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A Transatlantic Pakistan Policy

Introduction

Dhruva Jaishankar

Pakistan may not have been in the international media spotlight of late, but recent developments in that country have been volatile and unpredictable, leaving its future uncertain. Pakistan will remain crucial to neighboring Afghanistan’s stability in the aftermath of the international military drawdown. Pakistan’s security agencies retain complex ties with several militant groups involved in supporting and exporting international terrorism.\(^1\) The country also possesses a fast-growing nuclear arsenal, which may be eroding strategic stability in the region.\(^2\) Meanwhile, sectarian violence has experienced a dangerous upsurge over the past few years.\(^3\) Additionally, religious pluralism in the country has seen further setbacks with the imposition of Pakistan’s controversial blasphemy law.\(^4\)

Political stability is also far from assured. Despite two successful general elections, and the continuity of civilian rule, Pakistan still sees the military retaining control over many aspects of government policy, including national security. In 2014, the government of Prime Minister Nawaz Sharif faced large-scale popular protests in the capital, Islamabad. Many Pakistani political commentators suggested that the protests — led by opposition politician Imran Khan and Muslim preacher Tahir-ul-Qadri — had the blessings, if not the outright support, of the Pakistan Army in a bid to undercut (if not actually oust) Sharif’s democratically elected government.\(^5\)

Furthermore, Pakistan faces enormous challenges to its economic development. High birth rates mean that it will experience a massive demographic youth bulge, increasing pressure on the government to provide basic services, education, and jobs. Pakistan is the world’s second-largest Muslim-majority country, with a youthful population susceptible to radicalization.\(^6\) There is also a shortage of vital resources needed to sustain economic growth — particularly energy. Given the important implications for counterterrorism, non-proliferation, democracy, and economic development, the future of Pakistan has significant consequences for the security and prosperity of its region — and for the West.

Taken together, the immense challenges related to governance, growth, economic development, civil-military relations, and regional security suggest that Pakistan is deserving of the international community’s urgent attention. The United States and Europe are arguably among the international actors best-positioned to help Pakistan depart from its current destabilizing trajectory. The European Union is Pakistan’s largest trade partner, while the United States has

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\(^3\) Murtaza Hussain, “Pakistan’s Shia Genocide,” Al-Jazeera, November 26, 2012.


provided over $28 billion in overt aid to Pakistan since 2001, including military assistance and training.\(^7\)

However, despite the panoply of hard and soft power tools at their disposal, the transatlantic allies have made few sustained attempts at coordinating with one another on policy toward Pakistan. While the conflict in Afghanistan and Iran’s nuclear program both consume considerable bandwidth in transatlantic policy conversations, the status of Pakistan is often overlooked — possibly due to the complexity, multitude, and sensitivity of the challenges facing the country.

Working more closely together, the United States and Europe can yet improve the chances of Pakistan developing into a peaceful, democratic, and stable state that enjoys normal relations with its neighbors and the international community. But this will remain a challenge as long as certain short-term objectives — such counter-terrorism and development — are pursued at the expense of other long-term goals, such as democracy and non-proliferation.

**Main Findings**

This report represents a modest attempt at identifying ways in which the United States and Europe can better work together to address the complex challenges related to Pakistan. Its main findings relate to four areas detailed in the subsequent sections. The recommendations are relevant to the executive and legislative branches of the U.S. government, European governments, European Union institutions, transatlantic security organizations such as NATO, and non-government expert communities on both sides of the Atlantic. Several recommendations resulted from discussions at a two-day conference in Stockholm in early 2014 organized by The German Marshall Fund of the United States (GMF) and the Swedish Defense Research Agency (FOI). These discussions involved officials and noted regional experts from the United States and Europe, as well as several Pakistani policy analysts, political leaders, and media commentators.

The subsequent sections of this report provide overviews of the primary policy challenges, recent U.S. and European policy, and broad recommendations. On nuclear proliferation, I argue that the United States and Europe should work more closely together to make Pakistan’s nuclear development — specifically, its development of tactical nuclear weapons — a greater international priority. The proliferation of these weapons presents a significant risk to international security simply by the increased possibility of their loss, theft, sale, sabotage, or accidental use. Tactical nuclear weapons also contribute to a destabilizing regional security environment. The challenge can be better addressed through public statements by European and U.S. officials at both bilateral and multinational venues, which can help draw international attention to the issue. The discussion of Pakistan’s nuclear program should feature not just in dialogues between the transatlantic allies, but also in formal Track-I and Track-II dialogues with China, India, and Afghanistan. Additionally, despite recent improvements, the United

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States and Europe could still do more to strengthen export controls and tighten access to nuclear technologies.

On counterterrorism, John Rydqvist suggests that the United States and Europe need to establish a clearer division of labor on counterterrorism issues, including by realizing a clear role for the European Union. A better understanding of the implications of Pakistan’s continued support for militant proxies is needed, as well as efforts to deepen cooperation between Afghanistan and Pakistan. Additionally, the transatlantic partners can help to increase the civilian role in law enforcement within Pakistan, including through training programs and development assistance. Such assistance should be directed to the resource-starved police, rather than to the military.

On civil-military relations and governance, Daniel Twining writes that the United States and Europe can do much more to focus their efforts on specific governance issues — such as energy and education — rather than spreading themselves too thin. Western support could involve initiatives to empower parliamentary standing committees and the judiciary. Better efforts can be made to shape popular narratives by supporting and educating members of the media and reforming school curricula. Additionally, the United States and Europe can do much more to take human rights violations seriously. This should involve holding the Pakistan government more accountable for human rights abuses by security forces or state-supported militias against religious and ethnic minorities, women, and other marginalized groups.

Finally, on economic development, Andrew Small argues that the United States and Europe, as the largest providers of development assistance and export destinations, still have a role to play in transforming Pakistan’s economy from its current parlous state. But this would involve embracing and cooperating with a new wave of regional infrastructure initiatives and economic institutions, often driven by the Gulf States and China. The United States and Europe can also use their bilateral and multilateral economic leverage to advance efforts at regional integration and connectivity. And they can use the military withdrawal from Afghanistan to reorient the relationship around economics and investment, in order to help Pakistan realize its potential as an emerging market.

These recommendations are modest and provide a basic roadmap for engagement, particularly in areas that have been largely neglected by the United States and Europe over the past decade. The views represent those of the individual authors, and are reflective neither of collective opinion nor the perspectives of the organizations they represent.
By some independent estimates, Pakistan’s nuclear arsenal has surpassed that of the United Kingdom’s in size, making it the world’s fifth-largest nuclear arsenal.
The seeds of a weapons program came about in the 1960s, well before India declared its capability with a test in 1974. Anticipating the fact that India would eventually follow China’s successful 1964 nuclear test, Zulfikar Ali Bhutto — who was later to become prime minister — famously stated in 1965 that Pakistan would produce a bomb “even if we have to feed on grass and leaves.” Pakistan’s nuclear efforts accelerated in 1972, after its defeat at the hands of India and the loss of its eastern wing (which became the newly independent country of Bangladesh). The initial effort, under the Pakistan Atomic Energy Commission (PAEC), focused on plutonium production, an enterprise that initially experienced limited success and some setbacks. Then, in December 1975, A.Q. Khan — a scientist working in the Netherlands for nuclear engineering company FDO — stole designs for centrifuges to be used in uranium enrichment, and returned to Pakistan to establish a parallel program. Just as it was receiving Chinese technical assistance, Khan’s enterprise also benefited from lax export controls, particularly in Europe.

By the mid-1980s, various reports and public statements by A.Q. Khan suggested that Pakistan had acquired a latent nuclear weapons capability. This involved not only the elementary bomb design developed by PAEC. In addition, Pakistan benefited from the design of a Chinese nuclear warhead, one that could fit on a medium-range missile. An agreement for Chinese cooperation in Pakistan’s nuclear development may have been secured in 1976. In 1982, China reportedly transferred highly enriched uranium for two warheads to Pakistan, while continuing to supply other technical assistance over this period. Although never verified, some reports indicate that China even tested a Pakistani weapon on its behalf in 1990. Chinese assistance did, however, extend to other areas of Pakistan’s nuclear and missile program, including the transfer of ring magnets in 1994 that helped to accelerate uranium production, and — perhaps more significantly — assistance in producing medium-range missiles, specifically the M-9 and M-11, which were unveiled in Pakistan as the Ghaznavi and Shaheen, respectively.

Just as it was receiving Chinese technical assistance, Khan’s enterprise also benefited from lax export controls, particularly in Europe. For example, Khan managed to acquire high-vacuum valves from Switzerland and high-strength steel tubes from the Netherlands in 1976. Both were crucial components for centrifuge enrichment, but were not subjected to export controls because of technicalities or negligence on the part of authorities. That same year, France signed an agreement with Pakistan to supply a reprocessing plant, but the pact was abrogated following pressure from the United States.

13 Khan, Eating Grass, p. 7.
For its part, the United States adopted an alternatively cavalier and tacitly cooperative approach to Pakistan’s acquisition of nuclear weapons and technology in the final phases of the Cold War. Washington was aware of Pakistan’s weapon development for some time: Pakistan President Zia ul-Haq may have showed off a bomb design to a senior CIA official in 1982. Some U.S. officials even sought to take advantage of the Pakistan-China nexus by helping to bolster Beijing’s defenses against the Soviet Union.19

The much-criticized (in Pakistan) Pressler Amendment passed by the U.S. Congress in 1985 originally developed as a compromise between the United States and Pakistan. According to its terms, the United States could keep aid flowing to Pakistan until it was deemed by the U.S. president to be in possession of a nuclear device. By cleverly interpreting the wording of the amendment, U.S. aid to Pakistan continued flowing until 1990 — by which time U.S.-Pakistan cooperation was no longer needed to support the Afghan mujahedeen against the Soviet Union, and Pakistan’s nuclear program had become too advanced for Washington to ignore.20

The Pakistani bomb came out of the proverbial basement in 1998, following a series of nuclear tests by India. As with many aspects of its nuclear history, the facts surrounding the number, size, and success rate of Pakistan’s nuclear tests are hotly debated. Officially, Pakistan conducted six tests. However, independent seismic reads indicated just two explosions, the second one possibly a fizzle.21 Regardless, it was clear to the international community that Pakistan now had the capability to produce and deploy a nuclear weapon.

The 1998 tests coincided roughly with the first Khushab reactor — established, again, with Chinese assistance — going critical. This ensured that Pakistan could produce a significant amount of plutonium for bombs (the reactor was not under International Atomic Energy Agency safeguards) in addition to the uranium that was the product of A.Q. Khan’s enrichment efforts. With another two such reactors becoming subsequently operational, and a fourth expected to begin plutonium production soon, Pakistan may well have the world’s fastest growing nuclear program.22

An International Priority

Pakistan’s development and possession of nuclear weapons in and of itself need not be a top order concern for the international community. After all, both India and Israel have also developed nuclear weapons outside as non-signatories of the Nuclear Non-Proliferation Treaty. Yet three factors, particularly when taken together, provide cause for worry.

The first is the rapid rate of increase of Pakistan’s weapons-grade fissile material production — particularly plutonium. From enough material for approximately six weapons per year in 1999, Pakistan’s production capability could increase to about sixteen per year after the fourth Khushab reactor becomes operational. Such estimates suggest Pakistan has produced mate-
rial for about 140 weapons already since it tested in 1998. Some independent estimates put the figure as between 160 and 249 in 2010, which — if accurate — have undoubtedly increased.\(^{23}\)

Whatever the exact figures, concerns about Pakistan’s growing fissile material production are compounded by the development of short-range ballistic missiles, called Nasr. The Nasr was tested first in 2011 and again over the following two years. Although possibly not yet operational, the miniaturization of nuclear warheads for use on battlefields represents a sharp break from most other states in possession of nuclear weapons, who have been moving away from tactical nuclear weapons or have retained nuclear weapons for purely strategic deterrence purposes.

Pakistani spokespeople have characterized the Nasr as a weapon of deterrence.\(^{24}\) But that has not assuaged concerns in neighboring India that they may represent a war-fighting option, particularly against a conventional Indian attack, such as one that might follow a major terrorist incident in India that can be linked back to Pakistan.\(^{25}\) This alone represents a significant danger for regional stability.

There is also the possibility — although less likely — that theater nuclear weapons can be employed (even if as latent deterrence) in circumstances other than against India. For example, although never articulated explicitly, the growing arsenal size and miniaturization of Pakistani nuclear weapons serves also to deter U.S. adventurism, particularly in the aftermath of the 2011 operation in Abbottabad that resulted in the death of Osama bin Laden.\(^{26}\) Fears, often reflected in the Pakistani media, that the United States may try to seize Pakistan’s nuclear weapons — however far-fetched — point to such factors being additional considerations.\(^{27}\)

Furthermore, there is no discounting the worrisome prospect that more and smaller weapons increase the possibility of their loss, theft, sale, sabotage, or accidental use. This alone should elicit greater international attention, particularly following the recent efforts between the United States and Russia, and by the European nuclear powers, to decrease the size of their arsenals.

A second cause for international concern — beyond Pakistan’s development of tactical nuclear weapons — is regional nuclear stability. Nuclear stability is ultimately political. In Pakistan’s case, the use of nuclear weapons to either deter or threaten has been linked closely to relations with its nuclear-armed neighbor and rival India. There are at least five instances when nuclear

\(^{23}\) Kristensen and Norris, “Nuclear Notebook: Pakistan’s Nuclear Forces, 2011.”

\(^{24}\) Maleeha Lodhi, “Nuclear Bluster or Dialogue?” The News (Pakistan), May 28, 2013.

\(^{25}\) Shyam Saran, “Is India’s Nuclear Deterrent Credible?” Speech at the India Habitat Centre, New Delhi, April 24, 2013.

\(^{26}\) Dean Nelson, “Pakistan ‘expanding nuclear arsenal to deter U.S. attack,” The Telegraph, December 7, 2012; Fitzpatrick, Overcoming Pakistan’s Nuclear Dangers, 124-126.

The prospect of another such crisis cannot be ruled out, particularly as long as Pakistan’s security forces preserve ties to militant groups that target India. Certain efforts on the part of the United States and Europe in managing crises in South Asia have been largely ineffective. These include support for a large number of India-Pakistan Track-2 dialogues and other more direct diplomatic initiatives. Yet, other options remain on the table, including information and intelligence sharing, homeland security initiatives that harden defenses and thereby preempt crises, and support for efforts at military diplomacy, particularly through multilateral initiatives.

A third and final cause for international concern involves the prospects of future proliferation. Pakistan is a remarkable case for having successfully developed a nuclear weapons program under extraordinarily adverse circumstances, albeit with external support. It also was — between 1976 and 2004 — extraordinarily free about sharing its nuclear technology. Its earliest partner was China, with which it shared the centrifuge technology that A.Q. Khan had acquired, originally, from Europe. This transfer — from Pakistan to China — included the establishment of a centrifuge plant in Hanzhong, although the enterprise appears to have met with little success.  

As has subsequently become well-documented, the A.Q. Khan network was involved in agreements with several countries considered by the United States and its allies to be “rogue states.” In the early 1990s, Khan’s network sold uranium enrichment technology to Iran for its nascent program. This developed so that by 2002, Iran could begin large-scale production. There was also cooperation with North Korea, which dated from approximately 1992 to at least 2002, when the U.S. government released previously classified intelligence in order to embarrass Pyongyang. North Korea received centrifuge designs in return for missile technology (the Pakistani Ghauri missile is widely believed to be a replica of the North Korean Nodong). This mutually-beneficial exchange is believed to have taken place with the knowledge first of Prime Minister Benazir Bhutto and subsequently President Pervez Musharraf. Beginning in the late 1990s, an agreement was also brokered with Libya to provide a pilot plant for centrifuges and nuclear designs for approximately $100 million. In 2004, following a rapprochement between Libya’s Muammar Gaddafi and the West, U.S. and British officials acquired from Libya blueprints and technical details for the bomb design that Pakistan originally received from China.

Although little evidence has emerged of subsequent proliferation activities of this nature, the prospect of Pakistan sharing nuclear technology, equipment, and know-how with other countries is not remote. In 1999, Saudi Prince Sultan — then the defense minister — visited A.Q. Khan's facility in Kahuta, with reports from various Western intelligence agencies over the subsequent years of agreements to transfer weapons to Saudi Arabia, particularly should Iran acquire a nuclear capability. The veracity of such an agreement is hard to assess, but between 2009 and 2013, discussions involving U.S. officials suggested that such a pact was, at the very least, still under consideration. 33

**U.S. and European Policy**

Since the advent of nuclear weapons, there have been at least three significant and sustained efforts at strengthening the international non-proliferation order. The first was in the 1960s with the establishment of the Limited Test Ban Treaty and the Nuclear Non-Proliferation Treaty (NPT). The second followed India's nuclear test in 1974 and included the establishment of the Nuclear Suppliers Group. And the third came about in the post-Cold War 1990s with the promulgation of the Comprehensive Test Ban Treaty and attempts to renew the NPT. However, these efforts have done little to stem some of the most dangerous effects of Pakistan's nuclear program, whether the rapid increase in Pakistan's nuclear arsenal, the proliferation of nuclear technology and equipment to other countries, or regional nuclear stability.

The United States and various European leaders have certainly raised the subject of Pakistan's nuclear trajectory in bilateral discussions with their Pakistani counterparts. There have also been periodic diplomatic efforts over the past two decades to bring about normalization between Pakistan and India, although these have made little headway and have sometimes proved counterproductive. Explicit efforts in the aftermath of the two countries' nuclear tests in 1998 to force Pakistan to meet a set of U.S.-mandated benchmarks proved poorly thought-through. 34 Export controls have been noticeably tightened in the aftermath of the public revelations about A.Q. Khan's proliferation network, although both European and U.S. officials privately admit that much more can be done on that front.

At the same time, many aspects of the international approach to Pakistan's nuclear arsenal have been piecemeal or noticeably absent. For example, U.S. officials have expressed satisfaction with receiving certain amounts of intelligence about Pakistan's nuclear program in the absence of significant leverage. EU-led efforts to engage, meanwhile, are in their early stages. Multilateral efforts, specifically at the Conference on Disarmament, have also been a low priority in recent years. Perhaps most significantly, Pakistan's nuclear program is almost entirely absent in both U.S. and European dialogues with China. This has also translated into a reluctance to address China's continuing support for Pakistan's civilian nuclear program — in

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violation of its Nuclear Suppliers Group commitments. Some of these approaches — driven by short-term interests — are not entirely dissimilar to the considerations in the 1970s and 1980s that enabled Pakistan to develop and then disperse nuclear technology.

U.S. and European proliferation concerns can be much better served through a set of possible policy shifts. Efforts at drawing international attention to Pakistan’s recent nuclear trajectory have been feeble, although motivated largely by short-term counterterrorism exigencies. Recommendation #1, therefore, would be a simple acknowledgement on the part of the transatlantic partners that Pakistan’s vertical nuclear proliferation (i.e. the rapid increase in its nuclear weapons and its development of tactical nuclear weapons) is an international priority as a risk to regional security. This can be addressed through public statements in both regional and multilateral settings. Such statements should also be accompanied by a clearer set of positive and negative inducements.

Secondly, it is crucial that discussions of Pakistan’s nuclear program feature not just in transatlantic conversations, but also in U.S. and European consultations with China, India, and even Afghanistan. China, given its own leverage and history of supporting Pakistan’s nuclear program, needs to be engaged in a similar manner to recent and ongoing discussions on North Korea and Iran. The United States and Europe may also be required to take a stronger position on China’s support for Pakistan’s civilian nuclear program. A lower-level dialogue with India would also be useful in diffusing potential crises. Recommendation #2, therefore, involves inserting or elevating Pakistan’s nuclear program as a priority in U.S. and European conversations with China, India, and Afghanistan.

Finally, the risk of renewed proliferation, even if by non-state actors based in Pakistan, is real. Recommendation #3, therefore, is that further efforts need to be made to identify and close loopholes in current U.S. and European export controls. Enhancing the interdiction and seizure of nuclear supplies, equipment, and delivery mechanisms, including by revisiting and strengthening the Proliferation Security Initiative, may also be useful in preventing future proliferation activities.

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Introduction

Military and terrorism have been a recurring problem in Pakistan for decades. The challenge in Pakistan is that the state, and especially elements within its powerful security apparatus (mainly the Pakistan Army and the Inter Service Intelligence, or ISI), have a record of supporting militants and even sponsoring terrorism. The security agencies first created and nurtured irregular troops and militias for use in the conflict with India, especially over Kashmir. On its western flank, Pakistan later used the same formula in an attempt to protect its perceived security interests linked to Afghanistan. This was done by cultivating relations with Islamist Pashtun groups. Such contacts preceded the Soviet intervention in Afghanistan, but the Afghan wars beginning in the 1970s and 1980s accelerated this process and led to tactical alliances between Pakistan's security establishment and various Afghan mujahedeen groups. Pakistan's relationships with the United States, various Western powers, Afghanistan, and India remain strained over the issue of state-sponsored terrorism and militancy.

During the U.S.-led intervention in Afghanistan after the 9/11 attacks, Western animosity has deepened as Taliban militants and al Qaeda leaders — using safe havens in Pakistan — attacked NATO forces and targets on both sides of the Atlantic. The paradox is that for all its support to terrorist and militant organizations, Pakistan has itself not been immune to its negative side-effects. Pakistanis have also suffered as a consequence of homegrown terrorism. The exact number of victims is difficult to verify. According to the Pakistan Institute for Peace Studies, 17,321 civilians have been killed in terrorist violence and another 33,417 injured since 2007.36 Many analysts agree that Pakistanis are suffering from levels of violence unprecedented since the foundation of the country and that state institutions are partly to blame. An insurgent movement nominally unified under the umbrella organization Tehreek-e-Taliban Pakistan (TTP) has been on the rise. Such groups have aggressively challenged state authority and cohesion, at times managing to take over entire districts and enforce their own interpretations of Sharia rule. Army reactions to such challenges have ranged from firm to conciliatory. Several large-scale military operations have been launched, and in the wake of military offensives in Swat in 2009 and the Federally Administered Tribal Areas since 2010, hundreds of thousands have been forced to flee the war zones.

While Pakistani and transatlantic views on problems and threats of militancy and terrorism do not align on many points, there are joint interests that can and are being used as a basis for cooperation. A key challenge is that power structures of the state act as if Pakistan’s national interests are more permanent and unchangeable than they are, or should be. India is the most visible example of such strategic arthritis. For many decision-makers, Pakistan’s conflict with India is viewed through the same lens as it was 30 years ago and it continues to be a defining parameter of what constitutes Pakistan.

Much more can be done to change Pakistan’s own calculus regarding militancy in a way that better aligns it with transatlantic interests. This requires first outlining the problem posed by militancy and terrorism in Pakistan, summarizing what is being done with Pakistan on these issues by the transatlantic actors, and considering recommendations on policy options at a transatlantic level. The transatlantic community can only do so much. In the end, it is in the hands of Pakistan to change its own calculus regarding militancy. It is, however, natural for transatlantic actors to try to influence Pakistan in ways that better aligns it with transatlantic interests.

Terrorism and Militancy

In Pakistan, the problem of militancy is complex and multifaceted. Societal grievances, power struggles, and sectarian rifts have always defined Pakistani society. A system of ethical codes and tribal structures that promote violence as a legitimate mean of arbitration and negotiation informs and influences the behavior of parts of the Pakistani population. The state has often sought to use religious and ideological orthodoxy in Pakistani society for its needs, allowing the growth of militant political parties and sectarian groups. The conflict with India has been used to justify and actively promote the nurturing of a nationalistic culture of armed resistance and guerilla warfare. The security apparatus has gone further, giving active support to a number of radical and militant groups. In this socio-political setting and with the encouragement of the government, parochial interests and Islamist-guided fraternities have had the incentive and the ability to turn violent.

Pakistan has used these proxy groups to strengthen its perceived national security interests. The security apparatus has systematically recruited and trained proxy militants and guerillas as an addition to its regular and paramilitary forces. Kashmir became the center of these activities for the first decades of Pakistan’s independence and the phenomenon dates back to the first Pakistan-India war of 1947-1948. The focus on the struggle against India was soon supplemented by the border dispute with Afghanistan. As a consequence, Pakistan began cultivating relations with Afghan-focused Islamist groups. The first such links predate the Soviet invasion of Afghanistan, but they were widely expanded during the Soviet occupation of the 1980s.

There are at least four types of groups that promote militant violence. First, there are the Islamist sectarian groups, mostly based in Punjab. These groups are the main perpetrators of the regular attacks against non-Sunni Muslim populations, notably Shi’a communities. The sectarian violence conducted by these groups is mostly an internal Pakistani problem, but the inability of the state to protect Shi’a communities negatively affects relations between Pakistan and Iran. Another group that mostly affects internal security in Pakistan is the Baloch insurgency in the southwest, which is fighting the central government for improved rights and increased participation in local and regional governance. In the West, this is a mostly forgotten

conflict that has had few reverberations beyond outside region, although it does affect Iran-
Pakistan relations since Islamabad also accuses India of supporting Baloch nationalists.

Pro-Pakistan groups formed to fight India constitute a third type of militancy. Their heritage is
often linked to Kashmir, the traditional theater of operation for these proxies. Presently, many
of these groups are based in Punjab where they have been allowed to move and establish them-
selves. Charity and the delivery of social services like education have contributed to making
them popular in local communities. This gives such groups political legitimacy and an indirect
influence over party politics, by influencing the support bases for several national parties.

What charity and services cannot achieve can be achieved through fear. Threats and intimida-
tion are commonly used against the local population and decision-makers on all levels. This is
how well-known terrorist breeding organizations such as Lashkar-e-Taiba — thought to have
been part of the 2008 Mumbai bombings — thrive and maintain influence. A case in point
is that the current PML-N-led government under Nawaz Sharif believes it cannot afford to
withdraw support and crack down on these terrorists, as doing so would turn essential parts of
his party's support base against it.

Various Taliban factions make up the fourth militant category. Unlike ten years ago, a clear
distinction must now be made between the Afghan Taliban and Pakistan Taliban. The Afghan
Taliban consolidated in the wake of the Soviet withdrawal from Afghanistan in 1989, uniting
several Islamist leaning Pashtun groups. The promise of creating a more pious and Islamist
social order was the movement's top priority. Restoring order and ending the civil war its
short-term goal. It is doubtful if Pakistan had a direct hand in their formation but founding
members had been trained by the army and ISI during the 1980s and thus links were already
there in 1994 when operations commenced under the Taliban banner. The Taliban waged
a successful two-year campaign and by 1996 they had conquered Kabul and formed a new
government. After being driven from power as a result of a U.S.-led military action in 2001,
many Taliban leaders, including the former president and still-active head of the Afghan
Taliban, Mullah Mohammad Omar, fled to safe havens inside Pakistan.

In the wake of the 9/11 terrorist attacks, the Pervez Musharraf government in Islamabad
quickly promised support to the United States. The decision was less dramatic than is some-
times portrayed. Pakistan's previous civilian government was already in the process of aban-
doning support for the Taliban as a result of their past behavior and terrorist links. Events in
1998 represent a watershed of sorts when al Qaeda planned bombings in Kenya and Tanzania,
the United States retaliated with missile strikes in Afghanistan, and Pakistan was heavily criti-
cized for being complicit in terrorist training. Despite Pakistan's embrace of the so-called “Global War on Terror” and its post-1998 policy
of officially abandoning support for the Taliban, it soon became clear that Pakistani territory
was used to organize armed resistance against the NATO-led International Security Assis-

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Challenge in Pakistan."
tance Force (ISAF) coalition. Islamabad, and specifically the powerful Inter Service Intelligence (ISI), did not deliver on promises to sever relations with the Taliban. As the conflict in Afghanistan gained momentum, Pakistan seems instead to have strengthened its ties to the Pakistani Taliban. Fearing the loss of its own influence and what was seen as a corresponding growth of India’s presence in Afghanistan, Pakistan never totally cut off support for the Afghan Taliban.

As the Afghan war dragged on, the government in Islamabad was increasingly walking a tightrope on militancy. Washington and its ISAF coalition partners pressed Pakistan to do more to combat militants, as it has promised. But the indecisive approach led Washington to conclude that it had to prosecute the war itself, even inside Pakistan. Beginning in 2004, the United States commenced the targeted killings of militant leaders in Pakistan’s FATA region using drones. Anti-U.S. sentiment in Pakistani society rose as the targeted killings escalated year by year. Meanwhile the Musharraf government saw itself forced to clamp down on Islamist groups. Popular anger at government crackdowns and against the West grew stronger. The 2007 storming of the Red Mosque in Islamabad, a center of anti-government preaching, proved a watershed. Groups endorsing Islamist militancy and aiming to overthrow what they saw as a corrupt, decadent, and pro-Western government in Islamabad joined under the banner of the TTP.

Since its formation, the TTP has had mixed successes in Pakistan’s northwest. Between 2007 and 2009, Maulana Fazlullah’s TTP-linked group fought and consolidated Sharia rule in Swat. In 2009, he broke a peace accord with Islamabad and advanced into the neighboring Buner district. This challenge forced the Army to take action against the TTP. The government reaction became more decisive and as a result Swat was retaken in a major military offensive in 2009. Since then, the Pakistan Army has launched several major operations in the FATA targeting TTP groups. The latest and still ongoing offensive was launched in June 2014 in Northern Waziristan, a tribal agency viewed by many as the most important militant haven on the Afghanistan-Pakistan border. Little independent information on these operations is available aside from what the Army decides to report but as of November 2014, the operation was still ongoing. According to an official briefing, over 900 terrorists had been killed, several major towns cleared, and key transport routes secured.

Early on, the TTP sought to expand its networks across the whole of the country. The expansion into central Punjab province has meant that some of the groups that had formerly been

42 Samuel Bergenwall, Drönarkriget I Pakistan: säkerhetspolitiska konsekvenser (The Drone War in Pakistan: Security Policy Consequences), FOI, April 2013.
44 Lieven, Pakistan, pp. 462-468
supported by the security agencies became TTP accomplices. This has further complicated the Pakistani calculus vis-à-vis militants. The civilian government risks further loss of political influence in the Pakistan heartlands while the security apparatus faces a possible fight against its former India-focused protégés. The federal government’s reaction has been slow but a shift toward a more hardline counterterrorism policy also in Punjab is discernible. In 2010, then-Interior Minister Rehman Malik declared army action was needed against the Taliban in South Punjab. But the local PLM-N-led Punjab government resisted any such policy, choosing to continue accommodating an expanding radical community in order to keep some political influence. This highlights another problem of counterterrorism in Pakistan: the federal-provincial political divide.

TTP consolidation in wider parts of the country has resulted in an increasing number of terror acts in central Pakistan. The 2007 assassination of Benazir Bhutto, a 2008 suicide attack against an important ordnance factory at Wah that killed more than 70 workers, and the 2014 attack on Karachi’s international airport are but three of a large number of Taliban-linked attacks. The latter was said to be revenge for the November 2013 drone killing of TTP leader, Hakimullah Mehsud, showing how intertwined the TTP conflict is with the U.S. and ISAF intervention in Afghanistan. The success of such terror attacks also say something about Pakistan’s police capability, which is lacking due to corruption, poor education, and ineffective organization, including an entrenched bureaucracy with the power to resist change. The close links between the police and politicians further limits efficient counterterrorism operations.

Since coming to power in 2013, the PML-N government under Nawaz Sharif has tried to restart peace negotiations with the TTP. The reasons for this are manifold. Ending government crackdowns on the TTP is a way of appeasing Punjabi groups as well as Afghan Taliban factions, helping to ensure that they do not join forces with the TTP. The TTP has in the last few years expanded its networks and operations from the erstwhile North West Frontier Province (now Khyber Pakhtunkhwa) into Punjab. Links to groups like Lashkar-e-Jhangvi have evolved as have ties to groups in Karachi. Alienating the Punjabi groups would also strengthen the opposition movement, especially the new Pakistan Tehreek-e-Insaf (PTI) party of Imran Khan, who is seen as apologetic of militancy.

At the same time, the Army has resisted peace talks on the merits of earlier experience. Local peace deals have so far only led to the TTP eliminating all local political rivals. In the view of the Pakistan military, the TTP’s radical views mean they can never be a part of political land-
scape of Pakistan. In some cases, the army has concluded that eliminating and rooting them out is the only remaining option. Yet the security apparatus has come only a little way toward stopping its overall sponsorship of radical militants.

There is also the forthcoming withdrawal of the ISAF forces in Afghanistan to take into account. The Army’s objectives are to weaken the TTP before the end of 2014, while continuing to give support to the Afghan Taliban. They do this in the hope that there is a renewed focus on the Afghan theater and away from Pakistan.

**Transatlantic Priorities**

For the better part of 15 years, U.S. and European policy toward terrorism and militancy in Pakistan has been shaped by the intervention in Afghanistan and the threat of exported terrorism. The transatlantic community faces a constant risk from terrorism emanating out of Pakistan. Western countries with large diasporas, notably the United Kingdom, have also seen homegrown radicalization with links to Pakistan. Furthermore, the Pakistani security apparatus provides active or passive support to Afghan Taliban factions over the years and has been a key enabler of their military buildup. Without safe havens in Pakistan, the Afghan insurgency would have been less militarily potent in its battles with ISAF and the Afghan National Security Forces.

The problem of terrorists targeting India has also remained high on the agenda, as several high-profile attacks have been carried out in recent years. In December 2001, Pakistani terrorists attacked the Indian parliament, killing seven, and as a result the countries came close to going to war. Tensions between the two were already running high when — less than a year after the two countries’ 1998 nuclear tests — Pakistani forces advanced across the line of control near Kargil. Although a conventional military operation by the Pakistani army, mujahedeen irregulars where actively used, highlighting the reliance on militants even in conventional warfare against India.52 In the final settlement of the conflict, U.S. mediation played a key part.

Wider U.S. policy toward Pakistan has been intrinsically linked to, and shaped by, militancy and terrorism. While seen as a key ally in counterterrorism, Pakistan is also seen as a key problem. One consistent part of U.S. policy in this regard has been its assistance to Pakistan. Funding for counterterrorism has constituted the single largest portion of security-related aid to Pakistan during the last years. Between 2009 and 2012, a total of $2.35 billion was provided for counterterrorism-related issues alone.53 In addition to this aid, Washington has tried to persuade and pressure Pakistan to stop supporting militants. Results have been mixed, and when evaluating it is important to keep in mind that U.S. aid has created some leverage and closer diplomatic and military links to Pakistan, which have helped manage crises. Also, there seem to be real improvements made in police and intelligence cooperation on terrorists attempting to travel to transatlantic countries. But there are continued doubts as to whether the security and civilian state apparatus is serious about severing ties with militants, and


53 Kronstadt and Epstein, “Direct Overt U.S. Aid Appropriations for and Military Reimbursements to Pakistan.”
lingering questions about its relationship with anti-Indian terrorists.\textsuperscript{54} U.S. pressure may have had some role in turning the military leadership in Pakistan against the TPP in 2009, but more important was the threat they began to pose to the state. Meanwhile, few observers believe that the power structures within the Pakistani state have rejected the general idea of using proxies or abandoned support for militants seen as key instruments of security. The 2011 killing of Osama Bin Laden by U.S. forces inside Pakistan without prior notification indicates the continued lack of trust in Pakistan’s commitment to combat militants.

As security in Afghanistan worsened, and ISAF casualties mounted, the United States decided that persuasion and pressure alone would not lead Pakistan to take measures against those insurgents and al Qaeda linked terrorists that were operating out of bases in Pakistan. The use of drones was perhaps the most visible part of the United States’ new approach. The need for better information to detect key militants and terrorist leaders also meant an increase in intelligence activity targeting Pakistan.

The result of this hardening of U.S. policy has been much debated in the transatlantic community. The legality has been questioned, as has the effectiveness. Yet a large number of militants and terrorists that posed a threat to ISAF forces and civilians in Europe and United States have been eliminated. At the same time, the Pakistani public and leadership have reacted negatively. Violations of Pakistani sovereignty and mistakes leading to civilian casualties in drone strikes have fueled popular anger. A small number of key events led to a series of diplomatic crises. The January 2011 killing of two armed Pakistani men by the CIA contractor Raymond Davis had a deep impact. Pakistani outrage was followed by a NATO military operation on the Afghan-Pakistan border that led to the accidental killing of 24 Pakistan soldiers. After the so-called Salala Incident, Pakistan closed NATO supply routes to Afghanistan for several months, reopening them only after then-Secretary of State Hillary Clinton apologized. The core problem, however, remained the continued existence of Pakistani-based militant groups committed to using acts of terrorism and violence against both Western and Pakistani interests.

While the United States has a long history of strategic relations with Pakistan, Europe — specifically at the European Union level — does not. Only lately have initiatives to further strengthen the relationship been undertaken. The 2004 Cooperative Agreement and the EU country strategy 2007-2013, are two guiding documents. In 2012, an EU-Pakistan Strategic dialogue was launched within the framework of a new five-year Engagement Plan, which added security-related issues.\textsuperscript{55} Its ambition has been to establish recurring dialogues on an expert level within two broad areas. The first is “counterterrorism, transnational organized crime and counter narcotics including the rule of law.” The second is in the field of “disarmament and non-proliferation.”

\textsuperscript{54} Ibid.

It is difficult to know what impact these dialogues have had in relation to the bilateral relationships between security agencies and police forces in EU member states and Pakistan. What the EU policy does make clear is that member states view the fundamental problems and threats of Pakistan-based militancy and terrorism in the same way the United States does. There are, however, differing views of how best to work toward improvement. The European Union does not have the military resources or the cohesion to pursue a policy like that of the United States. There are however individual member states with proactive counterterrorism policies toward Pakistan, notably the United Kingdom. There are also NATO initiatives toward Pakistan beyond collaboration and coordination vis-à-vis Afghanistan. The extent of activities remains unclear but existing military-to-military cooperation has been enhanced.\textsuperscript{56} This includes practical joint activities or programs on IED protection and border control.

A core contention between Pakistan, its neighbors, and the transatlantic community is how to define insurgents, terrorists, and militancy. Policymakers in Washington, Brussels, or New Delhi see militancy as a threat and problem in its entirety. By contrast, leaders in Pakistan continue to adhere to a military policy that sees proxy guerrilla warfare as a legitimate, normal, unobjectionable, and even necessary activity of a modern state. The protection of some militants as “strategic assets” therefore continues even though the government’s actual ability to control and channel their violence is questionable. Pakistan is itself increasingly having to bear the consequences of its militancy policy as internal terrorism continues to plague the country, while a growing radical insurgent movement poses a serious threat to the structures of the state. Pakistan has moved its position somewhat during the last few years. Western pressure has had some effect, specifically on the Pakistani approach to terrorists traveling to the West. However, terrorist organizations focused on India have not been impeded and such militants continue to operate from Pakistan, some with support from the security apparatus. This constitutes an irreconcilable dilemma and puts Pakistan in direct conflict, via its proxies, with a large part of the international community.

U.S. and European Policy

Interaction and work with Pakistan on counterterrorism is already ongoing on many levels and in many formats. The question of how to be more effective in pursuing existing frameworks and partnerships is as important as what more to do. Existing transatlantic links — through bilateral cooperation, U.S.-EU collaboration, and NATO — present forums by which to enhance cooperation toward Pakistan. But there are also defining differences. The United States has been an absolutely dominant player when it comes to security-related cooperation with Pakistan and the two have a long and complicated history in counter-terrorism. The EU, on the other hand, has only lately pursued a more coherent security-related strategy toward Pakistan. To this are added NATO initiatives and transatlantic positions and activities resulting from the wider Friends of Democratic Pakistan format. All of this begs the question of how coordinated policy really is in a transatlantic setting. Recommendation \#1 is, therefore, to establish a clearer division of labor between the United States, the European Union, and Pakistan.

and NATO. The EU role should be to more actively pursue a dialogue with Pakistan on militancy and its detrimental effects. Because of differing views on the balance between incentives and disincentives in influencing Pakistan, transatlantic policymakers should also consider a joint working-level coordination body where the United States, EU, and NATO representatives (as well as a select number of national European representatives) meet to share experiences and discuss best practice toward Pakistan in the counterterrorism realm.

A possible consequence is that liberal democracies must continue to discuss and debate attitudes toward militancy and terrorism with their Pakistani counterparts. It may not be realistic to think that the ISI can be “brought under a [new] code of conduct and accountability, particularly with respect to its dealings with violent organizations.” But the ISI and Army have changed their views and approach to the TTP. Although it is unrealistic to hope for a drastic change of course and security forces’ abandonment of proxy and guerilla tactics, arguments against the support for militants can be couched in realpolitik terms. Especially important is challenging the continued belief in the instrumentality of insurgent warfare at the foundation of Pakistan’s behavior. Recommendation #2 is therefore to sustain and improve arguments as to why state support and tolerance for radical militancy is illegitimate, especially if Pakistan wants to be accepted as a responsible member of the international community.

Pakistan will have the greatest influence over its own counterterrorism policy. The power structures in Islamabad and Rawalpindi might be persuaded to take action and possibly dissuaded from allowing militants to thrive, but little such action will be decisive if it contradicts strong interests inside Pakistan. Pakistan’s national security strategy is likely to continue including the reliance on irregular forces and proxy militants as long as the country defines itself through the prism of its conflict with India. In addition to still being shaped by this India threat theory, the security apparatus still applies different views as to what constitutes justifiable behavior vis-à-vis the use of proxies. Recommendation #3 is to have a deeper transatlantic dialogue about how Pakistan’s India policy affects how it supports militants. The United States and Britain have been deeply involved in mediating between New Delhi and Islamabad. In Pakistan, the military and security apparatus are the key players perpetuating the India threat as a foundational concept of what Pakistan’s identity. A joint military project involving the transatlantic partners and Pakistan army that examines the strategic meaning and instrumentality of guerilla warfare in a new world order can be carried out.

The problems of the last ten years have also, to a considerable degree, been linked to Pakistan’s Afghanistan policy. The notion of Pakistan’s need for “strategic depth” in Afghanistan and the perceived need to deny Indian influence in Central Asia are two reasons given for Pakistan to continue its policy of active and passive support for militants. Afghanistan and Pakistan remain at odds over the status of their frontier — the Durand Line. The two have long lacked a common understanding of militancy and what individuals or groups constitute a threat. Coordination on intelligence, border management, and law enforcement has therefore been problematic. Continued outside help to improve collaboration between Kabul and Islamabad is necessary. Because of their involvement in and commitment to Afghanistan, no one is better-

positioned to provide such support than the transatlantic partners. Recommendation #4 is therefore to facilitate Afghanistan-Pakistan cooperation on counter-terrorism issues. Tracking militancy will remain a high priority for both the United States and Europe in the region even after their withdrawal of combat forces from Afghanistan, and this could in turn be used to positively affect the level of cooperation between Pakistan’s and Afghanistan’s security forces. Better law enforcement and customs procedures are also needed along the full length of the borders of the two countries.

A complete end to militancy and terrorist sponsorship by Pakistan’s security forces would require drastic improvements. But it would not completely solve the problem. Terrorist and militant organizations use social grievances to radicalize youth and recruit new fighters. These movements are also linked to organized crime. The police and judiciary are central institutions to curbing criminal and terrorist activities, but the police forces in Pakistan are beset with a number of problems that impede law enforcement, especially vis-à-vis terrorism. Recommendation #5 is therefore to make a focused and cohesive effort to support wider police reform. Some capacity-building projects have already been funded, including through the EU cooperation program. But increasing the civilian role in law enforcement within Pakistan, including over the army, remains a major task. The ambitious work of the Asia Society in drawing attention to police reform should be more widely replicated.58

Finally, as Recommendation #6, the 2014 Nobel Peace Prize awarded to Malala Yousafzai may be used to further raise awareness about Pakistan’s complicated web of militant, insurgent, and Islamist entities and what they mean for the country, region, and international community.

For those dealing with Pakistan and the problem of militancy, a key debate continues to revolve around what measures are effective when dealing with counterterrorism cooperation. Defining positive outcomes and constructive ways to help Pakistan improve its own and other’s security is the primary challenge. If progress is to be made, incorporating Pakistan’s perspectives are necessary to constructing cooperative programs that work, while keeping the focus on what are fundamental transatlantic interests and perspectives.

58 Abbas, Stabilizing Pakistan Through Police Reform.
Civil-Military Relations

The armed forces’ domination of Pakistani foreign policy and political life has been a reality since the country’s early days. In that sense, it would seem naïve to predict a future in which the military genuinely steps back from politics and decisive guidance of Pakistan’s relations with key external powers. Pakistani history shows that even though catastrophic military defeats, as in 1971, may push the military into a backseat political role, they soon reemerge. The armed forces’ return to political power with General Muhammad Zia-ul-Haq in 1978 came only seven years after the disaster of losing Bangladesh. On the other hand, we have seen ruling generals that similarly dominated their societies take off their uniforms and oversee civilian transitions in countries like Chile, Indonesia, Turkey, and Burma, creating hope for long-term change in Pakistan too. Pakistan’s successful 2013 elections and the civilian administration’s unprecedented prosecution of former Chief of Army Staff General Pervez Musharraf suggest a potentially changing balance of power between the prime minister’s office and Rawalpindi.

The examples of countries such as Chile, Turkey, Burma, and Indonesia provide templates for how the armed forces could step back from their overt political role. However, in today’s Pakistan, the extreme weaknesses of civilian institutions, the country’s lack of resource endowments to provide rents to a “retired” group of general-politicians (as in Burma and Indonesia), the substantial material support for the armed forces from foreign donors like the United States and China, and the continuing saliency of both the internal terrorist threat and the perceived existential threat from India create a context in which it is difficult to imagine a permanent military withdrawal from politics.

Changing perceptions of threats to Pakistan’s stability and cohesion could alter the logic of the armed forces’ role in the country over time. Unfortunately, the creation of new vacuums of power in Afghanistan following the Western military drawdown and the deteriorating internal security environment reinforce rather than undermine the case for a strong military hand in Pakistani politics and the Army’s continuing control over foreign policy in the near abroad and toward the major powers. On the other hand, an enlightened Indian strategy of threat reduction, by essentially normalizing Indian policy through trade, transit, and military drawdowns irrespective of Pakistani reciprocation, could undercut the rationale for the Pakistan Army’s internal dominance. So could sustained economic growth spurred by further European and U.S. trade concessions and investments in Pakistan’s energy infrastructure.

An integration strategy that boosted Pakistan’s development prospects and changed the threat-reward calculus for the Pakistani population and political class could help blunt the further radicalization of Pakistani society through the creation of employment opportunities, rising prosperity, and associated improved governance within Pakistan. A Pakistan that was economically vibrant could reduce the incentives for a strong military hand in Pakistani public life. Then again, many of the periods when Pakistan did experience strong GDP growth occurred under military rule. As we saw with the downfall of General Musharraf, however, such economic growth and associated civic awakening sowed the seeds for the reversal of military
rule, as a more activist press and an empowered judiciary and civil society leveraged the new space provided by economic reform to push for a return to civilian governance.

**Governance**

One can assess projections for governance in Pakistan from two baselines. The first is the domination of the military in setting red lines within which a constrained civilian politics takes place. The second is the prospects for the success of civilian governance to edge the armed forces out of politics (or, conversely, for continuing civilian institutional weaknesses to create a vacuum that military competence naturally fills). Pakistan is most likely to continue to enjoy a hybrid system of governance in which civilian politicians make decisions on issues of economic reform, energy supply, education, and other areas but are not in control of the nuclear brief, national security, relations with the major powers, and armed forces budgets. In this hybrid system, the military may not overtly govern but may rather exercise influence behind the scenes and through civilian proxies, including through political figures like Imran Khan and Tahir-ul-Qadri.

Beyond integration with India, urbanization and economic growth in Pakistan are already creating new constituencies for competent governance and economic management. As we have seen in other developing democracies (including in many flawed and pseudo-democracies in the global South as well as in formerly autocratic nations like Indonesia that experienced successful democratic transitions), it can be very difficult to meet the demands of an increasingly powerful urban street in a nation under authoritarian control. Arab dictators discovered this and China is increasingly suffering from similar stresses. The examples of poor, flawed, but nonetheless real Muslim democracies in Indonesia and Bangladesh demonstrate that the Islamic world is no less immune to rising middle-class pressures for liberalization than more developed nations in the past.

The problem is that many pressures on Pakistani governance will become more acute, placing ever-greater strains on civilian leaders and institutions. The intensification of violent extremism in Iraq and Syria threatens to spill over into Pakistan in dangerous and unpredictable ways. Water scarcity, a population explosion, the effects of climate change and Himalayan glacial melt, internal terrorism and sectarian violence, and a grossly inadequate national energy infrastructure will tax Pakistan’s political class and governing institutions even more than the various stresses and strains of the past. So will the diversity of power centers within Pakistan, which now includes an activist judiciary determined to make binding judgments on the extent and limits of government power, both civil and military.

The dispersal of governance functions away from the center and toward provincial and local authorities may provide part of the solution to Pakistan’s mounting socioeconomic challenges. Nawaz Sharif was elected prime minister in part because of his brother Shabhaz’s record of running Punjab, which included deploying the substantial resources at his disposal at the provincial level. Baluchistan would unquestionably be a better governed and more developed province if it did not suffer from excessive interference by a national army and government determined to thwart its regional identity and aspirations.
As Pakistan urbanizes and suffers the strain of an exploding population and inadequate infrastructure, its leaders may find, as in India, that sub-national governance, particularly of cities, is the key to uplifting large segments of the population and resolving development conundrums even in the face of incompetence or neglect by central government authorities. Then again, further devolving power down in Pakistan could encourage the very centrifugal forces that threaten to pull the country apart. Baloch, Sindhis, Kashmiris, and Pashtuns do not like being governed by Punjabis, and arguments for secession in various territories have a potency that could be further juiced by devolution (as we have seen in a very different context in places like Catalonia and Scotland).

Military rule will be no solution to Pakistan's extraordinary challenge of governance, to the extent it ever was, partly because of its detrimental economic effects. The drivers of 21st century global economic power are very different from those of the 20th century, when military regimes in Latin America and elsewhere could pursue state-led industrialization and import-substitution arrangements that make little sense in a world economy governed by flows of innovation, technology, talent, and finance. Whether civilian leaders can sustain themselves in power long enough to oversee Pakistan's economic modernization in the face of internal and external forces that threaten to overwhelm it will be a central determinant of Pakistan's strategic future.

Civil Society

Pakistan's deep and active civil society helps the country cohere despite the many infirmities of the state. As U.S. expert Stephen P. Cohen writes, "Pakistan is a deeply troubled state; were it not for the large number of talented Pakistanis, one would be tempted to judge it to be in terminal decline. This is an important point: although the Pakistani state is enfeebled, Pakistani society is as vigorous as ever."59 One would expect a strong civil society to be an active force for better governance than it has been in Pakistan. The feudal, patronage-based nature of politics and the moated role of the Army in dominating the state help explain why civic pressure has had only an uneven effect on the quality of Pakistan's democracy and the welfare of its people.

The deep structures of Pakistani society outside the realm of the state — including kinship, regional, and tribal loyalties, sophisticated and extensive patronage networks, and broad adherence to the basic tenets of Islam — help explain why the nation has held together despite the weaknesses of national institutions. There is, however, a debate about whether Pakistani civil society is fundamentally liberal or illiberal. The Islamization of society under General Zia in the 1980s and the growing role of non-state actors like Jamaat-ud-Dawa (the political arm of Lashkar-e-Taiba) and Deobandi groups like Sipah-e-Sahaba demonstrate how Pakistani society has not followed a linear, progressive track with development and the passage of time but has become more conservative, extremist, and violent than in previous eras.

The liberalization of media laws under General Musharraf has also produced what many have charged to be an illiberal media in Pakistan that is more anti-Western, pro-Islamist,

nationalistic, and anti-Indian than the population at large. Suspicions that leading illiberal commentators are on the ISI payroll, or at a minimum pursuing editorial lines catering to the Pakistani military and other illiberal audiences within society, underline this phenomenon.\textsuperscript{60} The Lawyers’ Movement that played such a prominent role in ousting Musharraf in 2008 and seemed the leading edge of progressive Pakistani under liberal leaders like Aitzaz Ahsan subsequently morphed into a less liberal, though no less activist, grouping, many of whose members openly cheered the 2011 assassinations of Punjab Governor Salman Taseer and Cabinet Minster Shahbaz Bhatti over their opposition to a punitive blasphemy law that would criminalize freedom of worship by religious minorities in Pakistan.\textsuperscript{61}

The future of liberalism supported by either a cloistered elite or a broad-based civic majority in Pakistan cannot be taken for granted. From one perspective, Pakistan’s governing elite is considerably more progressive than the majority of the Pakistani population, given the latter’s adherence to less tolerant forms of Islam (including widespread support for Sharia law) and more traditional social outlook. On the other hand, Islamists have never done well in free elections in Pakistan, and the strongest electoral support traditionally falls to the secular PPP and PML-N parties, as well as (more recently) the PTI.

It is the pinnacle of Pakistan’s elite — the Army corps commanders — who have overseen Pakistan’s strong support for the Afghan Taliban and nuclear proliferation activities, as well as diverting substantial resources from education and social spending to the armed forces. And it is civic forces in Pakistan who have agitated for an end to military rule following each episode of it. Although spillover from sectarian conflict in Iraq and Syria remains a wildcard, urbanization and economic development should strengthen Pakistani civil society: even if it remains anti-American and socially conservative, it is entirely unlikely to support the Talibanization of the country or military dictatorship over the long term. In that sense, Pakistani civil society is likely to be a moderating force on the country’s destabilizing extremisms rather than a contributor to them.

**U.S. and European Policy**

With respect to civil-military relations, too often the West, and particularly the United States, has gone directly to Pakistan’s generals to do business, circumventing the civilian authorities in Islamabad and exacerbating rather than alleviating the civil-military divide. In part, this approach has been a function of the primary items of business for the United States and Europe with Pakistan: the war in Afghanistan and nuclear security, both issues firmly within the purview of the armed forces. The NATO drawdown in Afghanistan may have unfortunate effects in terms of regional security and the future of Afghanistan, but it could have positive effects by rebalancing the Western agenda away from military-operational matters and toward a longer-term investment in strengthening civilian governance and civil society in Pakistan.

To date, the United States has pursued an approach that channels privileged and substantial funding directly to the Pakistan Army but also, for the past few years, has provided a substan-
A Transatlantic Pakistan Policy

As much as $2 billion per annum in assistance to Pakistan’s education, judiciary, and civilian governance sectors was authorized by the Kerry-Lugar-Berman Act of 2009, and over the past five years the United States has committed some $4 billion in civilian assistance to improve governance, empower civil society, improve health and education, and enhance the civilian government’s capacity to improve energy supply. However, recently delivery of civilian assistance has been reduced due to budget pressures and as a result of concerns about the mismanagement of funds within Pakistan. Last year, U.S. civilian assistance to Pakistan totaled over $700 million, but for fiscal year 2015 the Obama administration requested only $446 million. U.S. efforts have focused on building local capacity, with the result that in 2013 over half of all U.S. civilian assistance projects were implemented by local organizations within Pakistan.

The European Union and its member states contribute some €600 million annually in assistance to Pakistan for education and vocational training, a range of health and development objectives, and improved governance. The latter includes improved budget management by the civilian bureaucracy at various levels of government, expanded tax collection to empower Pakistan’s weak civilian state, and improved public administration to better connect Pakistan’s state to its society. The European Union and its members have also provided support for Pakistan’s national elections, the Pakistani parliament, the judiciary, and the police. It has also provided funding for a range of Pakistani civic organizations in areas such as combating human trafficking, reducing violence against women, and protecting minority rights.

U.S. and European support for good governance in Pakistan has been piecemeal and often targets only narrow sectors of society. For example, the United States invests more in the Fulbright international exchange program in Pakistan than in almost any other country. Similarly, European states have made well-intentioned but marginal investments in civil society and bureaucratic training. But targeting only a narrow slice of the Pakistani elite is a far cry from the macro approach to governance reform in Pakistan that is needed given the country’s state of crisis. Although European and U.S. resources put to work in Pakistan look sizable from the perspective of Western foreign assistance budgets, dividing them up into so many micro projects in various civic and governance sectors means Western assistance does not have the impact in Pakistan one would expect given the total size of U.S. and European budget support.

Recommendation #1 would therefore be to invest more narrowly but systematically,

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in several key areas — like energy supply and education — rather than spread Western public investments so thinly across such a range of sectors and actors.

Europe and the United States have also invested in improving access to primary education in Pakistan for marginalized groups like women and religious minorities. However, from a national interest perspective, the crux of the problem in Pakistan is lack of access to modern education, the unbalanced curricula of mainstream public schools, and, more acutely, the extremist ideologies cultivated in madrassas. Religious schooling in Pakistan has proliferated since the 1980s as a result of government funding for these institutions as well as lack of access to, and the low quality of, public education. Madrassas in particular are churning out young men with few skills relevant to the construction of a modern economy but with an anti-Western religious ideology that, combined with absence of economic opportunity, feeds the radicalization of Pakistani society in ways that directly impinge on transatlantic security.

Recommendation #2 would therefore be to expand U.S. and European funding for Pakistan’s public education system, but to tie this assistance directly to curriculum reform and to the withdrawal of government funding from madrassas with extremist curricula.

The transatlantic allies have struggled with how to target assistance for governance reform in Pakistan. Directly funding the Pakistani bureaucracy, especially when it pursues policies hostile to Western interests, is an unsatisfactory approach. Decades of direct U.S. funding of the Pakistani military bureaucracy has not changed the way the armed forces define their interests (which they often do in ways that contravene Western interests), even if it has helped secure their instrumental support for requirements like NATO resupply in Afghanistan. However, Europe and the United States have not made a concerted effort to improve the capacity of the Pakistani parliament, as opposed to the executive agencies of government. Nor has the transatlantic community invested sufficiently in training and education of the Pakistani judiciary, which recently has demonstrated its independence from both the civilian administration and the armed forces. Both the committees of parliament and the judicial branch help check the power of the Pakistani armed forces and provide crucial oversight of administrations that, even when run by civilians, are often characterized by personalized rule and weak bureaucratic independence. Recommendation #3 would therefore be to target U.S. and European support for governance reform and capacity-building by investing in strengthening the Pakistani parliament’s standing committees, and through an expanded program of education and training of the Pakistani judiciary.

Pakistan’s media have demonstrated increasingly nationalistic, anti-Western, and illiberal tendencies, partly in response to the radicalization of parts of their audience and in part to play to the gallery of the ISI and other influences on broadcast and print media. Liberal media voices increasingly find themselves on the defensive or even targeted for physical attack; many practice self-censorship. No matter how much the transatlantic allies work with Pakistan’s civilian government and its armed forces, the enabling environment for cooperation on common interests will be constrained by anti-Western public sentiments fanned by an often irresponsible media. And Pakistani government officials and military officers themselves will find their views shaped by a media hostile to liberalism and the West, making them more
difficult partners. Recommendation #4 would therefore be for Europe and the United States to invest systematically in media training, including through exchanges for members of the Pakistani print and broadcast media, as well as expanding media outreach into Pakistan directly through Western public broadcasters in local languages.

Human rights violations in Pakistan are often a product of its deteriorating internal security environment as well as of governance gaps that are sins of commission rather than omission. Besides improving government capacity to provide public security and basic administration under the law across all reaches of the country, Pakistan faces the urgent requirement to protect the rights of its citizens equally to counter violent extremism, sectarian cleavages, lack of women’s rights particularly in rural areas, and the persecution of minorities. Pakistan’s government demonstrates not only a lack of capacity but a lack of will to confront these challenges, even as it requests Western assistance for priority areas like military spending and energy security. Recommendation #5 is therefore for the United States and Europe to hold the government accountable for human rights abuses that are within its power to mitigate, including through imposing standards of conditionality on assistance programs, even as the transatlantic partners work with the government to improve its capacity to tackle human rights challenges resulting from the absence of governance.
Over the past five years, the Pakistani economy has gone through arguably the worst period in the country's history. With annual growth rates of barely 3 percent, accelerating inflation, high deficits, and two rounds of recourse to the International Monetary Fund, it has had a uniquely poor performance among the world's large, developing economies. While some of this has been due to contingent factors, including the global economic crisis, natural disasters, and a confidence-sapping period of domestic unrest, few of the long-term problems facing the Pakistani economy were addressed through this period either. The energy crisis worsened, there was no significant expansion of a revenue base that sees less than 2 percent Pakistanis paying income tax, and the country still lagged behind in hitting basic Millennium Development Goals in health and education.68

Yet it was only in 2007 that Pakistan featured among Goldman Sachs’ “Next 11” countries that were hailed, second only to the BRICs, for their economic promise.69 And in certain respects, Nawaz Sharif’s government has been able to restore some sense of this latent potential. Both the IMF and the World Bank have upgraded their 2014 growth predictions in recent months, albeit to around a still-modest 4 percent.70 Initial progress has been made on mitigating the scale of the country’s energy problems, and Pakistan has regained its access to international debt markets. The government is embarking on plans for major infrastructure investments, a hallmark of Sharif’s last spell in power.71 Even the Karachi Stock Exchange has hit its highest levels on record, a throwback to the years in which it was one of the world’s top-performing indices.72

As a result, the economy is widely seen to be at a turning point. If confidence among investors continues to improve, if the growth recovery persists, and if progress is made on a number of chronic long-term issues, there is the prospect that Pakistan can establish a position among Asia’s rising, frontier markets. If, however, political and security risk factors reassert themselves, there is every chance that it will instead entrench its reputation as a country too volatile for major investors to make long-term commitments. Recent political unrest has pointed worryingly toward the latter outcome. The Pakistani government has had to postpone a $1 billion bond issue and hold off on planned privatizations, as well as facing delays to the disbursement of the most recent tranche of the IMF’s loan.73

One of Pakistan’s lingering economic problems has been that civilian governments have virtually never been given the chance to execute an economic program across an entire term in office. Crucial measures to underpin Pakistan’s role as a regional economic hub — such as

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71 “Pakistan PM scoffs at resignation demands,” Agence France-Presse, August 27, 2014.
normalizing trade relations with India — have also been blocked by the Pakistan Army. The problem for outside actors looking to support a successfully-functioning Pakistani economy therefore is that many of the necessary steps require a lasting shift in political structures that goes well beyond the purely economic.

U.S. and European Policy

For Western policymakers dealing with the Pakistani economy, the challenge is certainly not one of diagnosis: an array of international and Pakistani organizations, from Lahore’s Institute for Public Policy to the IMF, have exhaustively documented the obstacles the country faces in moving beyond the dismal post-2007 growth record.74 Neither is it lack of influence. Europe and the United States remain the country’s largest export markets, have wielded considerable clout through Pakistan’s serial resort to IMF-financing, and have been by far its largest donors in recent years.

The EU and its member states have moved from relative bit-part players to major aid providers — the U.K. alone contributing $630 million in assistance each year — as well as utilizing Europe’s market-leverage through negotiations over the granting of GSP-Plus status, which grants duty-free access to the EU for 20 percent of Pakistani goods and preferential rates for a further 70 percent.75

The United States, since the Kerry-Lugar-Berman Bill of 2009, has corrected the excesses of its tilt toward military, rather than civilian, support, and has provided over $26 billion in assistance since 2001.76 With the possible exception of the Gulf states, which have at points been willing to provide large chunks of financing outside the regular international mechanisms, most non-Western actors have also been keen to see Pakistan subjected to the rigors of an IMF program — the scope to play the West off against China, for instance, has been minimal.

Yet it is far from clear that this influence has always been deployed to successful effect. At worst, the West has even contributed to the cycle of aid-fueled booms that have pumped assistance into the economy for the sake of security-related goals before cutting it back when political needs have shifted. For much of the last decade, Pakistan policy has been addressed through the prism of terrorism concerns, and the war in Afghanistan in particular. Other than by Goldman Sachs, it has rarely been viewed as an emerging market or a potentially valuable link among the economic connections and value chains in the wider region. While this is wholly understandable given that Pakistan barely ranks among the top 50 trade partners for either Europe or the United States, the disproportionate focus on aid and military support rather than stimulating trade and domestically driven sources of growth has arguably played into many of the country’s worst economic and political pathologies. What is likely to be a

74 For several examples, see the Institute of Public Policy, http://ippbnu.org/publications.php.
looming downturn in Western economic assistance in the coming years should therefore be seen as an opportunity to rebalance the terms of the relationship rather than a cause for concern.

Even if the Sharif government had not been planning to move away from an economic strategy that was heavily reliant on extracting assistance from large donors, political conditions would have required it. The NATO withdrawal from Afghanistan will inevitably result in weakened levels of commitment on the United States’ part to providing and soliciting support at its prior levels. While European financial commitments may prove stickier, there is pressure on donors there too to justify current high aid levels outside the context of the largest and lengthiest Western war effort since the 1990s. The new Pakistani government has got out ahead of these changes, making considerable public play out of seeking trade and investment rather than aid.77 But many of the most promising sources of financing, investment, and potential trade are now coming from non-Western sources, most notably China and the Gulf. The question for Europe and the United States is how to leverage this effectively — strengthening and further incentivizing the country’s efforts to become a trade hub; supporting Pakistan’s move from an aid-dependent economic model to an investment-driven one; and cooperating with a new set of international partners to help bring these shifts about.

The very concept of Pakistan as a regional hub has often had more to do with geopolitical fantasy than practical reality. Some of the economic plans that have been most fully scoped out — such as the China-Pakistan Economic Corridor — are among the most difficult to execute, with important stretches of the route leading through landslide-prone passes and restive Baluchistan. Proposals for pipelines from Iran have fallen foul of political obstacles — and consequent financing problems, with banks reluctant to be stuck navigating UN and Western sanctions. Most egregiously, the granting of most favored nation (MFN) status to India and the liberation of trade between the two sides that would ensue has been systematically stymied. The transit trade agreement with Afghanistan, which came into effect in 2011, was a rare success, but remains limited in scope, and required a serious international push before the two countries agreed to its implementation. The benefits of realizing many of the regional plans are clear, however. Unlike some of the difficult structural reforms that the Pakistani economy still needs to go through, trade liberalization and infrastructure investment promise high rewards at relatively little political cost.

There are also several opportunities that exist for the West in engaging with this agenda. First, there is a significant new influx of financial resources on its way: China is in discussions with Pakistan for investments of as much as $32 billion, incorporating short- and long-term energy projects, infrastructure development, and industrial parks.78 And these are not Pakistan-specific, but part of a broader panoply of Silk Road Economic Belt and Silk Road Maritime Belt connectivity plans for China to develop linkages with its western periphery. Second, the local politics are more promising than they have been in many years. India is being run by an economic pragmatist; Iran is potentially close to emerging from nuclear-induced isolation.


as a normal member of the regional trade order; and Afghanistan, despite the risks of lapse back into civil war, is being run by a technocrat and former World Bank official. Third, and most importantly, the regional connectivity agenda is being pushed by Pakistan’s government. Unlike many past instances in which Western efforts have sought to change the Pakistani government’s preferences, this is about bolstering a significant constituency in the Pakistani political and business community that support them.

Rebalancing Western policy in this direction will require a different approach to the prior Af-Pak mechanisms and initiatives, however. The New Silk Road initiative was seen by many in the region as disconnected from the other indigenous regional economic efforts (as well as from Pakistan itself), while the coordinating group for donors to Pakistan, the Friends of Democratic Pakistan, lacked buy-in from key actors such as China, often failed to deliver on commitments, and was subsequently dropped by the new Pakistani government. While bilateral initiatives and multilateral banks such as the Asian Development Bank and the World Bank will still play a central role, gaining buy-in and influence over the new regional infrastructure connectivity projects may require a greater willingness on the West’s part to act as partners to locally driven efforts rather than as drivers.

This could include, for instance, involvement in bodies such as the Asian Infrastructure Investment Bank (AIIB), a Beijing-led institution that is open to the participation of Western governments but has been viewed skeptically by many of them. Establishing more effective coordination mechanisms with other new donors and economic forces in the region will be crucial, not least because they too are seeking to incentivize many of the same changes in Pakistan that the West would like to see. **Recommendation #1** is therefore that Europe and the United States need to provide convincing backing to the new wave of regional infrastructure initiatives, diplomatically and financially, rather than allowing the perception to develop that these are competing with the West’s own efforts. Establishing more effective economic coordination mechanisms with key regional actors who have interests in Pakistan also provides a soft way to reestablish a version of the Friends of Democratic Asia process with more effective local support. In addition, Europe and the United States need to take advantage of the early opportunities to influence the development of bodies such as the AIIB rather than treating them exclusively as rivals to the Bretton Woods institutions.

At the same time, it is important for Europe and the United States not to be cowed by the large numbers for external financial support to Pakistan that are so often touted. Most of the new money will be coming in the form of investment rather than direct financing. Many projects that the West currently backs will not attract any money at all if support is withdrawn. And in the medium term, Pakistani exports are still heavily dependent on Western markets. If the United States, for instance, offered a trade deal with Pakistan on the condition that Pakistan offers MFN to India, this remains a set of economic benefits that the likes of China — which is actually a competitor for many Pakistani businesses — cannot replicate. **Recommendation #2** is therefore that Europe and the United States utilize their continued economic influence, bilaterally and multilaterally, to bolster the civilian government’s efforts to advance the more politically difficult aspects of the connectivity agenda, particularly vis-à-vis India.
The list of issues facing the Pakistani economy is extensive, and many of the West’s interventions will continue to be either sector-specific pushes in areas such as education or continued efforts to address macro-economic fundamentals. But at this juncture there is also a question of the broad tilt of Western involvement in Pakistan’s economy. Recent years have seen a welcome move to extend greater support to the civilian sector, and — on the EU’s part — to extend trade benefits for political reasons, despite the relatively modest economic advantage.

In the next, post-“Af-Pak,” phase, there is an opportunity to make a transition away from economic aid toward support to initiatives that will not only kick-start growth in the short-to-medium term but also make many of the necessary reforms less painful to pursue. This will require a degree of commitment to an economics-first approach — or at least an approach that no longer leaves economic goals entirely subordinate to short-term political ones. There is a window of opportunity in the coming years to reposition the West’s relationship with Pakistan around a partnership to realize the country’s potential as an emerging market — a more attractive proposition, in any case, than being stuck on the wrong end of an unwelcome hyphenation, and one that, for all its difficulties, does reflect Pakistan’s long-term prospects.

Recommendation #3 is for Europe and the United States to make a political virtue of this, rather than risking the return of another abandonment narrative if the post-2014 levels of aid commitment start to decline. It will only be if political and security actors in the West invest fully in pushing to overcome obstacles to the regional connectivity agenda that this is likely to be realized. Otherwise the risk is that crucial Pakistani actors will continue to take advantage of the West’s “too nuclear to fail” concerns to extract aid and economic reward without making the difficult choices required.
Summary of Recommendations

Nuclear Proliferation

- Highlight the dangers posed by Pakistan’s nuclear development — specifically its development of tactical nuclear weapons — through official public statements, and help define clearer incentives for Pakistan to adopt a more stabilizing nuclear posture.
- Insert and elevate the discussion of Pakistan’s nuclear program in bilateral and multilateral dialogues with regional and global partners, particularly China.
- Further strengthen export controls for sensitive and dual-use technologies.

Counterterrorism

- Establish a clearer division of labor between the United States, the European Union, and NATO, including by assigning a concrete role to the European Union.
- Focus more thoroughly in a transatlantic setting on understanding the implications of Pakistan’s continued support for militant proxies in order to advance its national security.
- Engage in a deeper transatlantic dialogue about how Pakistan’s support of militancy, including possibly by carrying out a joint military project that examines the strategic meaning and instrumentality of insurgencies in a new world order.
- Facilitate Afghanistan-Pakistan cooperation on counterterrorism, with the objective of better tracking militancy in the region, and improving law enforcement and customs procedures.
- Make a more focused and cohesive effort to support wider police reform.
- Use Malala Yousafzai’s Nobel Peace Prize to further raise public awareness about Pakistan’s complicated web of militant, insurgent, and Islamist entities and what they mean for the country, region, and international community.

Civil-Military Relations and Governance

- Invest narrowly, but systematically, in key areas like energy supply and education, rather than spread Western public investments thinly across such a range of sectors and actors.
- Expand U.S. and European funding for Pakistan’s public education system, but tie this assistance directly to curriculum reform.
- Invest in strengthening the Pakistani parliament’s standing committees, and an expanded program of education and training of the Pakistani judiciary.
- Invest systematically in media training, including through exchanges for members of the Pakistani print and broadcast media, and expand media outreach into Pakistan directly through Western public broadcasters.
- Hold the government accountable for human rights abuses that are within its power to mitigate, including by imposing standards of conditionality on assistance programs.
Economic Development

- Support and actively shape the new wave of regional infrastructure initiatives — and new economic entities such as the Chinese-led AIIB — rather than advancing the perception that these are competing with the West’s own efforts.

- Utilize economic influence, bilaterally and multilaterally, to bolster the civilian government’s efforts to advance the more politically difficult aspects of the connectivity agenda, particularly vis-à-vis India.

- Use the withdrawal from Afghanistan as an opportunity to reposition the West’s relationship with Pakistan around realizing its potential as an emerging market.