



IPRI
Building Consensus



**Islamabad Policy
Research Institute**



Monthly IPRI Newsletter Vol. 1, No. 10

March 2014

ONE-DAY CONFERENCE Pakistan-China Friendship: Taking it to New Heights

One-day Conference on “Pakistan-China Friendship: Taking it to New Heights” was organized on March 26, 2014 at Islamabad Hotel, Islamabad by IPRI. Ambassador Sohail Amin, President IPRI, in his welcome address said that the topic was a challenging one as it focuses on exploring the new avenues of cooperation. Honourable Mr. Yao Wen, Charge d affaires, Embassy of Peoples Republic of China in Pakistan, Former Foreign Secretary, Ambassador Salman Bashir and Mr. Fazal-ur-Rehman, Director, Strategic Studies Institute, Islamabad talked in the conference. Chief Guest of the conference was Senator Raja Muhammad Zafar-ul-Haq, Leader of the House, Senate of Pakistan and Ambassador (R) Inamul Haque chaired the session.

Mr. Yao Wen, in his Keynote Speech, talked about the concept of shared destiny between Pakistan and China. He highlighted that Pak-China Economic Corridor would serve as the most important platform for achieving the objective of shared destiny as it would increase the flow of resources and would create opportunities for the people. He said that China supported Pakistani government's efforts to develop and

implement national security policies keeping in view of its own interest. He reinforced the need to enhance people to people contact and exchange of students and teachers.

Ambassador Salman Bashir, Former Foreign Secretary of Pakistan and Pakistan High Commissioner to India, spoke on

zones along the economic corridor would help to enhance security, development and social cohesion and would reinvigorate Pakistan's economic progress by creating economic interdependence.

Senator Raja Muhammad Zafar-ul-Haq said that Pakistan and China had entered into a deep mutual trust and confidence that could not be found in any other part of the world. Both sides had recognized the importance of enhanced economic and trade relations. He said that the development of Gwadar port would help in meeting China's energy needs and would further boost bilateral relations.

Ambassador Inamul Haque, in his remarks, said that Pakistan and China had convergence of strategic interests and their relations continued to grow further. He said that younger generation in China had a different orientation and outlook towards Pakistan and people to people contacts, friendly exchanges and learning of each other's language would further help to transform the image of two states.

There was a consensus among the speakers and the audience of the conference that Pakistan and China had convergence of strategic interests and had developed strong political and defence relations over more than five decades. Given the changing global



“Strategic Dimensions of Pakistan-China Relations.” He was of the opinion that Pakistan and China had always been on the same side on international issues. He said that fundamental change had been taking place in the world and Pakistan and China needed to understand each other. He said that Pakistan should be beneficiary of the rise of China as East Asian economies progressed with the rise of Japan. He highlighted that G2, a new phraseology, had emerged and conviction always stemmed from national interest. Pakistan had to identify those interests of China and presently China's strategic priority was only development.

Mr. Fazal-ur-Rehman spoke on “Exploring New Vistas of Economic Cooperation.” He identified the “national consensus” as a unique characteristic of Pak-China relations. He said that relations among political forces and military institutions had been strengthened since 1960s but economic relations remained less focused till 1990s and were reprioritized in late 1990s. He highlighted various institutional benchmarks, mechanism of exchange of visits and signing of MOUs between the two states. He also said that the establishment of special economic



dynamics, there was realization of developing close trade relations between the two countries. During the conference, “people to people contacts” area was identified to work on in bilateral relations. For this to achieve, it was stressed to promote the learning of Chinese and Urdu languages in Pakistan and China.

March Highlights

- One-day Conference
“Pakistan-China Friendship
Taking it to New Heights”
March 26, 2014
- Guest Lecture
“Pakistan’s Economy”
March 11, 2014
- IPRI Review Meeting
“Foreign Policy Perspective of
Pakistan vis-à-vis Realpolitik”
March 4, 2014

IPRI Scholars' Publications in March

- "National Security" by Brig (R) Dr. Noor ul Haq, Senior Research Fellow, IPRI was published in *The Frontier Post*, March 14, 2014, <http://thefrontierpost.com/article/82701/National-Security-82701/>
- "Rejoinder to a US Scholar" Col (R) Muhammad Hanif, Research Fellow, IPRI was published in *Pakistan Observer*, March 2, 2014.
- "India Apathy To Resolve Kashmir Issue" Col (R) Muhammad Hanif, Research Fellow, IPRI was published in *Pakistan Observer*, March 2, 2014.
- "Between Pillar And Post" Air Cdr (R) Khalid Iqbal Consultant, IPRI was published in *The Nation*, March 3, 2014, <http://www.nation.com.pk/columns/03-Mar-2014/between-pillar-and-post>
- "Internal Security Dilemmas" Air Cdr (R) Khalid Iqbal Consultant, IPRI was published in *The Frontier Post*, March 4, 2014, <http://thefrontierpost.com/article/79767/Internal-security-dilemmas/>
- "Internal Consensus Emerging Against Drones" by Maria Syed, Assistant Research Officer, IPRI was published in *The Frontier Post*, <http://pakistan.shafaqna.com/insight/item/21586-international-consensus-emerging-against-drones.html>
- "Ensuring Human Security In Thar" by Saman Zulfqar, Assistant Research Officer, IPRI was published in *Daily Times*, March 15, 2014, <http://www.dailytimes.com.pk/Columnist/saman-zulfqar>
- "Negotiating The Peace Talks" by Saman Zulfqar, Assistant Research Officer, IPRI was published in *Pakistan Observer*, March 25, 2014, <http://pakobserver.net/detailnews.asp?id=237375>
- A Complex Enterprise, by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, March 10, 2014, <http://www.nation.com.pk/columns/10-Mar-2014-a-complex-enterprise>
- "Dilemmas Of Countering Terrorism" by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Frontier Post*, March 11, 2014, <http://thefrontierpost.com/article/81233/Dilemmas-of-countering-terrorism/>
- "Regional Issues" by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, <http://www.nation.com.pk/Columnist/k-iqbal>
- "Regional Stability" by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, March 24, 2014, <http://www.nation.com.pk/columns/24-Mar-2014/regional-stability>
- "Arms Proliferation And Stability" by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Frontier Post*, March 24, 2014, <http://thefrontierpost.com/article/84360/Arms-proliferation-and-stability/>
- "Bangladeshi Aspirations & Fiction" by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, March 31, 2014, <http://www.nation.com.pk/columns/31-Mar-2014/bangladeshi-aspirations-fiction>

IPRI PARTICIPATION IN WORLD CONFERENCES

Shanghai Summit: Opportunities and Challenges of Security and Development in Asia

On invitation of President, Shanghai Institute for International Studies (SIIS), Chen Dongxiao, Ambassador Sohail Amin, President, Islamabad Policy Research Institute (IPRI) visited Shanghai from March 20-23, 2014 to attend an International Conference organised by CICA (Conference on Interaction and Confidence Building Measures in Asia) Shanghai Summit: Opportunities and Challenges of the Security and Development in Asia. Heads/ Representatives of think tanks from China, Russia, Ukraine, Turkey, Kazakhstan, Kyrgyzstan, Tajikistan, India, Thailand, Iran and Representatives of the United Nations (UN) agencies participated in the conference. The event was co-sponsored by the Department of European and Central Asian Affairs of the Chinese Ministry of Foreign Affairs.

China has assumed the chair of CICA from January this year for a period of two years. The Chinese government will be hosting fourth CICA Summit in May 2014. To prepare grounds for a successful Summit, SIIS hosted this conference of scholars, officials and experts from think tanks in Asia to explore the new dynamics of economic cooperation through CICA and the prospects of cultural cooperation and people to people exchanges.

In his paper at the inaugural

session of the conference, Ambassador (R) Sohail Amin said that since its inception 22 years ago, CICA had made steady progress. He said that it had evolved into a valuable forum for interaction, dialogue and confidence



building. Pakistan was one of the founding members of the organization. Pakistan was happy to see it developing into a unique forum representing the diversity and richness of the Eurasian region, he said.

While highlighting the importance of CICA, he said that CICA region was geographically contiguous and was abundant in natural resources. There was huge reservoir of human resources and technical knowhow. Ambassador Amin said that Pakistan was confident that under China's leadership, CICA would achieve further strength and emerge as an effective forum to enhance cooperation among Asian states and international partners based on mutual respect.

An Overview of Cyber Security in Asia



Air Commodore (R) Khalid Iqbal TI (M), Consultant Policy and Strategic Response, IPRI, participated in international seminar on March 24, 2014 as a speaker. Seminar was organised by COMSATS Institute of Information Technology (CIIT) in collaboration with Pakistan-China Institute, Islamabad. Theme of the conference was "China-Pakistan Think Tanks Strategic Cooperation." Topic of his paper was "An Overview of Cyber Security in Asia."

He highlighted that conflict and competition in Asia over cyberspace was part of a larger shift in the international security environment as power was shifting from Europe and America to the emerging powers in Asia. There was a need to pursue cooperative approaches like agreement on norms for responsible state behaviour in cyberspace and reaching common agreement on the applicability of international laws of peace and war in the arena of cyberspace, he elaborated. These risks could better be managed if cyber conflict was put into a framework of shared understandings on norms of behaviour and the application of international law.

Azerbaijan Delegation

A three-member delegation of Centre for Strategic Studies under the President of Republic of Azerbaijan (SAM) visited IPRI on March 5, 2014. SAM Delegation comprised of Dr. Gulshan Pashayeva, Deputy Director of SAM, Mr. Rovshan Ibrahimov, Head of Foreign Policy Analysis Department, Mr. Fuad Chiragov, Research Fellow and Mr. Anar Aghayev, Deputy Head of Mission, Azerbaijan Embassy in Pakistan.

SAM scholars introduced the Centre for Strategic Studies' working under the President of Republic of Azerbaijan. It has 30 researchers, mostly young, and also some researchers from outside working on various projects. It has three departments dedicated to three distinct areas i.e., 1. Domestic Policy Analysis Department, 2. Foreign Policy Analysis Department and 3. Economic Analysis and Global Affairs Department. SAM has signed MOUs with 24 think tanks across the globe. In 2013, SAM stood on 123rd place among 6000 global think tanks and on third place in Europe.

SAM scholars expressed their goodwill for Pakistan. Pakistan was very close to Azerbaijan and one of the closest countries after Turkey, a member of the delegation said. He also acknowledged that Pakistan had always extended support to Azerbaijan since its independence. Pakistan's principal stance

on Nagorno-Karabakh was much appreciated by the delegation. Ambassador Sohail Amin, President IPRI, reciprocated by saying that Azerbaijan was a trusted friend of Pakistan. The support extended by Azerbaijan in the aftermath of earthquake in 2005 was highly appreciated. The two governments had



signed MOUs in a number of fields.

SAM members discussed new ideas for further development of the bilateral relations between the two states. IPRI scholars gave inputs on areas of joint collaboration which include bilateral economic cooperation including trade, investment, energy etc.; bilateral defence cooperation and people-to-people contact.

The Deputy Head of Mission of Azerbaijan Embassy stated that the image of Pakistan projected by Western media was completely wrong as Pakistan was a diverse, resilient, dynamic country with great potential. He was of the view that Azerbaijan must develop close relations with Pakistan. Significant cooperation was going on between the two countries in areas of defence cooperation and economy. Indirect volume of bilateral trade stood about US\$ 15 million. He also said that one Azeri private company was investing in energy sector of Pakistan. A lot of skilled and semi-skilled labour from Pakistan was working in Azerbaijan. Direct flights between Azerbaijan and Pakistan would soon be resumed. Azerbaijan was also giving scholarships to Pakistani students.

A visiting delegate informed that Azerbaijan was a newly formed country and its expertise was mostly in fields of energy exploration and pipelines. Azerbaijan's experts of oil and gas exploration were working across the world and they could also come and explore oil and gas in Pakistan.

In the end, the two sides agreed that a joint research article could be finalized by both the think tanks by early 2015 and further collaboration on writing a book on Pakistan-Azerbaijan relations could be discussed.

IPRI REVIEW MEETING

Foreign Policy Perspective of Pakistan vis-à-vis Realpolitik



Mr. Khalid Chandio, Research Officer, IPRI gave a presentation on "Foreign Policy Issues of Pakistan vis-à-vis Realpolitik" on March 4, 2014 at IPRI Conference Hall. He said that the realpolitik referred to politics or diplomacy based primarily on power and on practical and material factors and considerations, rather than explicit ideological notions or moral or ethical premises.

Historically speaking, he said that Pakistan's foreign policy generally succeeded in advancing national interests, though in some areas it could not achieve the expected results.

The major successes of Pakistan' foreign policy included maintaining good relations with Saudi Arabia, and other Gulf countries, Turkey and China. Pakistan's relations with Afghanistan and Iran were also handled well.

Despite US pressures Pakistan was able to sustain and expand friendly relations with China to the strategic level.

Likewise, Pakistan had also managed to attain nuclear weapons capability despite US sanctions.

It also maintained its good relations with the US and got sufficient economic and military aid for its economic development and maintenance of strong military strength.

Speaking about future challenges to

Pakistan's foreign policy, Mr. Chandio said that one major challenge was the maintenance of country's sovereignty in view of the US pressures in the context of 'War on Terror' being fought in Afghanistan.

Also, in the post-2014 withdrawal scenario, Pakistan will face many other challenges to be handled by its foreign policy. These include sustainability of its relations with the US, EU, Iran, India and Afghanistan.

To help bring peace in Afghanistan will be another difficult task to be handled by our foreign policy makers.

In view of the necessity of keeping good relations with the US and EU countries and in the light of their sensitivities on fast progressing Pakistan-China relations, Pakistan would also need to evolve a prudent foreign policy to meet its objective of further enlarging its relations with China to the strategic level including development of economic corridor and expansion of Gawadar Port.

Pakistan's Economy

Dr. Vaqar Ahmed, Deputy Executive Director at Sustainable Development Policy Institute (SDPI), Islamabad, delivered a lecture on "Pakistan's Economy" on March 11, 2014 at IPRI conference hall. He noted that Pakistan's economy had experienced inconsistent growth rate and to increase it Pakistan needed large domestic savings/invests and Foreign Direct Investment (FDI).

Talking about the long-term sources of growth, he said that labour, capital and productivity had also to be taken into consideration. To ensure sustainable growth and equitable economic development, Pakistan should also focus on maintaining strict fiscal discipline which is necessary to maintain correct government revenue to Gross Domestic Product (GDP) ratio.

Dr. Vaqar was also of the view that in the near future, current expenditure on security and law and order would not come down particularly in the post-withdrawal scenario of US troops from Afghanistan. Similarly the debt servicing would also continue. He suggested that despite these limitations, Pakistan should focus on creating fiscal space for development budget.

On export sector, Dr. Vaqar was of the opinion that Pakistan should focus on improving its balance of payments by

according priority to increase the export of value added goods. He also suggested that the growth rate should be made commensurate with the growth rate of labour force so as to accommodate the labour in the economy.



He recommended that in Pakistan's economic planning, role of IMF should be minimized. Dr. Vaqar noted that the fiscal deficit had come down presently as government had reduced its administrative expenditure and cut down the subsidies. However, he suggested that the government needed to increase revenue through expanding the tax base to generate more revenue and reduce budget deficits.

Moreover, Generalized System of Preferences (GSP) will only deliver if energy supplies were ensured.

On energy reforms and regional trade, Dr. Vaqar said that reforms must be carried out and energy prices needed to be corrected. He highlighted that the government was emphasizing on regional trade which was a good sign.

Dr. Vaqar recommended that Pakistan's exports to China should be increased. He also suggested that to develop trade with India, Pakistan should focus on containing informal trade with India. He was of the view that Pakistan could make some political gains on Kashmir while negotiating a deal with India to grant it a transit trade route to Afghanistan and Central Asian States.

In conclusion, Pakistan's economy needed strong policy decisions, he emphasized. Pakistan needed to put fiscal house in order by raising tax to GDP ratio and reducing expenditure to GDP ratio.

Macroeconomic stabilization was required through reducing balance of payments deficit, he said. He said that there were two game-changers for Pakistan's economy i.e., 'Security Situation' and 'Energy Crisis' in the country. Dr. Vaqar said that Pakistan had never defaulted and the economy had been performing well.

FOREIGN DELEGATION

Chinese Delegation

The Chinese delegation from Gansu Association for International Friendly Contacts (GAIFC) and Xinjiang Association for International Friendly Contacts (XAIFC) visited IPRI on March 27, 2014. The delegation comprised of Mr. Liu Guangjun, Vice President, GAIFC, Mr. Li Mingbao, Assistant President, GAIFC, Mr. Li Chaofeng, Research Fellow, GAIFC, and Mr. Shi Boyin, Research Fellow, XAIFC. Ambassador Sohail Amin, President IPRI after welcoming the delegation said that the relations between GAIFC, XAIFC and IPRI were as close as relations between Pakistan and China. Dr. Noorul Haq, Senior Research Fellow presented his paper on "Silk Road Economic Belt" in the meeting followed by discussion/Q&A session. The main points of the presentation were as follows:

- The construction of the new Silk Road Economic Belt (SREB), proposed by Chinese

President Xi Jinping, was expected to revive the 2000 year old and dis-used Silk Road.

- China-Pakistan Economic Corridor (CPEC) would connect Pakistan with Xinjiang and would become a centre of energy transmission from the Gulf to China.

- Pakistan Government fully supported the initiative of the SREB and considered itself as an essential component of the project.

- CPEC would stretch from Gwadar Port up to Kashgar through a road and rail connection as there is a consensus that economic prospects are bright for such a venture.

- Mutual trade and investment would increase multifold with the implementation of the idea of economic belt.

- Some challenges to the SREB project: funding, the counter idea of New Silk Road by the US, Turkmenistan-Afghanistan-Tajikistan Rail-road, and the US presence in Afghanistan.

- Pakistan should be part of the SREB and

CPEC. This would bring a revolution in the field of trade and commerce in Asia.

Chinese delegation appreciated the well-researched and articulated presentation by Dr. Noor-ul-Haq. The senior member of GAIFC said that they would invite senior IPRI scholars to discuss regional security issues and, like the past, they would also invite an IPRI scholar for fellowship in Gansu, this year again.



Islamabad Policy Research Institute (IPRI)

House No.6, Street No. 63, Ismail Zabeh Road, Sector F-8/4, Islamabad Ph: +92 51 9261348-50 Email: iprinewsletter@gmail.com; Website: www.ipripak.org
Editor-in-Chief: Ambassador (R) Sohail Amin, Editor: Saira Rehman, Composer: Noreen Hameed