
Pakistan: Strategic Perspectives in the New Context and the Resulting Challenges

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Pakistan's geostrategic reality

What is the new context?

- The 'post cold war' world order and its meaning for Pakistan

What are the resulting regional challenges?

- Afghanistan – US withdrawal
- India – economic and political relations
- China – in whose interest?
- Aid politics and relations with the US
- Economic growth, energy security and pipelines

The new Context: The 'post cold war' world order

- Economic growth and regionalism
- The nexus between economic growth, emerging power status, and energy requirements
- A uni-polar vs. a multi-polar world
- Changing aid politics

Afghanistan – Pakistan's priorities and realities on the ground

- Pakistan's strategic interest
- US withdrawal and changing power structure beyond 2015
- KPK politics and threat of Pashtun irredentism (Taliban resurgence in Afghanistan)
- Militants in Afghanistan and domestic militants
- Kabul's priority to hold the state together with Afghan security forces
- Kabul's patronage networks and a new president
- NATO's dependence on Pakistan for a withdrawal

Afghanistan – India's agenda

- India's regional balance agenda
- Role of the US relationship and fear of a US withdrawal
- Support for the Karzai government
- Development and a foothold
- Trade and energy security
- A significant role beyond the immediate neighbourhood

Afghanistan – the lack of a regional consensus

- Pakistan – strategic depth and link to KPK politics
- Iran – US off the ground
- India – good will and energy politics
- Russia – natural resources
- China – natural resources

A new 'great game'?

India's foreign policy priorities today

- Economic growth and trade
- Energy security
- Controlling the neighbourhood
- Managing terrorism and security
- Global Aid
- The big picture – a Security Council seat

Pakistan's issues – how to engage a partner who is not interested

The nuclear deal - US vs. Indian Priorities

US priorities

- Bring India into the NPT framework
- Increased trade: the balance of trade deficit
- Asian balance of power – counterweight to China's rise
- Support for increased democratisation of the middle East
- Support in the anti Iran campaign

Indian priorities

- Recognition as a global power and a responsible nuclear weapons state
- Access to fissile material and latest nuclear technology
- Asian balance of power – the issue of US support to Pakistan and the rise of China
- The issue of sovereignty

Indo-China flash points?

- The border dispute in AP? (Keeping India on its toes)
- The scarcity of energy (neither India nor China can compromise on economic growth)
- India's closer relationship with the west (quadrilateral of democracies)
- The Indian Ocean and the Chinese navy
- How much does China feel it needs to keep India insecure?

China

- Long term vision based on strategic interests and political chess board (not based on friendship)
- China not in favour of too strong a Pakistani influence in Afghanistan
- Challenges for China are to remain in control of the South China Sea and to gain control over the Indian Ocean
- Changes in the energy scenario because of the pipeline from Myanmar to Kunming

The international aid agenda

- Reduced public expenditure
- Increased user charges for public services
- Increased privatisation

Other structural adjustments (WB and IMF)

- Revised fiscal and trade policies
- Reduced subsidies and price controls
- Currency devaluation
- Institutional reforms to implement new policies

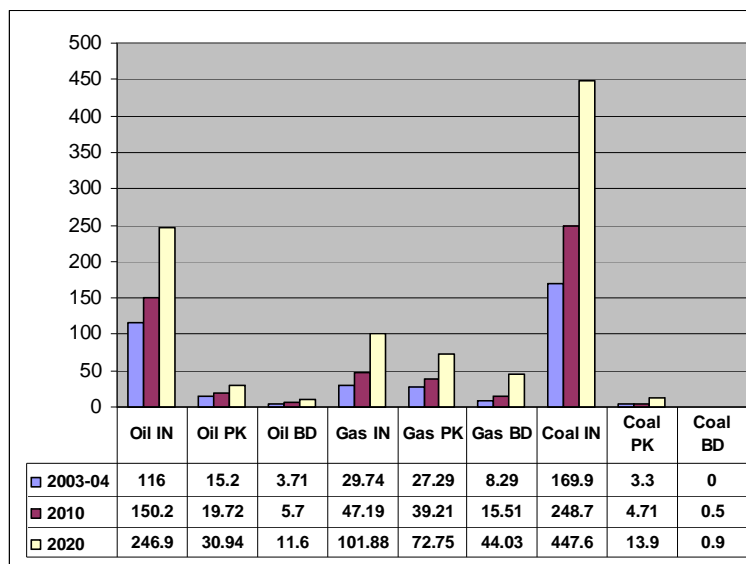
The political aims of aid to Pakistan

- Aid aims: poverty reduction, human resource development, political stability and improved governance.
- Pakistan seen as a key ally in the 'war against terror' - Pakistan's armed forces need support but international aid policies also have political aims with regard to the wider population
- US \$2.675 billion in loans and US \$667 million in grants from all donors for each year from 2004-2009 under economic assistance.
- Pakistan's gross domestic product (GDP) during 2009 was US \$205 billion, whereas the total in grants and loans during 2009 (US \$2.675 billion + US \$667 million) comes to US \$3.342 billion, or 1.50% of the total GDP for 2009.
- As a % proportion of GDP, the volume of aid (grants and loans) is not very significant, but carries significant importance in terms of its focus and direction towards key sectors including education and health, and key areas including governance and management systems and infrastructure level schemes.
- The issues around the Kerry Lugar Bill - \$1.5 billion dollar annual aid (2010-2015) with strings attached

The US and aid politics

- Recipients of aid – the army vs. the government in Pakistan
- USA average US\$ 268 million p/a million in grant support to the government of Pakistan under an economic assistance plan including aid for relief assistance for the 2005 earthquake.
- The political strings vs. the effect of the aid.

South Asia's projected energy needs



Pakistan's Energy Predicaments

- High Energy Demand Commensurate to Socio-Economic Growth
- Gas Dominant Infrastructure and Market
- High Oil Prices
- Hydro Potential but political issues
- Limited Nuclear Option
- Negligible Coal Infrastructure
- Nascent focus on Renewables

Gas and the pipelines - IPI vs TAPI

- Pakistan's need for gas
- The need for regional peace and stability – the peace process between Pakistan and India
- Economic viability and logistical feasibility
- The IPI issues: security, leverage, the US
- A win-win situation vs. the international political acceptability
- US support for TAPI

Conclusion

- Clear policy vision for the government for issues relating to international trade, energy security and aid policy
- Clear roadmap for relations both with India and Afghanistan
- Improved relations between government, military and diplomatic bureaucracy

Thank You