

## A pragmatic foreign policy

PAKISTAN has decided to opt for a paradigm shift in its foreign policy. It has also for the first time wisely used its strategic location for deriving long-term economic benefits for the people of this country, particularly in the face of the heightened risk of shrinking foreign capital flows from Western bilateral or multilateral sources.

CPEC should be the beginning of a long overdue process of using economic interests rather than politics as the pivot for our relationships with our neighbours. China's own example should guide us. Despite political disputes, China's trade with India is worth \$100 billion annually. It has single-mindedly pursued economic integration with the region and the world and that is why it is the world's largest goods exporter.

For the last 70 years, we have suffered much by deploying our locational advantage purely for political purposes. A strong economy is a precursor of strong security. In the mid 2000s, with the economy doing well, the government was able to create a Rs100bn fund for acquiring the latest equipment and transfer of technology for defence production. This fund could not be replenished as the economy has been on a downward drift since then. Our technical capacity and expertise in producing arms, missiles, tanks, aircrafts and submarines has improved but the binding constraint is the absence of finances.

*Our relationships with our neighbours should be determined by economic interests rather than politics.*

We have to begin with our region. Our strategic assets in neighbouring countries should be trade, investment, infrastructure projects and human resource development. Afghanistan's government and its people are unhappy with Pakistan's role in their affairs. With a landlocked country, they are dependent on our ports for their international trade. If we had built roads and highways that facilitated and reduced

their cost of transportation, it would have made them happy, while our exports would have increased significantly. By investing between \$1bn and \$2bn in Afghanistan, India has earned the gratitude of the people and successive Afghan governments. President Trump has used India's economic muscle as an ingredient in his recently announced policy on Afghanistan.

We can assist Afghanistan in human resource development through a free student and faculty exchange programme whereby Afghan students could be enrolled in our leading universities and professional colleges, and some of our higher educational institutions could set up their campuses in Kabul, Kandahar, Herat and Mazar-i-Sharif. Our common cultural ties are a big enabler in this regard.

A growing economy creates stakes and opportunities. An educated middle class forms the backbone of a vibrant economy and that is what has eluded Afghanistan for the past four decades. Their alienation is not going to dissipate immediately but our continued sincere efforts would eventually bring about a difference. Pakistan's future stability is closely linked with peace and better living conditions in Afghanistan.

Peace in Afghanistan and improved relations would also open up vistas for trade, energy corridors and economic cooperation with the Central Asian Republics. During my tenure as World Bank director for these countries, we had calculated that Gwadar would be the most cost-effective route for transport of imports and exports for these countries. This can be achieved by constructing link roads between them and CPEC's western route. Friendly relations between Afghanistan and Pakistan would be of immense value in expediting implementation of the Casa hydroelectric project exporting power from Tajikistan and Kyrgyzstan. The Turkmenistan-Afghanistan-Pakistan-India pipeline, or Tapi, would be similarly resuscitated. These countries are keen to establish close economic relations with Pakistan given the complementarity between their economies and ours.

Iran is another neighbour with whom we have had volatile relations for a variety of reasons. This has contributed to the Iran-Pakistan gas pipeline project not having

materialised as yet. There are legal ways in which we can go ahead with this project. Iran is also a cheap source of electricity for districts on the Makran coast as well as for many manufactured goods. Formal trade has suffered because of smuggling but official channels can replace the practice if cross-border transit is facilitated through better roads and transport facilities and a banking presence. Iran needs goods which we can supply at very competitive rates if transport and transit arrangements are strengthened. Increased trade activities would also help improve standards of living in the adjoining districts of Balochistan.

Finally, despite all the difficulties, we have to revive Pakistan-India trade. There is a consensus that both countries would benefit from normalisation of trade relations. We had already reached this point in early 2014 after successful negotiations between the then Indian commerce minister Anand Sharma and his Pakistani counterpart Khurram Dastgir Khan. But we got jinxed once again, just as in December 2012 when the cabinet had approved the summary for phasing out the negative list. The defence ministry had concurred with this opening up on both occasions.

The popular theory that the army is opposed to trade with India is not borne out by facts. We cannot and should not abandon our principled stand on Kashmir, but at least by delinking trade from the overall relationship we may be able to make some headway. Businessmen are quite keen to do so but there are strong views on both sides opposed to this idea. Lowering of tensions can follow if there are constituencies in each country for the other. Mistrust and suspicion can only be overcome when regular exchanges and communications take place and stakes are created. What stakes could be higher than nurturing financial interests? Unfortunately, the Modi government has taken a highly unreasonable stance, repeating the mantra of terrorism, but this is a myopic view inimical to India's own aspirations of becoming an economic power. Despite these insurmountable difficulties, it is in Pakistan's interest to avail any possible opportunity to normalise trade relations with India.

The above scenario sketches the possibilities of turning our strategic location from being a source of grief and infamy to becoming a major driver of Pakistan's economic uplift. But this cannot happen without a broad consensus such as that on CPEC, ie between all political parties and between the civilians and the military. Economic security should henceforth become the main pillar for national security and foreign policy.

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*Published in Dawn, September 30th, 2017*