iraq's sovereignty is its own. That is why I ordered the removal of our combat brigades by next August. That is why we will honour our agreement with Iraq's democratically-elected government to remove combat troops from Iraqi cities by July, and to remove all our troops from Iraq by 2012. We will help Iraq train its Security Forces and develop its economy. But we will support a secure and united Iraq as a partner, and never as a patron.

And finally, just as America can never tolerate violence by extremists, we must never alter our principles. 9/11 was an enormous trauma to our country. The fear and anger that it provoked was understandable, but in some cases, it led us to act contrary to our ideals. We are taking concrete actions to change course. I have unequivocally prohibited the use of torture by the United States, and I have ordered the prison at Guantanamo Bay closed by early next year.

So America will defend itself respectful of the sovereignty of nations and the rule of law. And we will do so in partnership with Muslim communities

which are also threatened. The sooner the extremists are isolated and unwelcome in Muslim communities, the sooner we will all be safer.

The second major source of tension that we need to discuss is the situation between Israelis, Palestinians and the Arab world.

America's strong bonds with Israel are well known. This bond is unbreakable. It is based upon cultural and historical ties, and the recognition that the aspiration for a Jewish homeland is rooted in a tragic history that cannot be denied.

Around the world, the Jewish people were persecuted for centuries, and anti-Semitism in Europe culminated in an unprecedented Holocaust. Tomorrow, I will visit Buchenwald, which was part of a network of camps where Jews were enslaved, tortured, shot and gassed to death by the Third Reich. Six million Jews were killed – more than the entire Jewish population of Israel today. Denying that fact is baseless, ignorant, and hateful. Threatening Israel with destruction – or repeating vile stereotypes about Jews – is deeply wrong and only serves to evoke in the minds of Israelis this most painful of memories while preventing the peace that the people of this region deserve.

On the other hand, it is also undeniable that the Palestinian people – Muslims and Christians – have suffered in pursuit of a homeland. For more than sixty years they have endured the pain of dislocation. Many wait in refugee camps in the West Bank, Gaza, and neighboring lands for a life of peace and security that they have never been able to lead. They endure the daily humiliations – large and small – that come with occupation. So let there be no doubt: the situation for the Palestinian people is intolerable. America will not turn our backs on the legitimate Palestinian aspiration for dignity, opportunity, and a state of their own.

For decades, there has been a stalemate: two peoples with legitimate aspirations, each with a painful history that makes compromise elusive. It is easy to point fingers – for Palestinians to point to the displacement brought by Israel's founding, and for Israelis to point to the constant hostility and attacks throughout its history from within its borders as well as beyond. But if we see this conflict only from one side or the other, then we will be blind to the truth: the only resolution is for the aspirations of both sides to be met through two states, where Israelis and Palestinians each live in peace and security.

That is in Israel's interest, Palestine's interest, America's interest, and the world's interest. That is why I intend to personally pursue this outcome with all the patience that the task requires. The obligations that the parties have agreed to under the Road Map are clear. For peace to come, it is time for them – and all of us – to live up to our responsibilities.

Palestinians must abandon violence. Resistance through violence and killing is wrong and does not succeed. For centuries, black people in America suffered the lash of the whip as slaves and the humiliation of segregation. But it was not violence that won full and equal rights. It was a peaceful and determined

insistence upon the ideals at the center of America's founding. This same story can be told by people from South Africa to South Asia; from Eastern Europe to Indonesia. It's a story with a simple truth: that violence is a dead end. It is a sign of neither courage nor power to shoot rockets at sleeping children, or to blow up old women on a bus. That is not how moral authority is claimed; that is how it is surrendered.

Now is the time for Palestinians to focus on what they can build. The Palestinian Authority must develop its capacity to govern, with institutions that serve the needs of its people. Hamas does have support among some Palestinians, but they also have responsibilities. To play a role in fulfilling Palestinian aspirations, and to unify the Palestinian people, Hamas must put an end to violence, recognize past agreements, and recognize Israel's right to exist.

At the same time, Israelis must acknowledge that just as Israel's right to exist cannot be denied, neither can Palestine's. The United States does not accept the legitimacy of continued Israeli settlements. This construction violates previous agreements and undermines efforts to achieve peace. It is time for these settlements to stop.

Israel must also live up to its obligations to ensure that Palestinians can live, and work, and develop their society. And just as it devastates Palestinian families, the continuing humanitarian crisis in Gaza does not serve Israel's security; neither does the continuing lack of opportunity in the West Bank. Progress in the daily lives of the Palestinian people must be part of a road to peace, and Israel must take concrete steps to enable such progress.

Finally, the Arab States must recognize that the Arab Peace Initiative was an important beginning, but not the end of their responsibilities. The Arab-Israeli conflict should no longer be used to distract the people of Arab nations from other problems. Instead, it must be a cause for action to help the Palestinian people develop the institutions that will sustain their state; to recognize Israel's legitimacy; and to choose progress over a self-defeating focus on the past.

America will align our policies with those who pursue peace, and say in public what we say in private to Israelis and Palestinians and Arabs. We cannot impose peace. But privately, many Muslims recognize that Israel will not go away. Likewise, many Israelis recognize the need for a Palestinian state. It is time for us to act on what everyone knows to be true.

Too many tears have flowed. Too much blood has been shed. All of us have a responsibility to work for the day when the mothers of Israelis and Palestinians can see their children grow up without fear; when the Holy Land of three great faiths is the place of peace that God intended it to be; when Jerusalem is a secure and lasting home for Jews and Christians and Muslims, and a place for all of the children of Abraham to mingle peacefully together as in the story of Isra, when Moses, Jesus, and Mohammed (peace be upon them) joined in prayer.

The third source of tension is our shared interest in the rights and responsibilities of nations on nuclear weapons.

This issue has been a source of tension between the United States and the Islamic Republic of Iran. For many years, Iran has defined itself in part by its opposition to my country, and there is indeed a tumultuous history between us. In the middle of the Cold War, the United States played a role in the overthrow of a democratically-elected Iranian government. Since the Islamic Revolution, Iran has played a role in acts of hostage-taking and violence against U.S. troops and civilians. This history is well known. Rather than remain trapped in the past, I have made it clear to Iran's leaders and people that my country is prepared to move forward. The question, now, is not what Iran is against, but rather what future it wants to build.

It will be hard to overcome decades of mistrust, but we will proceed with courage, rectitude and resolve. There will be many issues to discuss between our two countries, and we are willing to move forward without preconditions on the basis of mutual respect. But it is clear to all concerned that when it comes to nuclear weapons, we have reached a decisive point. This is not simply about America's interests. It is about preventing a nuclear arms race in the Middle East that could lead this region and the world down a hugely dangerous path.

I understand those who protest that some countries have weapons that others do not. No single nation should pick and choose which nations hold nuclear weapons. That is why I strongly reaffirmed America's commitment to seek a world in which no nations hold nuclear weapons. And any nation – including Iran – should have the right to access peaceful nuclear power if it complies with its responsibilities under the nuclear Non-Proliferation Treaty. That commitment is at the core of the Treaty, and it must be kept for all who fully abide by it. And I am hopeful that all countries in the region can share in this goal.

The fourth issue that I will address is democracy.

I know there has been controversy about the promotion of democracy in recent years, and much of this controversy is connected to the war in Iraq. So let me be clear: no system of government can or should be imposed upon one nation by any other.

That does not lessen my commitment, however, to governments that reflect the will of the people. Each nation gives life to this principle in its own way, grounded in the traditions of its own people. America does not presume to know what is best for everyone, just as we would not presume to pick the outcome of a peaceful election. But I do have an unyielding belief that all people yearn for certain things: the ability to speak your mind and have a say in how you are governed; confidence in the rule of law and the equal administration of justice; government that is transparent and doesn't steal from the people; the freedom to live as you choose. Those are not just American ideas, they are human rights, and that is why we will support them everywhere.

There is no straight line to realize this promise. But this much is clear: governments that protect these rights are ultimately more stable, successful and secure. Suppressing ideas never succeeds in making them go away. America respects the right of all peaceful and law-abiding voices to be heard around the world, even if we disagree with them. And we will welcome all elected, peaceful governments – provided they govern with respect for all their people.

This last point is important because there are some who advocate for democracy only when they are out of power; once in power, they are ruthless in suppressing the rights of others. No matter where it takes hold, government of the people and by the people sets a single standard for all who hold power: you must maintain your power through consent, not coercion; you must respect the rights of minorities, and participate with a spirit of tolerance and compromise; you must place the interests of your people and the legitimate workings of the political process above your party. Without these ingredients, elections alone do not make true democracy.

The fifth issue that we must address together is religious freedom.

Islam has a proud tradition of tolerance. We see it in the history of Andalusia and Cordoba during the Inquisition. I saw it firsthand as a child in Indonesia, where devout Christians worshiped freely in an overwhelmingly Muslim country. That is the spirit we need today. People in every country should be free to choose and live their faith based upon the persuasion of the mind, heart, and soul. This tolerance is essential for religion to thrive, but it is being challenged in many different ways.

Among some Muslims, there is a disturbing tendency to measure one's own faith by the rejection of another's. The richness of religious diversity must be upheld – whether it is for Maronites in Lebanon or the Copts in Egypt. And fault lines must be closed among Muslims as well, as the divisions between Sunni and Shia have led to tragic violence, particularly in Iraq.

Freedom of religion is central to the ability of peoples to live together. We must always examine the ways in which we protect it. For instance, in the United States, rules on charitable giving have made it harder for Muslims to fulfill their religious obligation. That is why I am committed to working with American Muslims to ensure that they can fulfill zakat.

Likewise, it is important for Western countries to avoid impeding Muslim citizens from practicing religion as they see fit – for instance, by dictating what clothes a Muslim woman should wear. We cannot disguise hostility towards any religion behind the pretence of liberalism.

Indeed, faith should bring us together. That is why we are forging service projects in America that bring together Christians, Muslims, and Jews. That is why we welcome efforts like Saudi Arabian King Abdullah's Interfaith dialogue and Turkey's leadership in the Alliance of Civilizations. Around the world, we can turn dialogue into Interfaith service, so bridges between peoples

lead to action – whether it is combating malaria in Africa, or providing relief after a natural disaster.

The sixth issue that I want to address is women's rights.

I know there is debate about this issue. I reject the view of some in the West that a woman who chooses to cover her hair is somehow less equal, but I do believe that a woman who is denied an education is denied equality. And it is no coincidence that countries where women are well-educated are far more likely to be prosperous.

Now let me be clear: issues of women's equality are by no means simply an issue for Islam. In Turkey, Pakistan, Bangladesh and Indonesia, we have seen Muslim-majority countries elect a woman to lead. Meanwhile, the struggle for women's equality continues in many aspects of American life, and in countries around the world.

Our daughters can contribute just as much to society as our sons, and our common prosperity will be advanced by allowing all humanity – men and women – to reach their full potential. I do not believe that women must make the same choices as men in order to be equal, and I respect those women who choose to live their lives in traditional roles. But it should be their choice. That is why the United States will partner with any Muslim-majority country to support expanded literacy for girls, and to help young women pursue employment through micro-financing that helps people live their dreams.

Finally, I want to discuss economic development and opportunity.

I know that for many, the face of globalization is contradictory. The Internet and television can bring knowledge and information, but also offensive sexuality and mindless violence. Trade can bring new wealth and opportunities, but also huge disruptions and changing communities. In all nations – including my own – this change can bring fear. Fear that because of modernity we will lose of control over our economic choices, our politics, and most importantly our identities – those things we most cherish about our communities, our families, our traditions, and our faith.

But I also know that human progress cannot be denied. There need not be contradiction between development and tradition. Countries like Japan and South Korea grew their economies while maintaining distinct cultures. The same is true for the astonishing progress within Muslim-majority countries from Kuala Lumpur to Dubai. In ancient times and in our times, Muslim communities have been at the forefront of innovation and education.

This is important because no development strategy can be based only upon what comes out of the ground, nor can it be sustained while young people are out of work. Many Gulf States have enjoyed great wealth as a consequence of oil, and some are beginning to focus it on broader development. But all of us must recognize that education and innovation will be the currency of the 21st century, and in too many Muslim communities there remains underinvestment in these areas. I am emphasizing such investments within my country. And while

America in the past has focused on oil and gas in this part of the world, we now seek a broader engagement.

On education, we will expand exchange programs, and increase scholarships, like the one that brought my father to America, while encouraging more Americans to study in Muslim communities. And we will match promising Muslim students with internships in America; invest in on-line learning for teachers and children around the world; and create a new online network, so a teenager in Kansas can communicate instantly with a teenager in Cairo.

On economic development, we will create a new corps of business volunteers to partner with counterparts in Muslim-majority countries. And I will host a Summit on Entrepreneurship this year to identify how we can deepen ties between business leaders, foundations and social entrepreneurs in the United States and Muslim communities around the world.

On science and technology, we will launch a new fund to support technological development in Muslim-majority countries, and to help transfer ideas to the marketplace so they can create jobs. We will open centers of scientific excellence in Africa, the Middle East and Southeast Asia, and appoint new Science Envoys to collaborate on programs that develop new sources of energy, create green jobs, digitize records, clean water, and grow new crops. And today I am announcing a new global effort with the Organization of the Islamic Conference to eradicate polio. And we will also expand partnerships with Muslim communities to promote child and maternal health.

All these things must be done in partnership. Americans are ready to join with citizens and governments; community organizations, religious leaders, and businesses in Muslim communities around the world to help our people pursue a better life.

The issues that I have described will not be easy to address. But we have a responsibility to join together on behalf of the world we seek – a world where extremists no longer threaten our people, and American troops have come home; a world where Israelis and Palestinians are each secure in a state of their own, and nuclear energy is used for peaceful purposes; a world where governments serve their citizens, and the rights of all God's children are respected. Those are mutual interests. That is the world we seek. But we can only achieve it together.

I know there are many – Muslim and non-Muslim – who question whether we can forge this new beginning. Some are eager to stoke the flames of division, and to stand in the way of progress. Some suggest that it isn't worth the effort – that we are fated to disagree, and civilizations are doomed to clash. Many more are simply skeptical that real change can occur. There is so much fear, so much mistrust. But if we choose to be bound by the past, we will never move forward. And I want to particularly say this to young people of every faith, in every country – you, more than anyone, have the ability to remake this world.

All of us share this world for but a brief moment in time. The question is whether we spend that time focused on what pushes us apart, or whether we

commit ourselves to an effort – a sustained effort – to find common ground, to focus on the future we seek for our children, and to respect the dignity of all human beings.

It is easier to start wars than to end them. It is easier to blame others than to look inward; to see what is different about someone than to find the things we share. But we should choose the right path, not just the easy path. There is also one rule that lies at the heart of every religion – that we do unto others as we would have them do unto us. This truth transcends nations and peoples – a belief that isn't new; that isn't black or white or brown; that isn't Christian, or Muslim or Jew. It's a belief that pulsed in the cradle of civilization, and that still beats in the heart of billions. It's a faith in other people, and it's what brought me here today.

We have the power to make the world we seek, but only if we have the courage to make a new beginning, keeping in mind what has been written.

The Holy Koran tells us, "O mankind! We have created you male and a female; and we have made you into nations and tribes so that you may know one another."

The Talmud tells us: "The whole of the Torah is for the purpose of promoting peace."

The Holy Bible tells us, "Blessed are the peacemakers, for they shall be called sons of God."

The people of the world can live together in peace. We know that is God's vision. Now, that must be our work here on Earth. Thank you. And may God's peace be upon you.■

New York Times, 4 June 2009

http://www.nytimes.com/2009/06/04/us/politics/04obama.text.html?_r=1&pa_gewanted=print

DOCUMENT 19

TEXT OF BUDGET SPEECH

Following is the text of budget speech of Minister of State for Finance and Economic Affairs, Hina Rabbani Khar in the National Assembly here on Saturday [13 June 2009]:

I rise to present the Budget for the Fiscal Year 2009-10.

Madam Speaker!

I have the honour to be the first woman in the history of Pakistan to present a budget before the august House. It is indeed the privilege of the Pakistan People's Party to have given the country its first woman Prime Minister, Mohtarma Benazir Bhutto Shaheed. The People's Party also has the singular honour of nominating the first woman Speaker of the National

Assembly in Pakistan. These are important milestones in our quest for women empowerment and gender equality.

2. The efforts of the government to manage the economic and financial affairs of the country need to be viewed in the context of the prevailing state of security in the country. Pakistan today is not simply a frontline state against the war on terror; in fact we are today fighting insurgency and terrorism within the country. The war on terror has already cost us over \$ 35b since 2001-02 in economic costs. We now face the prospect of incurring huge costs on account of counter-insurgency expenditures. We have to meet the maintenance and rehabilitation costs of almost 2.5m brothers, sisters and children displaced as a result of the insurgency. The International community has pledged its support for this human cause. However, your government is fully conscious of its responsibility and has allocated Rs. 50b, I repeat Rs. 50b, in the budget 2009-10 for the relief, rehabilitation, reconstruction and security of the internally displaced persons. I also take this opportunity to salute the efforts of the people of Pakistan in contributing generously to the relief effort and demonstrating that we are all one and stand united in the face of terrorism. I may also express the gratitude of the government to all those generous households who have opened their homes and hearts to the displaced people in the true spirit of Islam.

3. Our armed forces are in the forefront of the war against terror and in fighting insurgency in the country. Our western border is most volatile and faces the brunt of insurgency. The President of Pakistan has been pleased to announce an increase in the allowances of the personnel of armed forces deployed in the western theatre, equal to one month's basic pay with effect from 1st July, 2009.

He has further announced that this benefit be extended to the entire armed forces from 1st January, 2010. The government is in complete support of the President's decision. Today, the nation stands behind our valiant armed forces. No amount of compensation is adequate enough to cover the risk to one's life. I hope this small gesture on the part of the government helps in building the morale of our jawans and officers in the war against terror.

4. While presenting last year's budget the government had given a detailed account of the economy as was inherited by us from the previous government. We had highlighted that our economy could not sustain a high level of artificial growth. We had presented that sustainable growth was only possible through investments in the real sectors of the economy that is, agriculture and industry. These, unfortunately, were neglected in the past. Instead growth was fuelled through high consumption and extensive luxury imports and those too financed through external borrowings. No wonder the fiscal deficit mounted to 7.6% of GDP, the current account deficit became unmanageable, there was a run on foreign exchange reserves and the stock market crashed. More importantly, inflation started to rise steeply and peaked at 25% in October 2008. In the face of these developments the economy suffered but the poor of Pakistan suffered the most.

5. Surely this state of affairs was intolerable! The government reacted to this by formulating a Nine-Point Agenda of economic and social recovery. The first pillar of our agenda was to stabilize the economy. As a result of our efforts, the fiscal deficit would decrease by 3.3 percentage points in 2008/09. The current account deficit was brought down from a high of 8.5% in 07-08 to 5.3% of GDP in 2008-09.

It is now universally acknowledged that reducing inflation is the best recipe for reducing poverty. Through the efforts of your government, inflation declined from 25% to 14.4% in May, 2009. Inshallah, it is expected to be in single digit by the end of the next fiscal.

6. While stabilization of the economy was necessary it was achieved at a cost. A tight monetary policy coupled with strict public expenditure management adversely impacted access to capital in the private sector and a reduction in the public sector development programme. The biggest casualty of stabilization was economic growth which declined to around 2%. The contraction in the economy adversely affected growth in manufacturing. However, our pricing policy for Agriculture sector helped this sector in recording a growth of 4.7% in 08-09 as compared to 1.1% in the previous year. The government was fully conscious that stabilization and a contracting economy would impact the poor adversely. That is why it triggered the 2nd pillar of its nine point agenda that is, social protection. Through the Benazir Income Support Program (BISP) we targeted the poorest of the poor through an income grant of Rs. 1000 per month, allocating Rs. 34b for the programme. In the next financial year we propose to allocate Rs. 70b for BISP to bring over 5m households in the ambit of the programme.

7. Having attained a certain level of stabilization it is now time to move towards growth by targeting the real sector of the economy that is Agriculture and Industry. Beginning with this year's budget we propose to announce policies and undertake budgetary and legislative measures which would put our real sectors of the economy onto the path of greater productivity. This paradigm shift would help the country in attaining sustainable growth which would help in the reduction of poverty.

Madam Speaker, we propose to pursue growth with equity. Madam Speaker, we propose to pursue stabilization with a human face. This government believes that the focus of government's policy and investment program has to be the well being of the people, especially the poor segments of our society.

8. The government is managing the affairs of our country within a strategic policy framework expressed in its Nine Point Agenda of economic and social recovery. I take this opportunity to highlight these nine pillars:

- I. Macroeconomic Stability and Real Sector Growth.
- II. Protecting the Poor and the Vulnerable.
- III. Increasing Productivity and Value Addition in Agriculture.
- IV. Making Industry Internationally Competitive.

- V. Capital and Finance for Development.
- VI. Removing Infrastructure Bottlenecks through Public Private Partnerships.
- VII. Integrated Energy Development Programme.
- VIII. Human Capital Development for the 21st Century.
- IX. Governance for a Just and Fair System.

9. The budget 2009-10 has been prepared to obtain the twin purposes of stabilization with a human face and growth with equity. I would wish to clarify as to what stabilization means. Stabilization is essentially an expression which advises households, organizations and governments to live within their means. Surely, this is what we all want. And if additional resources become available we need to use these to obtain the best dividend for our people. As a measure of support towards attaining a reasonable growth target the total expenditure, including Provinces, is estimated at Rs. 2897.4b. The total revenue is estimated at Rs. 2174.9b. The overall fiscal deficit of Rs. 722.5b would be 4.9% of the GDP. This deficit would be met through external financing of Rs 264.9b and domestic financing of Rs. 457.6b. Pakistan is likely to receive external resources equivalent to 1.2% of its GDP (Rs. 178b) from pledges made in the Donors' Conference at Tokyo. We further expect resources equivalent to 0.3% of the GDP (Rs. 48b) for expenditure on internally displaced persons. In essence the real deficit would be 3.4% of the GDP.

10. The core budget of the federal government estimates net revenues of Rs 1377.5b with a current expenditure of Rs 1699.19b. The development expenditure (including Provinces) is estimated at Rs. 783.1b against the revised estimates of Rs. 421.9b, an increase of 85%. This increase is unprecedented. The Public Sector Development Programme approved by the National Economic Council is pitched at Rs. 626b in BE 2009-10 against Rs. 359b in RE 2008-09. It is expected that full utilization of the development allocation would strongly assist in revival of growth.

11. May I offer a note of caution at this stage. Pakistan has one of the lowest tax to GDP ratios in the world. In the outgoing year we were only able to attain tax revenues equivalent to 9% of our GDP. We expect to improve our tax to GDP ratio by 0.6% in the next financial year. Allow me to state that if we as a nation do not imbibe the tax culture, if each citizen capable of paying tax does not do so, Pakistan shall never be able to stand on its own feet. It is, therefore, imperative that each one of us as a citizen of this great country meets his or her tax obligation. While government would be undertaking deep rooted reforms in tax policy and its administration, success of any initiative would hinge on the support given by the entire nation. We have to broaden our tax base; there is no escape from this reality.

12. The government made a commitment that it would pursue stabilization with a human face. Our tax and duty measures in Budget for Fiscal Year 2009/10 would revolve around the following concepts:-

Provide protection to the poor and vulnerable against the current economic downturn;

Revive manufacturing and industry, especially export-oriented industry;

Broaden the tax base instead of overburdening the existing taxpayers; and Restrain unnecessary imports to improve the Balance of Payment position.

13 As a measure to broaden the tax base we had desired that the provinces bring additional services into the net of sales tax. We had also desired that the provinces impose capital gains tax on immovable property. This would have marked a beginning towards further broadening of the tax base. However, the provinces would much rather wish to discuss these issues in meetings of the National Finance Commission. While we respect the decision of the provinces none-the-less measures would be taken in the Budget 2009/10 to bring additional services into the excise net as well as continue with Capital Value Tax. On reaching agreement with the provinces in the NFC discussions, the Capital Value Tax as well as excise on services would be considered for replacement by provincial taxation on these subjects.

I. Macro Economic Stability and Real Sector Growth

14. The immediate threat to economic stability and the servicing of international debt obligations were overcome through a homegrown Macroeconomic Stabilization Programme. The Programme has already ensured adjustment in petroleum prices and significant cuts in expenditures to reduce the budgetary deficit; while keeping a tight monetary policy in place. These measures are paying dividends under precarious global and domestic conditions. Recent trends in most macroeconomic variables also suggest that a disciplined implementation of this Programme has started paying off.

During the Fiscal Year 2009/10 real GDP is expected to grow by 3.3 percent and by 4 and 4.5 percent during Fiscal Years 2010/11 and 2011/12, respectively.

This will be contributed by sectoral growth rates of agriculture amounting to 3.8 percent; manufacturing totaling to 1.8 percent; and services contributing 3.9 percent.

For Fiscal Year 2009/10 the inflation target is 9.5 percent, which will be brought down to 7 and 6 percent during Fiscal Years 2010/11 and 2011/12, respectively.

A targeted decrease in current expenditure to 15.3 per cent of GDP in FY 2009/10 and 14.7 per cent of GDP in 2010/11, owing to elimination of unproductive subsidies is planned in order to maintain the fiscal deficit at sustainable levels.

The Government is going to take all necessary measures to ensure documentation of the economy and broadening of the tax base in order to shift reliance on domestic resource mobilization.

Total revenue will grow by 15.7 per cent and Federal Board of Revenue collection is projected to grow by 16.8 per cent.

Tax to GDP ratio will be 9.6 per cent, with measures, as against 9 per cent during Fiscal Year 2008/09.

Revenue as a percentage of GDP is projected at 14.7 per cent in Fiscal Year 2009/10 and will increase to 15.1 per cent during Fiscal Year 2010/11.

II. Targeting the Poor and the Vulnerable

15. The previous government pursued a policy of trickle down, expecting that the benefits of growth would automatically reach the poor. The flaw in this strategy was that the rich became richer and the poor became poorer. Our government is tackling the issue of poverty by launching a frontal attack against it. Our efforts at poverty-reduction aim to eliminate poverty.

16. As a tribute to our leader, Shaheed Mohtarma Benazir Bhutto, who laid down her life for democracy, the introduction of the government's flagship programme, named 'Benazir Income Support Programme' to provide direct cash transfers to the poor, is proof of its commitment to reach out to the most vulnerable to share their burden and ease their misery as much as possible. Following our Quaid, Shaheed Zulfikar Ali Bhutto's words, 'The Masses Will Rule'.

17. The conception behind the Benazir Income Support Programme was not only providing financial assistance to the needy but also to ensure women empowerment and child care. During Fiscal Year 2008/09, Rs 22b was distributed to 1.8m beneficiaries. During fiscal year 2009/10, it is proposed to increase the allocation of BISP to Rs 70b. Madam Speaker, this would constitute more than 200 per cent increase; I repeat more than 200 per cent increase over the last year's distribution. Five million families would benefit from this increase in the coming financial year. A programme for the Internally Displaced Persons has also been started by Benazir Income Support Programme wherein the Internally Displaced families are being identified and cash grants are being paid to them on regular basis.

18. In the short to medium term, the Benazir Income Support Programme will also serve as a platform for complementary social assistance programmes, the main being health insurance for the poor and the vulnerable. This will cover full hospitalization, pregnancy, daycare treatment, diagnostic tests and accident compensation for earning members of the family to a maximum limit of Rs 25,000/- per family per year. In addition, cash transfer programmes will be complemented to promote household independence via various poverty exit strategies, which can help to upgrade the poor beneficiaries to the level of self-

sufficiency by various means including transition to Conditional Cash Transfers; training and employment of one person per household; and provision of workfare through small public works under a social mobilization programme initiatives. The latter programme is based on the concept of small development schemes for construction of paved streets and water and sanitation facilities at the local level with help of community contribution.

19. I hold out an assurance that the government is committed to ensuring complete transparency in the management of BISP. A census would be completed within three months in 16 districts of Pakistan as a pilot to benchmark incomes. This would be extended to the entire country within the calendar year. The Benazir Income Support cards would serve as vehicles of transparent management and addressing the needs of the vulnerable.

20. The government also plans to bring in legislation during the next financial year for creating a social security protection programme for the haris. It is the firm resolve of the government to mainstream the marginalised haris, provide them with social protection available to other labour in the country and to make them proud citizens of Pakistan.

21. The government also plans to revamp the Ministry of Social Welfare by replacing it by a Ministry of Social Protection and Development in order to provide a common platform for safety nets and enhanced institutional capacity for social service delivery.

Peoples' Works Programme

22. This programme covers basic areas like provision of electricity, gas, farm to market roads and water supply. An allocation of Rs 35b is proposed in the Fiscal Year 2009/10 for this purpose. This will create sizable employment opportunities and, therefore, will increase the incomes of the less privileged.

Workers Welfare

For the Fiscal Year 2009/10, an amount of Rs 10.8b has been allocated for different Worker Welfare development schemes in the housing, health, education and technical education sectors. Quota has been abolished with the result that every worker will now be provided marriage grants irrespective of number of daughters. The rate of marriage grant has been increased from Rs 50,000 to Rs 70,000 per daughter. Construction of 9,469 housing units and flats for industrial workers is also proposed.

The President of Pakistan has directed to take necessary measures for empowerment of employees of State Owned Enterprises through their representation on the respective Boards by transferring 12 per cent shares to employees in order to revamp privatization process.

Microfinance

Microfinance plays a critical role in improving lives of the poor and particularly women.

The Government has set the target to increase outreach of the microfinance services from 2m to 3m borrowers in fiscal 09/10.

Housing

23. Our founder leader Shaheed Zulfiqar Ali Bhutto's vision and foresightedness identified four decades ago that housing is the basic necessity and raised the slogan of Roti, Kaprha Aur Makan.

24. We, being the followers of Shaheed Zulfiqar Ali Bhutto, have taken the following initiatives to turn the dream of our leader into a reality. Affordable housing under a phased programme for the low-income population through community participation and squatter- settlement regulation; and

For facilitation of working journalists, the Ministry of Information & Broadcasting managed to reserve a good number of residential plots in Islamabad for them.

In this budget, tax credit limit on interest paid on loans for construction of a new house or acquisition of a house is proposed to be enhanced from Rs 500,000 to 750,000.

III. Increasing Productivity and Value Addition in Agriculture

25. The Government's agriculture policy is aimed at ensuring food security; generating jobs; and enhancing farm profitability and competitiveness through realizing the existing productivity potential of various crops. The vast and rapidly changing agriculture sector offers enormous opportunities to ms of rural poor to move out of poverty.

26. 'Increasing productivity and value addition in agriculture' will receive high priority. Self-reliance in commodities, food security through improved productivity of crops as well as development of livestock and dairy would be the main pillars of policy. More importantly government would continue to ensure a minimum guaranteed price to the farmers based on international comparisons. The response given by the farmers to the price policy of the government for the wheat crop raises hopes for improved production of other crops. Government would continue with this pricing policy. Other areas of support for agriculture and livestock would be through:

- focusing on research and development by upgrading existing R&D facilities and initiating the establishment of two world class institutes of research for wheat and cotton;
- development of new technologies; more productive use of water through precision land leveling and high efficiency irrigation systems;
- promoting production and export of high value crops;

- accelerating the move towards high-value activities, such as livestock rearing, dairy production, fisheries, and horticulture;
- creating necessary infrastructure; and ensuring availability of agricultural credit. Formation of common facilitation centres.
- encouraging research and extension. In addition:
- Establishment of ten model agricultural union councils for each major crop across the country will be undertaken;
- Promotion of model organic farming would be supported. Overall PSDP allocation for Agriculture will be increased by 25 percent from Rs 14.4b in Fiscal Year 2008/09 to Rs 18b during Fiscal Year 2009/10.

An amount of Rs 2.5b is proposed for Fiscal Year 2009/10 to ensure food security and productivity enhancement of farmers.

27. Interventions made in this light have already started providing dividend in the shape of record production of major food crops like wheat and rice. The policy measures undertaken by the government have led to an estimated transfer of resources of about Rs 294b in to the rural economy. Government has made an agreement with Ms Monsanto of United States of America to formally introduce Genetically Modified cotton into Pakistan on fast track basis. It has been planned that the farmers will be offered BT cotton hybrids varieties during Fiscal Year 2009/10. It is the vision of the government to treat livestock, agriculture and fisheries as an industry. In this context, the nil customs duty regime on tractors, poultry inputs and cattle feed would be continued in future.

Water Use Efficiency

28. To boost production of crops and improve water use efficiency, a major initiative of 'National on Farm Water Management Programme' was implemented by the Ministry of Food and Agriculture.

29. Water sector has been allocated Rs 60b, which comes to 14 per cent of the total federal programme. A total of 32 small and medium dams, 8 in each province are being financed. Similarly, adequate allocation has been made to projects such as National Programme of Watercourses, irrigation system, rehabilitation, lining of canals, and distribution, etc. Improved water management efforts under the PSDP for Fiscal Year 2009/10 to raise agricultural productivity will involve allocations of: Rs 12b for Raising of Mangla Dam including resettlement; Rs 10b for the improvement of water courses; and several projects in all the provinces with allocations of Rs 15b for canal improvement and rehabilitation of irrigation system.

30. For Fiscal Year 2009/10 the strategy adopted is to complete ongoing mega projects side by side with construction of small/medium dams. The Government has launched a massive programme of water resource development and is earmarking an amount of Rs 47b in the PSDP for Fiscal Year 2009/10. Major water sector irrigation projects being completed in the water sector include raising of Mangla Dam, Gomal Zam, Dam and Satpara Dam. Preparatory

works on Basha, Akhori, Mujda, Naigaj Dam have been initiated. Kachi Canal in Balochistan and Rainee Canal in Sindh will be completed in mid 2010.

31. The lining of irrigation channels in saline zones is being undertaken in Punjab, Sindh and NWFP to save the seepage and other losses. A national programme of Small Dams covering all the four provinces is being implemented. A comprehensive plan is also being developed for rainwater harvesting and ground water recharge.

32. Development of agriculture infrastructure including warehousing facilities will involve Integrated Agriculture Marketing and Storage Infrastructure including feasibility study projects the total cost of which is Rs 37b, with Rs 500m allocated for Fiscal Year 2009/10.

33. To assist small farmers the Government is launching the Benazir Tractor Scheme costing over Rs 4b over two years.

34. In order to ensure food security and to improve productivity of small farms, the Government is implementing a phased 'Special Programme for Food Security and Productivity Enhancement of Small Farmers' covering 13,000 villages by the year 2015 starting with 1,012 villages. This programme will be executed in all the four provinces in addition to Azad Jammu & Kashmir, FATA and FANA during the first phase at a cost of Rs 8.013b.

35. A new Agriculture Model Village Programme has been initiated in 26 villages under the auspices of Zarai Taraqiati Bank Limited. The objective is to organize the farming community at the village level ensuring farmers easy access to agri credit.

36. In Fiscal Year 2009/10 the Government plans to initiate new programmes like commercialization of the seed sector in order to enhance high quality supply through setting up an industry on the concept of Public Private Partnerships and diverting major investments in building and strengthening infrastructure in the sector.

Livestock and Dairy

37. Livestock plays an important role in our economy. The Ministry of Livestock & Dairy Development, created in November, 2008 envisages food security, greater availability of quality products at competitive prices and the promotion of deep sea fishing to enhance foreign exchange earnings to address livelihood concerns of fishermen. A number of initiatives to strengthen livestock sector include: a. Prime Minister's Special Initiative on Livestock; b. livestock production and development for meat production; c. Prime Minister's Special Initiatives for White Revolution, that is, Doodh Darya and Dairy Pakistan projects are serving as a primary vehicle to bring about a white revolution through fundamental changes in the dairy sector; d. National Programme for the control and prevention of Avian Influenza; e. upgrading and establishing animal

quarantine stations; f. efforts to enter into the halal food market; and g. improving reproductive efficiency of cattle under smallholders system.

38. Projects foreseen during the Fiscal Year 2009/10 include: a. 'Capacity Enhancement of Dairy Products under Public Private Partnership' a project worth Rs 3,500m, for which Rs 300m will be allocated during Fiscal Year 2009/10; b. 'Poverty Reduction through Small Holders Live Stock and Dairy Development' worth Rs 3,539.13m, from which an amount of Rs 400m will be allocated in Fiscal Year 2009/10; c. More model dairy community, biogas and breeding farms, cooling tanks, rural services providers and pasteurization plants.

Fisheries

39. During the Fiscal Year 2009/10 focus will be on: a. lifting European Union's ban on fisheries export by upgrading fishing vessels; b. improvement of infrastructure facilities for value added products; c. establishing a fisheries training centre at Gawadar; d. landing sites along the coastal line; e. reducing post harvest losses through improved fish handling along the food chain and marketing; and f. establishment of shrimp aquaculture in the country.

IV. Making Industry Internationally Competitive

V. Capital and Finance for Development

VI. Removing Infrastructure Bottlenecks Through Public Private Partnerships

40. As a result of international recession, energy shortages, and a contraction in the economy, the industrial sector in Pakistan has been adversely affected. This sector posted a negative 3.3 per cent growth in the outgoing year with large scale manufacturing posting a negative 7.7 per cent growth. The industrial sector is our engine of production and employment. The government proposes to declare fiscal 2009/10 as the year of industrial recovery. Our industry is fragmented and lacks consolidation. It is being provided the following support measures:

Financial Measures

With a view to moving industry towards consolidation and value addition an Export Investment Support Fund, worth Rs. 40b has been proposed for FY 2009-10. The government will contribute Rs 10b towards this fund; another Rs 10b would be contributed by the Export Development Fund; balance Rs 20b would be contributed by governmental agencies through mopping up of surpluses in commercial banks.

In order to support the SME sector by providing access to credit, a fund worth Rs. 10b for Credit Guarantees is going to be established. This fund would be financed by the government and the private sector in the ratio of 50:50 over the next two years. The government has already proposed Rs 2.5b in the Budget 2009/10 as its share to the fund.

For citizens who lack equity financing, a Venture Capital Fund of Rs 10b is also proposed to be established which shall be financed in the same manner as the SME Credit Guarantee Fund. A provision of Rs 2.5b has again been proposed for this fund in Budget 2009/10.

A new DFI is being created for industrial financing. Industrial clusters are going to be involved for the skill development to ensure ownership, monitoring/oversight and relevance of programs. The allocation for M/o Industries will be increased by 335 %, I repeat 335%, from Rs.2.0b in FY 2008-09 (R.E) to Rs.8.7b in FY 2009-10.

The budgetary allocation for Science & Technology has doubled from Rs 1,510m in FY 2008/09 to Rs 3,140.4m during FY 2009/10.

41. Government is not going to enhance tax incidence on industry, except tobacco; rather following tax facilitations have been proposed:- In order to assist automobile manufacturers and their vendor industries a reduction of 5% excise duty on automobiles (CKD) is proposed.

In order to revive the construction sector a reduction of Rs 200 per ton in the excise duty on cement. This decrease shall be passed on to the consumer.

In order to support Textile sector, withdrawal of FED on import and supply of Viscose Staple Fiber (VSF) and zero rating of chemicals used in manufacturing of fire retardant fabrics is proposed. Cellular service providers have been provided the following relief:

Elimination of Regulatory Duty of Rs 250/- per set. Reduction in Customs Duty from Rs 500/- per set to Rs 250/- per set.

Reduction in Excise Duty from 21 per cent to 19 per cent. or Sim activation charges reduced from Rs 500/- to Rs 250/-.

Incentives for documented sector in case of 90% purchases from sales tax registered suppliers.

Zero rating duty on exports sector will continue this year as well.

To protect the local industry from under invoicing by importers, improvement in Customs valuation and enforcement mechanism would be ensured.

Refund procedure would be streamlined - FBR to pay interest on refunds delayed beyond 90 days.

To facilitate all tax payers including industry harmonization of tax laws (Sales, Excise, Income, Customs) would be ensured. The limit of credit on donations in case of companies is proposed to be enhanced from 15% to 20%.

42. In order to revive our industrial sector, following additional initiatives have been proposed:-

Industry would receive priority in allocation of gas and electricity.

Cross subsidy in electricity and gas tariffs would be reduced in a phased manner to provide relief to the industry.

Large Export Houses would be established to support the export industry.

Development of Special Economic Zones and Special Industrial Zones would be fast tracked.

Market access to USA and EU is being negotiated to provide level playing field to our industry in international market.

Corporate Rehabilitation Act (CRA) is being finalized to improve bankruptcy and insolvency regime.

Proposals to form Resolution Trust Corporation (RTC) to promote consolidation of industry are being finalized.

SECP Reforms like Holding Company Formation facilitation and number of other business environment improvement initiatives are underway to develop competitive markets for the private sector. Capital markets are being developed for financing of trade and industry.

The Industrial Relations Act 2008 has been passed by the Parliament to improve the labor-owner relationship regime. In order to provide opportunities to the entrepreneurs for expansion as well as assist the government in disposing off public assets, a transparent privatization policy based on Public Private Partnership is being pursued through sale of 26 per cent shares to the private sector or allow privatization of management on profit sharing basis.

To improve industrial competitiveness implementation of the National Trade Corridors Improvement Program has been launched. To achieve a high quality road and rail network, allocations for National Highway Authority amounted to an increase from Rs.36b to Rs.40.2b whereas in the case of Pakistan Railways from Rs.6.6b to Rs.12.7b.

Custom duty is proposed to be reduced on a number of items to provide cheaper raw materials to different sectors like poultry, dairy, fish processing and pharmaceuticals. Adequate protection is also proposed to be given to local industry.

VII. Integrated Energy Development Programme

43. Uninterrupted supply of energy is not only the need of the citizens but of all sectors of the economy. The industrial sector has already been hit very badly in the outgoing financial year.

Prime Minister's Economic Advisory Council has developed an integrated energy plan to cater for the short, medium and long term energy needs of the country. This is the first ever integrated energy plan of Pakistan as previously energy sector had been dealt in isolation.

44. Government is well aware of the problems that have arisen in the wake of energy crisis in the country.

The previous regime's short sighted policies handed over its legacy in the form of abrupt power shortages, load shedding and unaffordable energy mix. We have taken a number of measures in order to improve energy scenario of the country to give impetus to our agriculture and industrial sector

45. In this light, PSDP allocations for the power sector will be increased by 100 percent, from Rs 11.4b in Fiscal Year 2008/09 to Rs 22.8b during Fiscal Year 2009/10.

46. The previous Government left a huge backlog of circular debt in the energy sector. A total lack of decision making to address this issue in a timely manner on the part of the previous government has left the present government with a huge challenge. We have not shied away from our responsibility. In this regard the government has taken up the challenge to resolve the issue of circular debt which has reduced the efficiency of the energy sector. In order to improve the liquidity position of the power sector, the Government/ specially created holding company:

- will assume the entire bank loan liabilities of Rs 216b and pay the markup on these loans from budgetary resources;
- has already arranged TFC facilities of Rs 92b for PEPCO from banks to discharge its payment obligations towards Independent Power Producers and oil and gas companies;
- will assist to settle the remaining payables of PEPCO at Rs 61b;
- has decided to pick up the entire past arrears of PEPCO against FATA consumers to the tune of Rs 80b and pay the current electricity bill of FATA; and
- will help PEPCO to clear its outstanding receivables from federal and provincial government departments and entities, mainly KESC and KW&SB.

47. Projects have been undertaken to reinforce the transmission and distribution systems to minimize power losses and outages so as to provide a stable and reliable supply to consumers. Currently 15 Independent Private Power Houses with a total capacity of 2,921 Megawatts are in different stages of development. Out of these, 9 projects for 1,861 Megawatts will be commissioned in 2009; 4 projects for 776 Megawatts will be completed in 2010; while 2 projects for 284 Megawatts are due for completion in 2011.

48. To meet the Government's target of eliminating load shedding by 2009, agreements have been made with 5 rental Power Projects for 800 Megawatts.

Work on 16 Hydropower Projects in the private sector with a total capacity of 4,160 Megawatts has been initiated. Two new combined cycle power projects of 500 MW each in the public sector to supplement total capacity are planned at Chichoki Mallian and Nandipur.

49. The Government has also made an elaborate plan for electrification of all villages where electricity can be extended from grid supply. This was achieved in 6,419 new villages last year.

50. Demand side measures including conservation have been initiated including:

- massive media campaign to raise public awareness;
- induction of energy saver lamps for peak chopping; and

- enforcement of Daylight Saving Time during summer.
51. Other major activities proposed to be undertaken in the Fiscal Year 2009/10 include:
- Induction of two hydro projects i.e. Khan Khwar & Jinnah Hydro, with total capacity of 168 Megawatts;
 - setting up call centres in all Distribution Companies to improve customer services; and
 - infrastructure development to reduce energy losses.
52. The PSDP allocation of Rs 4,000m for FY 2009/10 has been made for the 4,500 Megawatts Diامر Basha Dam Project. Construction of more than 30 small and medium Dams in different provinces has also been funded.
53. In order to ensure transparency in the pricing of petroleum products and to reduce its use as well as assist in the cause of environmental protection, the petroleum development levy is being abolished and replaced by a specific Carbon Surcharge.
54. The government has determined the ideal policy mix for energy needs of Pakistan. These are hydel, coal, wind and solar. A comprehensive renewable energy policy is being formulated. The following steps are being taken in FY 2009-10:-
- A 50 Megawatt Solar Thermal Power Project to be established in Southern Punjab;
 - Development of Wind Farms in areas in addition to Gharo-Keti Bandar, identifying new corridors of available wind potential in Punjab, Balochistan and NWFP;
 - Solar Water Heaters Programme;
 - Production of solar cells and modules up to an annual capacity of 80 Kilowatts;
 - Depreciation allowance for renewable energy being enhanced by 100 percent;
 - Allowance of duty free import of equipment under nine categories of alternate energy being considered.

VIII. Human Development for the 21st Century

55 'Human resource development' is a prerequisite for improving all aspects of the quality of life of our citizens. The government is aware that improvement in social indicators needs to be expedited and has, therefore, adopted human resource development as a priority area particularly in education; health; clean drinking water and sanitation; population planning; and gender equality.

Education

56. Significant reforms in education sector include: Strengthening the planning and implementation capacity of the government;

Improving utilization of resources by educational institutions;

Enhancing governance for greater accountability of education service providers to the community;

Capacity building of district and local level institutions; and strengthening the role of communities through school committees.

Budget proposal for Fiscal Year 2009/10 Major programmes of the Ministry of Education include:

(i) Establishment and operation of basic education and community schools in the country; (Rs 2b) and

(ii) Education for All through providing missing facilities to primary schools. (Rs 2b)

Development funding to Higher Education Commission is being enhanced by 60% to Rs 22.5b in Fiscal Year 2009/10; current budget provision is being enhanced by 26% to Rs 21.5b.

National Vocational & Technical Education Commission is targeting one m trainees every year in a phased programme. An allocation of Rs 2.2b has been provided in FY 2009-10.

Skill development (vocational/technical) programmes aimed for labour export market are being planned.

Health

57. The health strategy has been constructed on the key principles of equity, universal access to essential healthcare, timeliness, results, accountability, strong leadership and strategic coordination of the overall effort. The Strategy envisages addressing special needs of the vulnerable population, especially women and children particularly in the rural areas. The health sector continued to remain the focus of attention of the elected Government during Fiscal Year 2008/09 and received a special thrust in terms of enhanced PSDP allocation and initiation of a number of new projects aimed at improving the health of the nation.

Allocations for health under the PSDP have increased by 66 percent, from Rs 13.99b in Fiscal Year 2008/09 to Rs 23.15b during Fiscal Year 2009/10.

National programmes for Family Planning and Primary Healthcare; and Expanded Programme of Immunization continue to receive top priority with respective allocations each of Rs 7b and Rs 6b.

The Prime Minister's Emergency Action Plan for disease has been launched and will cost Rs 11b in the next five years.

A concessionary import duty rate on 35 raw materials used in pharmaceuticals, medicines and diagnostic kits is also being proposed.

Zero rate sales tax on import and supply of wheelchairs for the special people is proposed.

Tobacco taxation is being increased as per World Health Organization recommendations for protecting health of the population.

Clean Drinking Water for All and Environment

58. Clean drinking water is the first line of defense in protecting public health. The Clean Drinking Water Project is a promising initiative for the masses prone to waterborne diseases. The work for installation of filtration plants is going on and about 600 plants have been operationalized till now.

59. It is proposed that 3,500 plants will be installed one in each union council by end of Fiscal Year 2009/10 for which an amount of Rs 6b is being allocated. Besides providing safe drinking water, the project will also create sufficient job opportunities contributing to reduction in unemployment.

60. The budget for environmental protection has been increased from Rs 1.14b in Fiscal Year 2008/09 to Rs 2.96b for Fiscal Year 2009/10. This amount will be spent on forestry; environment friendly public transport and on provision of clean drinking water.

Gender Equality

61. Pakistan has also expressed its commitment to gender equality and equitable development in many international forums and conventions including Convention on the Elimination of all Forms of Discrimination against Women and the Beijing Platform for Action. In order to advance the goal of gender equity in the process of implementing socio-economic policies, the Federal Budget for Fiscal Year 2008/09 showed a hefty increase in budgetary allocations for women specific expenditures amounting to Rs 44.7b compared to Rs 7.7b during Fiscal Year 2007/08.

62. The Government is committed to maintain gender equality in policies and programmes. It is pertinent to mention that health and education, the two core 33 social sectors, are the main recipients and sources of gender specific allocations, with the Benazir Income Support Programme also having emerged as a key source of growth in gender targeted allocations. Targeted and pro-women allocations in the federal budget with the intention to bridge the gap between men and women in acquiring access to basic service is surely a commendable policy. Gender mainstreaming project is being run at the Planning Commission and an engendering budget exercise is being also carried out under the Medium Term Budgeting Framework in the Ministry of Finance.

Human Rights

63. Following the footprints of former Prime Minister, Mohtarma Benazir Bhutto Shaheed's dreams of addressing the problems of the oppressed in Pakistan, for Mohtarma created a wing of Human Rights, we have built upon that and have established a full fledged Ministry of Human Rights.

64. Steps are being taken to establish "Benazir Shaheed Human Rights Fund" and the bill for creation of the National Commission of Human Rights has been tabled on floor of the House. The Board of Governors of the Women Distress and Detention Fund has been reconstituted. The Provinces are being requested to allocate their share in the fund. We have distributed cheques to eligible petitioners out of the Relief and Revolving Fund to redress their grievances.

Youth Affairs, Culture and Sports

65. Youth is the most important asset of our country, particularly at this stage when we are endeavouring to rapidly modernize and introduce technological innovation. They can play an important role in the decision making process for development of the country. During the fiscal year 2009/10, following initiatives have been envisaged,

- Different programmes for youth motivation, character building, awareness and integration, and establishment of youth activity centers will be undertaken under the National Youth Policy.
- Approximately 30,000 educated postgraduates will be offered internships under the National Internship Programme for which the Government has allocated Rs 3.6b for Fiscal Year 2009/10.
- A Mobile Youth Computer Literacy and Awareness Programme have been started through Mobile Computer Vans to educate/train the youth of rural areas.
- Approximately 15,000 volunteers from all walks of life have been registered for community development activities and disaster management.
- An amount of Rs 450m for Fiscal Year 2009/10 for cultural development has been allocated which is an enhancement of Rs 186m over the previous year's allocation.
- The government is placing special focus on the development of sports in the country. An amount of Rs 583m has been allocated in PSDP in FY 2009/10 against an allocation of Rs 140m in RE 2008/09. Government wishes to promote sports with private sector participation to afford the children and youth an opportunity for healthy recreation and sports related employment opportunities.

IX. Governance for a Just and Fair System

66. Improved 'Governance' is a must for a just and fair system. The manner in which public institutions and officials acquire and exercise authority to shape public policy and provide public goods and services is at the crux of our agenda. Political instability, corruption, volatile law and order situation and inadequate infrastructure have all left a detrimental impact on Pakistan's business environment. Autonomous institutions are needed, capable of outlasting their creators and resisting capture by individuals lusting for power and money. They must so function as to inspire confidence, which means that they must protect the rights of society against the exercise of arbitrary power.

67. To strengthen governance, an additional amount of Rs 500m was provided to the provincial implementing agencies of the ongoing Access to Justice Programme to support improvements and development measures in Fiscal Year 2008/09. An opportunity has now been created for the people of Pakistan under Access to Justice Programme to build upon the existing framework of reform initiatives for securing immediate and visible improvements in the system of justice administration. The initiatives that will be carried out in the near future under this programme include:

Establishment of Public Defender and Free Legal Aid System across the country;

Establishment of Fast Track and Evening Courts at the federal level and provincial headquarters; and Pro-poor legislation and automation of the justice sector.

68. During Fiscal Year 2009/10, greater focus will be on administrative reforms. We have already constituted a Pay and Pension Commission to make recommendations to the government linking compensation with performance. We believe that the compensation package of government servants should be brought close to market salaries in a phased manner. The Pay and Pension Commission is expected to make realistic recommendations regarding the following concepts which we have included in our agenda of governance reforms:-

Monetizing incentives for civil servants;

- Making public sector the ultimate choice for talent, in other words 'Employer of choice';
- Improved service delivery;
- Greater transparency and self-accountability;
- Market-based competitive salary structure.

69. We realize that the government servants are not adequately paid. In order to revise the compensation package a Pay and Pension Commission has already be constituted. During the course of the year, we would be benefited by the recommendations of the said Commission. However, to compensate

government servants, I have the pleasure to announce: an ad-hoc relief allowance of 15% of pay of serving government servants from 1st July, 2009.

70. An increase in the allowance of armed forces deployed on the western front equal to one month's initial basic pay with effect from 1st July 2009, as announced by the President of Pakistan. For the remaining armed forces personnel, allowance equal to one month's initial basic pay will be admissible from 1st January 2010 in line with the Presidential announcement; in the interim period, an ad hoc relief allowance of 15% of pay will be allowed. This ad hoc relief allowance will be withdrawn w.e.f. 31st December 2009. The retired government servants and armed forces personnel will also get 15% increase in their net pension from 1st July 2009. In addition:

Limit for the exemption on Income Tax for salaried male is being enhanced from Rs 180,000 to Rs 200,000 Limit for the exemption on Income Tax for salaried female is being enhanced from Rs 240,000 to Rs 260,000 Senior citizens will now enjoy 50 percent relief in their tax liability in case of income up to Rs 750,000/-; previously this limit was up to Rs 500,000/-.

71. The government would also take measures during the next financial year to undertake the following actions in its drive towards governance reforms: Public sector enterprises including Pakistan Railways, Pakistan Steel Mills, Pakistan International Airlines and the Power Distribution Companies would undergo financial reforms to improve their management and service delivery. National Savings Organisation and the Federal Bureau of Statistics would move towards becoming corporate entities displaying the highest level of efficiency and service delivery.

72. Federal and provincial solidarity is a must in the process of governance reform. Criticism must be genuine and solutions should be just and realistic. The line between government and opposition should not be based on vendetta and abuse, but on a sincere difference in principles.

National Finance Commission

73. The present government has constituted the National Finance Commission which would be convened immediately in the next financial year. It is our belief that decision making on financial matters relating to the distribution of resources between the federation and the provinces need to be addressed in an institutional manner. This notwithstanding, we have made efforts to increase the share of the provinces in the divisible pool of taxes along with special grants from the existing 47.5% to 49% during fiscal year 2009-10. On a cumulative basis the provinces would receive federal transfers in excess of Rs 708.1b against Rs 600b in the last financial year, an increase of 18%.

National Assembly Secretariat, Provinces and Parliamentary Affairs and Opposition

74. The National Assembly is an important organ of the Federation's consultative process and needs further strengthening. A budget provision of Rs 1.1b was approved for the activities of National Assembly Secretariat during the

Fiscal Year 2008/09, while for fiscal year 2009/10 an amount of Rs 1.3b is being allocated. Other improvements to strengthen the Parliament made during FY 2008/09 include:

Sovereignty of the newly elected Parliament has been ensured through discussion and debate on all issues of national importance in the Parliament;

The Defence Budget was presented in the Parliament for the first time after 1964;

The Prime Minister regularly attends the National Assembly sessions and himself responds to questions, points of orders, motions and other important issues;

Formation of Standing Committees in time and in proportion to the political parties' strength in the Parliament;

Chairmanship of the Standing Committees has been given to the Opposition according to their strength;

Chairmanship of the Public Accounts Committee has been given to the Leader of the Opposition for the first time in the Parliamentary history of Pakistan in line with established traditions of parliamentary democracy in the developed world; and Equal distribution of development funds has been made amongst the members of the Parliament irrespective of party affiliations.

Taxation Proposals

75. Allow me to give you the highlights of taxation proposals for the year 2009/10. I have already presented the important fiscal incentives for the different sectors of the economy. Allow me to add that the tax measures being proposed by the government are fair and equitable guided by the principle of "ability to pay", set in the context of an economy fighting a war.

76. Excise duty on petroleum products is being levied in the shape of a carbon surcharge which would eliminate the existing petroleum development levy. This would ensure transparency in the pricing of petroleum products, curb consumption, save foreign exchange and reduce carbon emissions.

77. In order to discourage consumption of cigarettes excise duty and sales tax on cigarettes is proposed to be enhanced. This would generate estimated revenues of Rs 15b.

78. As a revenue measure and to broaden the tax base, FED in VAT mode is proposed to be levied on the following additional services:

Fees charged by banking services.

Fees charged by import cargo handlers.

Fees charged by stock brokers.

Fees charged by insurance companies.

Fees charged by electronic media for advertisements. The estimated revenue impact of these measures is Rs 16b 41

79. It is proposed to enhance the rate of withholding tax on imports of commercial nature from 2% to 4%. This measure would result in estimated revenue of Rs 23b.

80. Following the policy of broadening the tax base and putting the burden on those who can bear it, it is proposed to enhance the rate of Capital Value Tax on property from 2 to 4 per cent. Government intends to adopt effective measures to ensure its collection. It is estimated to generate revenues of Rs 15b.

81. To help the internally displaced persons, it is proposed to levy for a single year: a nominal tax of 5% on the tax payable by every individual deriving income above rupees one m.

It is further proposed to levy a flat rate of 30% on bonuses earned by individuals in the corporate sector drawing salary exceeding Rupees one m.

82. It is proposed to levy a Minimum Tax under section 113 of the Income Tax Ordinance 2001 on the income of a resident company, provided that this will not be applicable to a co which has declared gross loss before set off of depreciation and other inadmissible expenses under the Ordinance.

83. To promote documentation of the economy, it is proposed that certain sectors may be pulled out of the presumptive, or final, tax regime. These sectors will now be required to file returns. Phasing out the presumptive tax regime will be an on going process.

84. What the nation and the people need now is a guarantee for permanence in policy, permanence in ideology and permanence in approach which cannot be found in elusiveness. Our power is the power of the people. Our founding father, Quaid-e-Azam, Mohammed Ali Jinnah pledged that Pakistan would have a government and a constitution chosen by the people. Mankind has reached great heights by pursuing democratic ideals. Democracy is our polity and all power belongs to the people.

85. As Shaheed Zulfiqar Ali Bhutto stated, "A new era is emerging in the political life of the nation. The politicians of Pakistan are facing a crucial new test as destiny stands at the dawn of a New Year. A new look amid a new style will have to emerge. The old ways will no longer appeal to the people. A new all round approach will have to be found in every facet of politics. The hand must reach the ground, the eye must perceive the sub-surface movements and the ear be able to hear the sound of music in the far distance. Crescendos of 'Zindabad' and warm ovations at public meetings are not going to be the final tests of political acumen."

86. Pakistan is a rich country in terms of both natural and human resources. Yet clearly, Pakistan has not fully exploited its potential. In this scenario, the government will ensure that clearer priorities and pro-poor sectoral programmes are in place that will provide an appropriate strategic framework to effectively reduce poverty.

87. "Let us welcome the sound of bells of another year which is likely to bring more hope for all than the one that has ended. Time and with it events are

moving faster..But as a new page is being turned in an old book, let us end on a hopeful note.”

Pakistan Paindabad!■

Nation, 14 June 2009

<http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online//Business/14-Jun-2009/Text-of-budget-speech>