

PAK-AMERICANA

Ushering in a New Era for Pakistan-US Relations

Syed Mohammad Ali
Muhammad Asad Rafi
Mosharraf Zaidi

February 2021



Bismillah irr Rahman irr Rahim

Pak-Americana: Ushering in a New Era for Pakistan-US Relations

Syed Mohammad Ali

Muhammad Asad Rafi

Mosharraf Zaidi

Tabadlab Occasional Policy Paper Series

ISBN 978-969-7911-08-0

© Tabadlab Private Limited 2021



This work is licensed under the Creative Commons Attribution 3.0 Unported License.

To view a copy of this license, visit <http://creativecommons.org/licenses/by/3.0>

Available from:

Tabadlab

Mezzanine Floor, Beverly Centre, Blue Area, Islamabad, Pakistan, 44000.

Tabadlab Private Limited is a think tank and advisory services firm,

headquartered in Islamabad, Pakistan

Tel: +92 51 2726668

info@tabadlab.com

Document designed by Sidra Reza

www.behance.net/sidrareza

TABADLAB 

 Mahvash & Jahangir
Siddiqui Foundation

The research and consultations for this policy paper were conducted by Tabadlab, and made possible through financial support from the Mahvash and Jahangir Siddiqui Foundation. The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of Tabadlab Private Limited, nor of the Mahvash and Jahangir Siddiqui Foundation.

The Experts Group

The experts' group consulted in the preparation of this report have all agreed to endorse it. Much of the framing and language that used in this report has benefitted from this experts' group.

Rabia Akhtar, University of Lahore

Simbal Khan, Indus Global Initiative

Murad Ali, University of Malakand

Ehsan Malik, Pakistan Business Council

*Waheed Arshad, retired Lieutenant General,
Pakistan Army*

*Sitara Noor, Center for Aerospace and Security
Studies*

Salman Bashir, former Foreign Secretary

*Haroon Sharif, former Chairman Board of
Investment*

Azeema Cheema, Verso Consulting

Murtaza Solangi, Journalist, Naya Daur

Huma Fakhar, Map Services Group

*Abid Qayyum Suleri, Sustainable Development
Policy Institute*

Ejaz Haider, Journalist, Indus News

Fahd Humayun, Yale University

Ayaz Wazir, former Ambassador

Syed Rifaat Hussain, Quaid e Azam University

Note: The above individuals have endorsed this report in their individual capacities. Organizational affiliations are mentioned for identification purposes only and do not represent an organizational endorsement of this report.

TABLE OF CONTENTS

TABLE OF CONTENTS	3
BACKGROUND	5
KEY DRIVERS OF THE PAKISTAN-US RELATIONSHIP	7
TRANSITIONING FROM GEOPOLITICAL TO GEOECONOMIC COOPERATION	9
BOLSTERING HUMAN SECURITY: INVESTING IN THE PEOPLE	12
PARTNERING FOR AFGHANISTAN'S FUTURE	15
TURNING GREAT POWER COMPETITION INTO GREAT POWER COLLABORATION	18
CONTENDING WITH THE INDIA-US STRATEGIC ALIGNMENT	20
COUNTERING GLOBAL TERRORISM	22
ENHANCING DISASTER AND CLIMATE CHANGE MITIGATION THROUGH COOPERATION	24
CONCLUDING REMARKS	26
ENDNOTES	27

BACKGROUND

Of the several important relationships that the Pakistani leadership is currently contending with, the United States may deserve the most urgent attention. This bilateral relationship has a long but turbulent history, and there have been times when this relationship has been strained by mutual mistrust and frustration. Yet, this relationship has endured, and both countries continue to view each other as significant, if not strategic, partners.

The United States is Pakistan's largest exports market, and the dominant military and economic power of the world. Pakistan has supported the longstanding American intervention in Afghanistan, and it has helped cement the recent US-Taliban peace deal. The incoming US administration will also continue to need Pakistan to help avert destabilization in Afghanistan, especially after the impending US military withdrawal.

The protracted rivalry between nuclear armed India and Pakistan remains an issue of global concern, and this situation is being increasingly complicated by great power competition between the US and China. US efforts to deepen its strategic ties with India, which aim to bolster Indian capacity to serve as a regional counterweight to curb China, have not gone unnoticed in Islamabad. Conversely, Pakistan's growing military and economic embrace of China has evoked increased concern within the United States.

As the Covid-19 pandemic exacerbates the severity of economic challenges everywhere, and a new political administration takes office in the United States, the future of the Pakistan-US relations seems uncertain. Yet, there remain several untapped opportunities which offer prospects of better managing the US-Pakistan relationship to make it more stable, mutually beneficial, and capable of facilitating broader regional stability.

Recognizing the need to put this important bilateral relationship on a surer footing, a core group of Pakistan experts convened in Washington D.C. in early 2020 to deliberate and identify pathways to forge stronger ties between America and Pakistan. These US-based experts included academics, policy analysts, and retired American government officials, who held a series of consultations to assess the convergences and divergences of interests between the two countries, and to identify tangible means to make this bilateral relationship stronger and more resilient. The combined thinking of this expert group culminated in a policy paper published by the Middle East Institute, titled 'Seizing the Moment for Change: Pathways to a Sustainable US-Pakistan Relationship', which has been widely disseminated to policy and opinion makers in both countries.¹

Yet, bilateral relations cannot be improved through unilateral actions. Tabadlab has thus sought to conduct a mirror exercise focused on the bilateral relationship from the Pakistani perspective. This policy paper, in turn, represents the synthesis of insights and recommendations put forth by a diverse array of Pakistani academics, former military officers, former diplomats, businesspeople and public intellectuals with experience of the Pakistan-US relationship.

A certain amount of variance in terms of how Pakistani and American experts view the bilateral relationship and what they think needs to be done to improve this relationship was to be expected. However, experts on both sides identified significant common ground based on

which this vital relationship can be improved to the mutual benefit of both countries.

Like their counterparts in the United States, the group of Pakistani experts convened by Tabadlab have provided a comprehensive assessment of prevailing ground realities and suggested practical means to chart a new path to cooperation, based on issues of mutual interest. Subsequent sections of this policy paper will identify key factors or drivers underpinning this vital bilateral relationship from a Pakistani perspective. It will then discuss each of these key drivers in detail, outlining specific issues of concern and how to contend with them. The assessment and prescriptions provided in this paper are meant for Pakistani policymakers, but they should also prove of relevance for their counterparts in the United States, and for other relevant stakeholders with an interest in finding means to help improve relations between the two countries.



KEY DRIVERS OF THE PAKISTAN-US RELATIONSHIP

While there is no one fixed lens through which Pakistan has traditionally viewed its relationship with the United States, security and defence ties have been dominant considerations during almost every phase in the bilateral relationship. Since 2004, Pakistan has been designated as a major non-NATO ally of the United States. At the same time, American economic assistance and humanitarian aid has played a key role in various sectors of the economy as the US has remained the largest bilateral donor of civilian aid to the country since the 1950s.²

Pakistan formed a relationship with the US soon after its independence. This relationship was built based on mutual reliance. Pakistan was part of major Cold War alliances including the Southeast Asia Treaty Organization (1954) and the Baghdad Pact (1955). Yet, through the mid-1960s and the early 1970s, the experience of Pakistan's two wars against India soured the perception of the United States within Pakistan, in terms of the extent to which the US could be relied on in times of crisis. Thereafter, a convergence of interests against the expansion of the Soviet Union's footprint into and beyond Afghanistan helped forge a deep defence-centric partnership, elements of which have endured for over forty years.

During the George Bush Sr. and Clinton eras in the 1990s, the end of Cold War resulted in American disengagement from South Asia. Simultaneously, Washington also raised the cost on Pakistan for pursuing its weapons program by imposing sanctions. Islamabad was caught off guard and believed that the US was being unfairly punitive.

The post-9/11 American intervention in Afghanistan led to renewed focus on the region, including the compulsion of bolstering security cooperation with Pakistan. Yet, American attempts to decouple its relations with India and Pakistan, and to create a new Af-Pak hyphenation which viewed Pakistan primarily from the lens of securing American goals in Afghanistan has caused recurring turbulence and mutual acrimony. Through this period of eroding trust with the US, Pakistan has forged increasingly closer ties with China to help meet its energy, infrastructure and financial investment needs.

In the past, this intimacy with China proved to be a useful asset whereby Pakistan served as a bridge to facilitate the China-US rapprochement during the Nixon era. Present day China-Pakistan cooperation is taking shape in a decidedly different geostrategic environment, and often, rather than a bridge, or conduit, Pakistani leaders seek to balance the real (and perceived) pressures from these two great powers to pick a side. During the Trump Administration, American officials made specific observations and comments about the China Pakistan Economic Corridor (CPEC) that have raised even greater concerns in Islamabad about Pakistan being stuck between two large, powerful, and relatively immovable strategic competitors. While the strategic rivalry between China and the United States may not dissipate under the new Biden administration, Pakistan need not become an arena for China-US contestation. Moreover, there are voices in Islamabad that believe CPEC could provide the basis for greater East-West connectivity, which in turn may help stabilize Afghanistan.

The new American administration may adopt a more gradual approach to pulling out of Afghanistan; yet there remains little appetite within the country to indefinitely prolong the longest American intervention in its history. Pakistan has played a vital role in bringing the Taliban to negotiate a deal with America to enable a military exit. Now Pakistan needs to continue working with America to ensure that Afghans themselves can find a political formula to share power instead of engaging in more bloody conflict, the destabilizing effects of which will not spare Pakistan. It is also imperative that the new US administration finds a way to pursue its strategic alliance with India without undermining Pakistani interests, nor escalating already fraught relations between India, Pakistan and China.

Climate change is another issue of emerging concern for Pakistan, and South Asia as a whole, with the potential of becoming a ‘threat multiplier’ in an already tense region.³ The Covid-19 pandemic has added to the list of challenges facing most countries around the world, including Pakistan and the United States. Sustainable economic growth at a time when the economic and social impacts of the pandemic are reverberating globally is going to be hard enough for developed countries like the US, and harder still for developing economies like Pakistan.

Despite these varied challenges, there are evident opportunities which hold the promise of allowing Pakistan and the United States to revamp their bilateral relationship. The stakes are significant for both countries. While the withdrawal of US troops from the region may lessen the compulsion of continuing a transactional relationship with Pakistan (given mutual distrust), such a myopic view of the relationship will not provide a sufficient basis for motivating Pakistan to collaborate with the US to help fulfil its long-term strategic goals either. Instead, there is need to actualize the long-reiterated goal of developing a more comprehensive and durable framework for building a solid bilateral relationship between the two countries. Doing so is vital not only to help address major challenges facing Pakistan, but it can also contribute to American goals of averting catastrophic conflict, preventing terrorism, ensuring regional stability, and in turn benefitting from South Asia’s immense economic potential.

Consultations with Pakistani experts to determine major areas of mutual interest between the US and Pakistan led to the identification of the following seven key drivers of engagement based on which a more robust bilateral relationship can be developed:

1. *Transitioning from geo-political to geo-economic cooperation*
2. *Bolstering human security: Investing in the people*
3. *Partnering for Afghanistan’s future*
4. *Countering global terrorism*
5. *Turning great power competition into great power collaboration*
6. *Contending with the India-US strategic alignment*
7. *Enhancing disaster and climate change mitigation through cooperation*

Subsequent sections of this report discuss each of these drivers in more detail, in turn highlighting issues of confluence and deflection, as well as actionable suggestions which have the potential to help improve the bilateral relationship between Pakistan and the United States.

TRANSITIONING FROM GEOPOLITICAL TO GEOECONOMIC COOPERATION

A historical analysis of Pakistan's relationship with the US reveals that the partnership has been dominated by security imperatives. Such a limited basis for bilateral engagement has led the relationship to become transactional and strained, especially when any divergence of national interests occurs. Recurrent tensions have beset the bilateral relationship over the last two decades due to oft-conflicting priorities in Afghanistan. More recently, a growing gap is emerging between Pakistan and the United States in terms of the approach each country takes towards China and India. While it may not be possible for Pakistan and the United States to achieve complete synchronicity on how they view their own core national interests, it is possible for the bilateral relationship to transcend the pursuit of short-term defence and security goals.

A relationship built on the foundations of economic cooperation and integration can serve as a much more robust and sustainable basis for bilateral engagement. More importantly, such foundations, over the medium to long term, may be the only path to help ease both countries into more cooperative and mutually beneficial strategic postures. US policymakers have often used economic and development aid as the carrot to either compel or entice Pakistan in advancing American geostrategic goals. However, the resulting experience of using financial aid to serve strategic goals delivers short term results at best. One of the key instruments used by the US is the International Monetary Fund (IMF) and World Bank Group. The US must avoid exerting political pressure on these entities to achieve its own strategic goals, as this in turn will continue to erode Pakistan's trust in the global multilateral system and compel it to rely more on Chinese financial support.

Instead of using financial incentives as the means to secure strategic ends, the United States can instead begin viewing trade, investment, and economic cooperation as the underlying basis for developing a durable bilateral relationship with Pakistan. It is in the US interest to enable Pakistan to become economically viable. Forging a closer economic relationship between the two countries holds not only the promise of benefiting Pakistan but also enabling the US to advance its interests in South and Central Asia.

By the same token, a major shift is also long overdue within Pakistan. Pakistan must begin prioritizing and marketing its economic potential instead of banking (and occasionally capitalizing) on its geostrategic location. Pakistan can explicitly leverage its geostrategic position to pursue economic goals, rather than relying on international aid in lieu of furthering the geostrategic agendas of powerful countries, like the United States. Even now, as India's image as the largest 'democracy' in the world has begun to tarnish, and its political actions have strained its relations with its neighbours, it continues forging economic links with China, with other South Asian and East Asian countries, with Oceania and beyond. New Delhi is well positioned to expand its economic linkages due to sheer size of its market and its economy. Yet, Pakistan too has untapped potential of diversifying its economy and becoming more integrated

with the global economy—something that the current government plans to explore through its recent initiatives with regards to economic diplomacy.⁴

In developing its geoeconomic portfolio, Pakistan's economic relationship with the US will prove instrumental, especially if this relationship is based on an independent track of private sector-led economic cooperation.

There is immense potential to enhance Pakistani exports to the US. Despite its growing economic ties with China, the United States remains Pakistan's largest export market. However, Pakistani exports to the US have not grown significantly over time.⁵ The Trade Development Authority of Pakistan (TDAP) has identified prospects for enhancing Pakistani exports to the US from three already well-established sectors: garments, medical and surgical equipment and sports and leisure products.⁶ A further exploration of the tariff and domestic tax and subsidy regimes for these sectors within the US could enable Pakistani manufacturers to engage more effectively with US buyers to further boost their exports to the US. The Pakistan Business Council (PBC) explored the Generalized System of Preferences (GSP) modality in 2020 and concluded that the indicative trade potential for Pakistan to increase exports under the US GSP Program is USD 2.4 billion, and identified the possibility of preferential trade with the US in cotton and soybeans.⁷

Several other untapped opportunities also exist to increase US exports to Pakistan. Pakistan is the 57th largest export market for American manufacturers.⁸ This represents a major disparity from two key vantage points. The first is the relative importance of each country's market to the other. The US is the top export market for Pakistan, yet Pakistan is only number 57 for the US. Pakistan imports of nearly USD 10 billion in machinery,⁹ of which the US currently only owns a market share of 2%. Increased trade is possible in a host of other areas, if US manufacturers and exporters begin to see Pakistan for the potentially high long-term growth market that it is. No country offers the depth and breadth of technology sector investments, from private equity to venture capital to angel investing to incubators like the United States does. American incubation of Pakistani startups could also tap the reserve of one of the world's largest Fulbright scholarship programmes, and the innovation, hunger and market heft of Pakistan's nearly 100-million-strong under-23 population.¹⁰

The Pakistan-US economic relationship is being constrained by low levels of confidence concerning Pakistan's security situation, its economic potential, ineffective public diplomacy, and its ability to transition to more advanced sectors such as information technology. This lack of confidence limits both the market for Pakistani goods in the US, and the appetite among US manufacturers to invest more heavily in the Pakistani market. There is growing resolve in Pakistan to overcome such negative perceptions concerning its economic abilities and potential.

It is encouraging to note that Pakistan's technology exports grew by 44% in the first quarter of 2020, and the current government aims to increase information technology (IT) exports to as much as USD 10 billion in the next five years.¹¹ The US could be a major destination of some of Pakistan's IT related services, including consulting and customer support services. The IT sector in Pakistan would simultaneously benefit from increased US investments, especially by the private sector tech giants.

A de-concentration of supply lines away from China, as US businesses look to mitigate the risk that was actualised by the pandemic's initial outbreak in Wuhan province, will create new

entry points and opportunities for Pakistani exporters and US investors alike. The impact of the COVID-19 pandemic on consumer and business supply chains in the US offers a key window of opportunity for countries like Pakistan.

The creation of a new China led Regional Cooperation Economic Partnership is another reason for the new US administration to reengage with the region, and Pakistan can offer entry points to the US to offset the impression that Asia cannot be a multipolar theatre. Approaching Pakistan as a geoeconomic entity (instead of only a geostrategic one) could enable the country to become a conduit for regional connectivity and trade across South and Central Asia, helping harness the economic potential of the broader region and easing existing frictions within it.

Risk of the Status Quo

The Pakistan-US relationship will continue to have a key strategic dimension, but without a strengthening of economic connectivity and cooperation, American frustration with Pakistan may continue, or even grow. Similarly, a continued emphasis on geostrategic concerns in the relationship will ensure Pakistan's continued vulnerability to those American interests that do not align with Pakistan's, principally, New Delhi's growing proximity to Washington DC, and the concurrently growing distance between Washington DC and Beijing.

Perhaps most urgently, a continued over-reliance on the geostrategic dimensions of the Pakistan-US relationship may be a formula for ever-more heightened tensions as the peace and reconciliation process in Afghanistan enters its most decisive and sensitive phase. Any areas of disagreement between Pakistan and the US in that process risk completely derailing the fraught peace process in Afghanistan and subjecting the wider region to a renewed phase of instability. The US can forge stronger trade ties with Pakistan which would enable Pakistan to gain geoeconomic significance in addition to geostrategic relevance. Pakistan, being the fifth most populous nation on the planet, should, even purely measured by size, rank much higher than 57th among countries that consume US goods. With a greater number of businesses in the US that depend on Pakistani consumption of their products, the depth and reception to Pakistan's views on a whole spectrum of issues would improve.

Opportunities

- Capitalize on Pakistan's geostrategic location and work with the US to realize Pakistan's geoeconomic potential of integrating South and Central Asia
- Pakistan's Ministry of Commerce, Ministry of Foreign Affairs and Ministry for Information Technology need to work with Pakistani exporters to increase the current nearly USD 4 billion worth of exports of goods per annum to a total of at least USD 10 billion. The concerned ministries may also explore modalities for a Preferential Trade Agreement with the US for cotton and soybeans in exchange of textiles not already covered by the US GSP
- The field of IT remains a fertile ground for investment in Pakistan, and the prevailing impediments for US technology companies and tech incubators deepening their investments across Pakistan need to be identified and addressed
- The technology space is one of increasingly strategic dimensions, and deepening US investments in this area in Pakistan would serve to not only open a new market to US

businesses, but also ensure that US technology would not be excluded from a market that is increasingly dominated by China

- Identify and incentivize US private sector investments in water conserving irrigational technologies working in collaboration with entities like the Foreign Agricultural Service at the United States Department of Agriculture



BOLSTERING HUMAN SECURITY: INVESTING IN THE PEOPLE

One of the longstanding constraints impeding a deeper and more meaningful partnership between Pakistan and the US is the preoccupation on both sides to further traditionally defined notions of security, and to consider trade or aid as by-products of security cooperation. However, there is growing international recognition for the need to have a broader and more human centric notion of security, components of which necessitate focusing simultaneously on a wide array of issues from human development concerns to the need to ensure freedom and protect human rights. Both Pakistan and the US would benefit from going beyond attempts to maximize their own national security interests to focusing on a broader array of issues which include building human capital or capacity, addressing human development, and emphasizing human dignity and rights.

The median age of Pakistan's population of more than 220 million is 23 years and more than 64% of all Pakistanis are under the age of 29.¹² Few countries have the kind of youthful demographic human potential Pakistan offers. The Pakistan-US relationship can be a vital asset to help Pakistan develop its human capital in order to reap its demographic dividend. Making this investment in Pakistan's human capital would enable America to turn Pakistan into a larger market for US exports as well as a hub for regional economic integration within South Asia.

The Human Development Index (HDI) considers life expectancy (health), education, and per capita income (economic development) as its three core indicators. Pakistan ranks at 154 out of 189 on the HDI—the lowest ranking amongst all South Asian nations.¹³ Pakistan is thus in dire need of investment and redirection when it comes to addressing its human development needs and making meaningful progress towards achieving the Sustainable Development Goals.

The United States has collaborated with Pakistan over the last few decades on improving human development indicators in Pakistan through Enhanced Partnership with Pakistan Act (EPPA). However, experts have argued that the EPPA, often led by the United States Agency for International Development (USAID), did not achieve its intended goals due to being impelled by short term 'security-driven' agendas, instead of long-term engagement with Pakistan to address its economic growth, education, and health deficiencies.¹⁴ On the one hand, USAID must be insulated from being a tool for the pursuit of American political interests. On the other, Pakistan must become less reliant on grants and loans to meet its human development needs.

Pakistan has reiterated multiple times that it is interested in "trade, not aid."¹⁵ Washington can play an instrumental role in helping Pakistan become a self-reliant economy which is sustained based on its trade relations instead of external aid. However, trade liberalization by itself is not a panacea for socio-economic development. Poorer countries desperate for foreign investment have often engaged in a 'race to the bottom' whereby they outbid other poor countries by offering foreign investors regulatory exceptions and the incentive of higher margins due to low wages. As consumers around the world are becoming more conscious, there is need for governments and private sector entities to make supply chains more ethical, in turn making the phenomenon of outsourcing and increasing global trade fairer for everyone. Paying heed to such developments would enable Pakistani exporters to improve the working conditions

for Pakistani labour and improve the image of Pakistani exports with the help of US private sector-led social audit programs. The US based Worldwide Responsible Accredited Production (WRAP), for instance, is the world's largest independent certification program focused on the apparel, footwear, and sewn products sectors. WRAP¹⁶ already has a presence in Pakistan but there is potential for such mechanisms to be much more widely adopted by Pakistani manufactures, and the US government could incentivize exporters to adopt such measures in lieu of greater access to US markets.

The United States remains the world's dominant producer of knowledge, offering the richest array of skill building and educational opportunities on the planet.¹⁷ The number of Pakistani students studying at American universities is rising, but this intake has not reached its optimal potential given the increase in number of international students from countries with similar levels of GDP. Allowing more Pakistani students to study in the US is in the interest of the US, given the economic value of these international fee-paying students.¹⁸ Many Pakistani students have also benefited from the Fulbright scholarship program, due to which many senior Pakistani decision makers have received their training in the US. Many Pakistani policymakers, such as the current Governor of the State Bank and the National Security Advisor to the Prime Minister have lived and gained professional experience in the US. The US has thus played an important role in providing higher education and professional opportunities to Pakistanis, who can then make important contributions to their own country.

The US already has a track record of supporting better higher education outcomes in Pakistan. In the past, US assistance has helped in establishing key Pakistani institutions, including IBA in Karachi and LUMS in Lahore. The US also supports collaborations between American and Pakistani universities via State Department grants. However, much of the traffic is one-sided, and the ample opportunity for American academics and students to teach and study in Pakistan, especially now that the security situation in the country has significantly improved, remains relatively unexplored. A reassessment of Pakistan's improved security situation by the US would also bring the added benefit of supporting ongoing efforts to rebrand Pakistan as a destination not only for academics, but for businesspersons and tourists more generally.

Besides enabling increased higher education opportunities and exchanges, vocational training is another important area where the US can help build capacity, especially in emerging sectors such as technical skills in renewable energy, healthcare, and hospitality. There is also scope for amplifying cooperation on women empowerment issues. The USAID has made efforts in this direction with the training and financing of more than 50,000 women entrepreneurs in Pakistan,¹⁹ and the US Congress has recently passed the Malala Yousafzai Scholarship Act, under which 50% of all USAID scholarships will go to women.²⁰ USAID has also supported capacity building efforts in neglected regions of the country, such as southern Punjab.²¹ Learning from these experiences, similar projects may be introduced along the CPEC corridor, especially in major hubs like Gwadar.

There also remains a wealth of untapped knowledge and resources within the Pakistani diaspora community which could be harnessed to build human capital in the country. The newly created American Pakistan Foundation which aims to empower the Pakistani American community and use it to build bridges between the United States and Pakistan is one relevant platform which the US government can utilize to create such synergies. Facilitating increased exchanges between the Pakistani American diaspora and their counterparts within Pakistan can help bolster human capital in diverse fields ranging from social entrepreneurship, women's empowerment and healthcare.

Pakistan can certainly do more to further democratic values and address human rights concerns. The US has recently expressed concerns about the civil-military imbalance within the country, the erosion of freedom of expression, including media freedom, and the ongoing persecution of ethnic and religious minorities. While these problems can provide a convenient excuse to embarrass Pakistan, US policy makers must resist the temptation of using rights-based rhetoric to score political points. America's own longstanding relationship with earlier military governments in Pakistan, and its dealing with Pakistan being confined to achieve narrowly defined security objectives, complicate American credibility to criticize Pakistan. On the other hand, instead of introspection concerning what can be done to improve human security, Pakistan is increasingly brushing aside human rights concerns raised by US and other international entities, accusing them of not paying adequate attention to neighbouring countries like India, where ethnic and religious discrimination and authoritarianism has grown sharply over the past few years. Both sides can benefit from a humbler, more mutually respectful and less defensive approach to these issues.

Risk of the Status Quo

Pakistan's youthful population offers the potential of an economic transformation, but it also poses a potential risk. Pakistan's youth bulge must be prevented from becoming a demographic disaster in which a growing mass of frustrated youth are a potential source of social and political instability. In order to do so, increased investment in building Pakistani human capital is vital. Pakistan is a net deficit country in the areas of technology, applied sciences and advanced applied mathematics, and the continued gap in this domain will deepen Pakistan's technological dependence on countries like China.

While Pakistan has its own set of human rights challenges, the continued differentiation between Pakistan and India on issues of human rights, and freedom, will enhance those hawkish elements in Pakistan that are convinced that the US plans to establish an uneven and insurmountable distinction between India and Pakistan in terms of their human rights record. Cooperation within traditional spheres of security may help the US and Pakistan better contend with national security threats, but such cooperation will not be able to address the human security needs of the Pakistani people. The use of aid to serve political objectives or the singular reliance on market mechanisms—which often enable elite capture of benefits of trade and can serve to exacerbate inequalities instead of alleviating them—will not enable US linkages with Pakistan to win hearts and minds, nor bring about transformational change in the country. Instead, Pakistan needs to engage the US to help fulfil the unmet needs of its people and to help realise the latent potential of its burgeoning young population.

Opportunities

- Work with the US to help contend with human security concerns instead of focusing primarily on traditional security issues
- Facilitate American universities interested in opening campuses within Pakistan
- Identify visa regime constraints faced by fee-paying Pakistani international students
- Utilize the American Pakistani diaspora to boost academic exchanges to build mutual

understanding between the two countries and to support capacity building and human development goals

- Identify ways to attract increased US private financing in sectors that complements past or current American assistance so that the gains enjoy a multiplier effect or catalytic development impact
- Identify incentives for Pakistani exporters who undertake social audits to improve working conditions of factory workers, and who abide by environmental regulations, so that they may have easier or greater access to US markets
- Coordinate with US human rights and religious freedom entities to take a broader and more impartial view of rights violations across the South Asia region



PARTNERING FOR AFGHANISTAN'S FUTURE

With the signing of the peace agreement between the US and the Taliban in 2020, there is finally hope for an end to the intractable conflict in Afghanistan. Just recently, the Afghan government and the Taliban leadership agreed to a set of framework rules to take the peace talks further and closer to a tangible peace agreement.²² A US military drawdown from Afghanistan is also imminent. While the Biden administration may have preferred a more gradual withdrawal, the direction of travel for the US in Afghanistan has been set. It is unlikely to change drastically. However, Afghanistan will remain a legacy issue for the new US administration, and it is unlikely to repeat the mistake it made of abandoning Afghanistan to civil strife, as it did in the 1990s, providing fecund ground for global terrorism after the Soviet Union's withdrawal from the country.

The fault lines between Washington D.C. and Islamabad concerning Afghanistan are old and deep. Pakistan sought for many years to persuade the Americans that the exclusion of the Taliban from governance in Afghanistan was not feasible. Evidently, US acceptance of the Taliban as a legitimate stakeholder in the future of governance in Afghanistan is a major step forward towards peace and stability. This breakthrough has also led the US to acknowledge and appreciate Pakistan's role in facilitating a solution to the Afghan imbroglio, and to recognize Islamabad as a critical stakeholder in the future of Afghanistan.²³

While insistent on the need for a political solution as the means to end the conflict in Afghanistan, Pakistan does not want the US to completely disengage from Afghanistan. Instability in Afghanistan will again end up spilling across the border into Pakistan. Stability in Afghanistan is thus in the best interests of both Pakistan and the United States. The peace deal between the US and the Taliban therefore is not an end in itself. It is a prerequisite to the next stage of the peace process, which is cooperation between the Afghan Taliban ("the Islamic Emirate") and the Afghan government ("the Islamic Republic") in service of a feasible power-sharing agreement.²⁴ Islamabad is not vying for an outright Taliban victory nor is it in Pakistan's interest that the Taliban be completely marginalized, as both extreme outcomes will sustain, rather than end violent insurgency. The Pakistani leadership and policymakers have reiterated the need for an Afghan-owned peace process and governance model that is acceptable to the people of Afghanistan, and inclusive of all key political actors in that country.

To achieve sustainable peace in Afghanistan, it is essential that the US remains involved in peacebuilding efforts and redoubles efforts to improve governance and economic development in Afghanistan. The long-term stabilization of Afghanistan will require multi-stakeholder solutions aiming to build Afghanistan's capacity to function as a secure, peaceful, economically sovereign and regionally integrated nation. However, the US needs to be clear on how it aims to support Afghanistan in the future, and the countries it decides to work with for this purpose will have important ramifications. Peacebuilding in Afghanistan could fail if it remains a theatre for regional competition. While India has become a significant source of economic investment in Afghanistan, Islamabad remains wary of New Delhi's intentions in Afghanistan. The US needs to ensure that India's influence in Afghanistan is not leveraged to threaten or undermine Pakistani security and stability.²⁵

Economic development will be the key for peace and prosperity in Afghanistan, especially if the benefits of such development are focused on the grassroots level. Economic development must be directed on freeing ordinary Afghans from the scourge of a conflict economy, and of poppy production and narcotics. Stability can be bolstered through continued international cooperation and increased economic connectivity.²⁶

Economic cooperation with Afghanistan should be a key strategic imperative for Islamabad as it forges a new relationship with Afghanistan. Hectic efforts are currently afoot to boost trade between Afghanistan and Pakistan. A Preferential Trade Agreement with Pakistan is about to be announced. Pakistan and Afghanistan have an existing transit trade agreement, the Afghanistan Pakistan Transit Trade Agreement (APTTA), signed in 2010 but there have been significant barriers to full implementation due to slow execution in Pakistan and a generic lack of capacity in the Afghan state.

The most promising future avenue for Pakistani and American partnership in Afghanistan is based on a multifaceted economic partnership, on the back of which Pakistan can mobilize other regional players as well to partake in the reconstruction of Afghanistan. While earlier attempts to create a trade preference program for Afghanistan and parts of Pakistan (a Reconstruction Opportunity Zones or ROZs) did not materialize, both Afghanistan and Pakistan remain keen to boost bilateral trade. Afghanistan has begun using the Chinese-operated Pakistani port of Gwadar for transit trade. There are ample opportunities for US firms to explore possibilities to initiate joint ventures with Afghanistan and Pakistan. A trilateral economic arrangement between the US, Pakistan and Afghanistan would help achieve these goals. The Development Finance Corporation (DFC) can play an essential role as it may be best positioned to create investment opportunities for businesses for all three countries. Other US government agencies can contribute to the sustainability of such efforts by supporting collaborative projects with the potential of enhancing trade and economic connectivity. Pakistan could also be encouraged to invest in public works and development projects that complement the work of multilateral funds supporting Afghanistan, such as the Afghanistan Reconstruction Trust Fund (ARTF) set up in 2002. In turn, Western donors can pledge greater resources to projects that deepen the economic cooperation between Pakistan and Afghanistan. To explore such possibilities, it is vital that interested members of American business and investment community regularly join American delegations shuttling between Kabul and Islamabad as part of the peace process.

A robust bilateral relationship between Islamabad and Kabul is one of several regional stabilization goals, and the US must recognize the importance of not upending this relationship in its efforts to ensure a hasty withdrawal. In the long-term, cordial relations with Afghanistan will open opportunities for Pakistan to engage geoeconomically with Central Asian states as well. Allowing and enabling Pakistan and Afghanistan to become hubs of regional connectivity would go a long way in ensuring regional stability and connectivity.

Risk of the Status Quo

As the peace process in Afghanistan inches forward, and the US withdraws its troops from Afghanistan, it is imperative that Washington D.C. looks beyond the peace process itself and begins to put in place mechanisms to enable long-term regional stability. The US can no longer rely on a security-dominated framework to pursue its strategic interests in Afghanistan. Instead, the US will need to focus on working with regional partners like Pakistan to boost regional connectivity and cooperation.

If regional cooperation and economic integration is not prioritised, peace in Afghanistan will be hard to materialize. Pakistan has evolved past the “playing one faction against another” tactics, and now it must focus on creating an economic role for itself in Afghanistan, and the US can work with Pakistan to achieve this mutually beneficial goal. The impression that exists in Washington that America can resort to punitive options to force what it sees as ‘desirable change’ in Pakistan’s regional behaviour is misplaced, and will likely cause more harm than good. Growing uncertainty about the stability of Afghanistan will exacerbate the likelihood of an intensification of New Delhi’s role in Afghanistan, which from Pakistan’s perspective, focuses on the exploitation of fissures within Pakistan. India has used its position in Afghanistan in the past to conduct clandestine operations on Pakistani soil, supporting both violent extremist groups like the TTP and separatist militant groups such as the BLA. Pakistan’s concerns about India’s conflict-prolonging actions in Afghanistan need to be addressed in order to strengthen mutual confidence and trust in the Pakistan-US defence relationship.

Opportunities

- Establish trade and commercial activity between Afghanistan and Pakistan, and invite US investment in ventures and projects that help deepen the economic relationship, using support from US government agencies like the DFC, and multilateral instruments like the ARTF
- Engage with the US to overcome hurdles preventing implementation of the Afghanistan Pakistan Transit Trade Agreement
- Work with Afghanistan to proactively develop joint projects which can be financed by the US and invite trade representatives to accompany military and diplomatic negotiators shuttling between Kabul and Pakistan to negotiate the terms of the Afghan peace deal
- Ensure, with US backing and support, that Afghanistan does not allow its soil to be used to destabilize Pakistan
- Discuss with US agencies (including the DFC) and multilateral organizations (such as the ADB and World Bank) the financing needs of specific projects with potential to integrate Central and South Asia, such as the Mazar-i-Sharif-Kabul-Peshawar railway line



TURNING GREAT POWER COMPETITION INTO GREAT POWER COLLABORATION

The China-US strategic rivalry has escalated and become increasingly acrimonious in recent years. American policymakers, particularly under the Trump administration, have hardened in both word and in deed, attempting to exert ever increasing pressure on China. While the Biden administration may not continue the escalation of rhetoric, the big power competition between China and the United States is set to define international relations and global security for the foreseeable future. China may remain America's biggest foreign policy challenge, but the approach taken by the new US administration will likely be more sophisticated and nuanced than what preceded it. Under Donald Trump, the narrative on China was of an "enemy", and President Biden has indicated that he will seek to treat China more as a "competitor", rather than an enemy.²⁷

The significance of the China-US rivalry for Pakistan cannot be overstated, and it is up to Pakistan to define and form a long-term approach to handle this strategic rivalry or competition. The hope for less hostile rhetoric under a new US administration offers an ideal opportunity for Pakistan to develop a carefully calibrated balance in its most important bilateral relationships. Indeed, the relationship Pakistan has with China and the US are quite different in nature. Balancing this relationship does not imply equal depth and breadth with both. But it does demand that Pakistan not allow itself to become embroiled in the issues between China and the US, especially those on which they have deep disagreements.

The Biden Administration's plan to revive American diplomacy may offer a pathway for growing Pakistan-US cooperation, despite continued growth in India-US relations. Rather than seeing the Pakistan-India equation as a zero-sum game, US policymakers may be drawn to the notion that diversified US leverage in South Asia is better for the region, the world at large, and the US in particular. Pakistan should strongly back the idea that the US interests in the region can be better served through cooperation, rather than confrontation with China. Pakistan can capitalize on its bilateral relationships with both China and the US by demonstrating agility and practicing conflict avoidance. Islamabad can provide an ideal interface for the two global superpowers, which are otherwise at odds with each other.

Rather than being coerced into choosing either Beijing or Washington, Pakistan needs to set itself up as a mediator to allow the two great powers to pursue their shared interests.²⁸ However, Pakistan needs to enhance its capability to balance diplomatic ties. Pakistan has in the past played the part of a bridge state for the two powers during the Nixon era. However, the nature of the strategic competition between the US and China is now quite different, and Pakistan cannot assume that it will be able to achieve any sort of détente. Pakistan can however avoid becoming a proxy arena for China-US competition and instead offer them unique avenues for engaging in mutually beneficial cooperation. This requires Islamabad to have a clear and long-term vision for its own growth and development, and then to assure that the relationship with both countries helps Pakistan to achieve these goals.

Pakistan needs to be proactive in enabling US investment in CPEC-linked ventures. Greater transparency and mutual confidence building around CPEC may help mobilize greater trust and willingness of American firms to invest in these ventures. Unnecessary domestic controversies about CPEC that draw negative press should be proactively tackled through transparent, robust and participatory decision making about CPEC and its governance. Simultaneously, linking Afghanistan to CPEC is a regional win-win and would demonstrate much needed possibilities for great power collaboration.

Finally, Pakistan's growing maritime and naval capabilities in the Arabian Sea, and its strong historical partnership with the United States can serve as strategic assurance to both China and the US about the other's intentions. The Aman 21 exercise—where Russia and the US will participate together in a military exercise for the first time in over two decades—is an important exemplar of Pakistan's potential role as a bridge and facilitator of engagement between the US and its principal strategic competitor, China.

Risk of the Status Quo

In the case of tensions between the US and China intensifying, it would be a mistake for Pakistan to approach its relationship with either China or the United States as a zero-sum game. Entrapping itself in bloc politics will be damaging for Pakistan's strategic interests, both in terms of its historic competition with India, its existing alliance with China, and its aspirations as a middle power, with the capacity to engage and support greater trust and cooperation between competing nations.

Pakistan cannot afford to move in directions which may heighten US or Chinese insecurities. Washington D.C. is concerned that Beijing will eventually exploit the Gwadar port to exert maritime dominance in the Arabian Sea, which may present a threat to American allies in the region. Pakistan can alleviate such US concerns through demonstrating openness and a collaborative approach that reinforces the economic value of CPEC.

Pakistan has not yet reached a point where it must choose sides between China and the US. On the current trajectory, it may avoid this fate, but greater energies need to be exerted to ensure that it is never faced with such a stark choice.

Opportunities

Invest diplomatic, economic and political capital to build Pakistan's stature as one of the most capable and natural bridges between China and the West and avoid any classification that links Pakistan to either China, or the United States exclusively

Avoid blanket endorsement of all Chinese foreign or domestic policies, especially when doing so might undermine the principled positions that Pakistan may take on other issues, particularly its leadership at the UN in countering religious discrimination, especially against Muslims

Use the CPEC opportunity to enhance and deepen civilian capacity to build and sustain economic hardware and software. Ensure that all aspects of CPEC are open and transparent in line with international investment norms, and supportive of the wider geoeconomic posture that the country wants to transition to

Identify public infrastructure investments in CPEC projects and affiliated programmes which can serve as a vital instrument of economic cooperation and connectivity between vendors from the United States, planners from Pakistan, and financiers from China. The starting point for such cooperation may be the Special Economic Zones set up under CPEC



CONTENDING WITH THE INDIA-US STRATEGIC ALIGNMENT

Pakistan has witnessed a two-decade long process in which it has been replaced as the United States' primary strategic ally in the South Asia region. India's strong economic and trade capabilities have catapulted it to America's eleventh largest trade partner, with annual total trade valued at over USD 63 billion.²⁹ Maturing economic and trade relations serve as a foundation for expanding defence and security relations and further bolstering the strategic dimension of India-US relations. The growing depth of ties between Washington D.C. and New Delhi is a clear and direct threat to Pakistan's core national interest.

This strategic alignment became even more visible when India and the United States signed the Basic Exchange and Cooperation Agreement (BECA) during their last 2+2 Ministerial Dialogue.³⁰ This meeting occurred on the heels of tensions flaring up on the Sino-Indian border, and BECA will now allow New Delhi to access high-end military technology, classified satellite data, and other critical intelligence information provided by the US. India's ability to scrutinize and bolster its military capabilities in the disputed Himalayan region is a source of concern not only for China but also for Pakistan.

The principal driver of US efforts to forge closer ties with India may be American fears about China and its global ambitions. But to reduce the India-US relationship to an anti-China alliance or viewing it as a sign of Pakistan's diminishing relevance in the region would be counter-productive. Pakistan should not, in principle, object to the growing strategic convergence between India and the United States. However, it must persuade the US of not allowing its newfound convergences with New Delhi to compromise Pakistan's national security. Pakistan fears that the increasing defence cooperation between the US and India will enable New Delhi to engage in activities that will threaten the strategic balance in the region.³¹

Efforts to highlight India's occupation of Kashmir as a human rights issue, as well as the source of conflict between Pakistan and India, must continue to be a key diplomatic goal for Islamabad. Concurrently, one of the most effective ways for the Biden administration to demonstrate its good faith as far as the South Asia region is concerned is for key officials to have a clear and unambiguous position on India's annexation of August 5, 2019, and the human rights violations in Kashmir that predate the annexation, as well as those pursuant to it. Pakistani expectations in this regard however will need to remain modest.

Revamping its own relationship with Pakistan and elevating this relationship to a more strategic level could offer the US an opportunity to diversify its points of leverage within South Asia, without undermining its investment in New Delhi. To do so, however, American officials needs to be more discerning in their endorsements of Indian accusations about Pakistan. This is especially relevant in light of Pakistan's release of a dossier that details alleged Indian support for terrorist attacks in Pakistan, as well as the expose of a large and coordinated network of propaganda and disinformation operations against Pakistan.³² Pakistan must also keep highlighting the risks of US acquiescence to any unilateral Indian action against Pakistan, especially in view of recent revelations concerning Indian decision making in the run up to, and immediately after the Balakot crisis—where domestic political considerations caused two nuclear powers to be brought to the brink of war.³³

While the US cannot be expected to play the role of a mediator between Pakistan and India, it possesses sufficient leverage to assure the containment of provocative actions, and to lead conflict de-escalation, a role which it can continue to play in South Asia.

Besides the Kashmir issue, the US needs to show more concern for the plight of Muslims in India, as that too remains a major source of friction in the Subcontinent. The United States Commission on International Religious Freedom (USCIRF), an independent, bipartisan federal government entity established by the Congress to report on threats to religious freedom abroad had recommended that India be designated as a 'Country of Particular Concern' (CPC) by the US government. The State Department has designated ten countries on the CPC list in December 2020, including China and Pakistan but not India. India's omission from the CPC list despite the USCIRF recommendation undermines the credibility of this ranking, and it may motivate India to pursue even more repression against Muslims. Disputing why Pakistan remains on the CPC list is more difficult but Pakistan can, and should, question the State Department's decision to exclude India from the CPC list.

Risk of the Status Quo

In the past, both China and the US have encouraged Pakistan and India to engage in diplomatic solutions to crises, and to deepen their trade relationship. Increasing acrimony between China and India and the strategic rivalry between the US and China may undermine the shared American and Chinese interest in alleviating tensions between Pakistan and India. Conversely, the recent tensions between China and India have served to further reinforce claims by some Indian strategists of its indispensability to Washington D.C. Increased convergence between India and the US must not translate into carte blanche for India to become even more aggressive and provocative in its relationship with Pakistan. If the US fails to address this legitimate Pakistani concern, the likelihood of Islamabad becoming even closer to Beijing will exacerbate, in addition to increasing the chances of dangerous conflicts within the region.

Opportunities

- Continue working with the US on conflict mitigation and confidence building measures in South Asia to reduce tensions on the Line of Control
- Impress upon US officials the importance of ensuring that India-US convergence, especially in the sphere of defence and security cooperation, does not come at the expense of Pakistani interests
- Advocate the need for US leadership to hold India accountable for its actions in Occupied Kashmir and for its increasingly discriminatory policies towards Indian Muslims
- Impress upon US policy makers the need to hold India to account for its use of disinformation to discredit Pakistan in Western countries and for the US to be more discerning in its endorsement of Indian aggressions, such as the Balakot attack
- Remain open to the possibility of intelligence cooperation against international terrorist groups and other US facilitated regional trade and energy projects between India and Pakistan and other regional actors.

COUNTERING GLOBAL TERRORISM

The United States seems poised to withdraw almost all of its combat operations in Afghanistan and transform the residual footprint it has within the country into a training and support mission. Yet the threat of major terrorist groups operating in Afghanistan is far from eliminated³⁴. Whilst Taliban assurances on groups like Al Qaeda are encouraging, the continued potency of Da'esh to organize and attack targets within and beyond Afghanistan represents a major counterterrorism challenge for the United States and Pakistan. Islamabad is mindful of this threat, since instability and the rise of terrorist insurgents in Afghanistan almost always results in spill over into Pakistan. Few issues thus represent as obvious and important a convergence between Pakistan and the US as the need to contend with the counterterrorism challenge.

Despite evident rifts in their approach, Washington D.C. and Islamabad have a long history of mutually beneficial counterterrorism cooperation in the past, including intelligence sharing. The most obvious path to confidence and trust building between the two countries is a renewed effort to secure Afghanistan as a stable and investment friendly country and asphyxiating the terrorist groups that seek to use it as a viable ecosystem for recruitment, training and operations.

Pakistan has paid a heavy toll in the 'war against terror' and it has demonstrated an ability to conduct effective counterterrorism operations, win back territory from terrorist groups and re-establish the writ of the state. Earlier this year, a State Department report accused Pakistan of failing to do enough against terrorist groups.³⁵ Despite such incriminations, Pakistan has taken a number of important steps to address US concerns, including those related to the United Nations Security Council Resolution 1267 sanctioned groups that have been at the heart of Pakistan-US contention for years. The counterterrorism relationship between Pakistan and the United States would benefit from coherence of messaging and agendas. To achieve this kind of synchronicity will require more robust alignment from the US on groups that Islamabad is deeply concerned about having safe havens in Afghanistan.

The American insistence that the Taliban sever their links with Al Qaeda and other terror groups indicates the centrality of the counterterrorism function for the US in the region. Al Qaeda was the primary reason that led to the US invasion of Afghanistan back in 2001, and now as it leaves, it wants reassurance that the group will not resurface. The Taliban, on the other hand, are not interested in any form of a "Western footprint" in Afghanistan, even if it is a counterterrorism force protecting them. Yet, cooperation by and with the Taliban will be key to preventing both Al Qaeda and the more recent Da'esh (or ISIS) from using Afghanistan as a launchpad for terror attacks around the world.

While Pakistan alone cannot and will not be able to carry the load of counterterrorism in the region, it can play an instrumental role in keeping the terrorist threat at bay. Islamabad would also accrue the concurrent benefit of being able to support Afghanistan's leaders in preventing the use of Afghan soil by India and other proscribed terrorist and militant groups including the Tehreek-e-Taliban and the BLA.

Counterterrorism in Afghanistan is only one aspect of the potential wider counterterrorism partnership that Pakistan and the US should deepen. A range of regional countries struggling

with factions of the Islamic State and Al Qaeda can benefit from Pakistani expertise in counterterrorism. Al-Qaeda in the Indian Subcontinent, usually abbreviated as AQIS, aims to fight the governments of Pakistan, Afghanistan, India, Myanmar, and Bangladesh, in order to establish its own version of an Islamic state. Mutual reassurance and cooperation facilitated by the US can help these otherwise suspicious neighbouring states to share intelligence and cooperate against joint threats, which can build much needed trust and allay some of the suspicions plaguing the South Asian region.

Risk of the Status Quo

Following the transition to a Biden Administration, competing interests in Afghanistan will look to influence the new president and his decision making. Withdrawal from Afghanistan, without a clear-cut set of policies and partnerships for counterterrorism may present terrorist groups with an opportunity to assemble and re-emerge, in a manner not possible since October 2001. This has significant implications not just for Pakistan, but for the entire region. Pakistan's own successes and achievements in counterterrorism must be acknowledged as proof that Islamabad has both the capability and the intent to tackle terrorist groups that may seek to use the US withdrawal from Afghanistan as an opening. If American officials repeat the patterns of engagement with Pakistan that were adopted between 2008 and 2016, the bilateral relationship is unlikely to grow. Indeed, more of the same on how the US approaches Pakistan will almost certainly hinder the process of creating a more robust counterterrorism partnership in the region.

Besides cooperating with Pakistan, the US needs to ensure that there is increased cooperation between Pakistan and Afghanistan against terrorist groups which aim to destabilize both countries, and similar cooperation can be encouraged amongst other neighbouring states. Unless there is more cooperation on terrorism between South Asian states, militant groups like AQIS and Da'esh will continue to find safe havens and aim to exploit regional rivalries to their own advantage. Pakistan's inclusion on the 'grey list' of the Financial Action Task Force, and the threat of it being blacklisted, undermines Pakistan's credibility in playing a more prominent regional role in contending with the threat of global terror, and it is vital that the US supports Pakistan's removal from the FATF grey list.

Opportunities

- Establish high-level political consensus, mid-level messaging coherence, and field-level interoperability between Pakistan and American counterterrorism efforts whereby the security interests of both countries can be ensured
- Work with the US and solicit its support for Pakistan to be removed from the FATF grey list
- Develop a modus operandi to enable cooperation with and between different powerbrokers in Afghanistan (the elected government and the Taliban) to curb the influence of Da'esh and Al Qaeda
- Engage in and support intelligence cooperation and intelligence sharing for counterterrorism with US partner nations in South Asia



ENHANCING DISASTER AND CLIMATE CHANGE MITIGATION THROUGH COOPERATION

Pakistan has seen its share of disasters over the past few decades. In the aftermath of the 2005 earthquake, Pakistan created a national disaster management agency (the NDMA) with the support of several international partners. The NDMA has tried to put in place mechanisms at lower levels of governance to contend with disasters, yet there is ample room for enabling Pakistan to develop a more proactive approach in terms of dealing with varied forms of disasters.

US government agencies, like the Center for Disease Control (CDC), the US Department of Agriculture and USAID, have also worked with Pakistan in the past to bolster its risk assessment, prevention, mitigation and preparedness strategies. While Pakistan has managed to contain widespread Covid-19 infections and Covid-19 related deaths, the country's health management system needs to be better prepared to contend with the threat of infectious diseases more generally, especially those with the potential of becoming future pandemics. Pakistan needs to build its capacity to effectively identify and report infections, its health care providers need specialized training to deal with pandemics, and the country's ability to procure, store and administer vaccines must be strengthened. USAID has been working with the NDMA and other relevant entities to strengthen Covid-19 monitoring and response, providing equipment and training, and collaborating with Pakistani pharmaceutical companies to produce Remdesivir.³⁶ This collaboration is useful for helping Pakistan prepare to mitigate health-related disasters.³⁷

Pakistan has also experienced major floods and droughts in past years which have exerted a massive human and economic toll on the country. Drastic changes in precipitation levels are recognized as a major indicator of climate change. Even though Pakistan produces just 0.5% of the global CO₂ emissions, it is considered the fifth most vulnerable country facing multiple forms of climate-related disasters.³⁸ Besides recurrent floods and drought, climate change is causing an impending Himalayan glacial melt, which has the potential to further exacerbate tensions with upper riparian India. Pakistan also suffers from intolerable levels of pollution, which paralyze major cities like Lahore each year, during the onset of winter, a phenomenon which has now been dubbed as 'smog season'.

Experts have stressed that climate change will be a bigger threat to the people of Pakistan than terrorism in the coming years.³⁹ The flood and heavy rain in Karachi last year is a prominent example of the paralysis that occurred, and the heavy costs that people paid. It was estimated that the businesses in Karachi lost PKR 12 billion (USD 71 million) in just one week.⁴⁰

At the UN Climate Summit, Prime Minister of Pakistan has committed that by 2030, 60% of Pakistan's energy needs will be produced through renewable sources. The government also plans to shift 30% of the country's transport fleet to run on electricity by 2030. Another welcome and ambitious initiative is to convert power plants in the country using indigenous coal to either gas or fluid plants on an immediate basis.⁴¹

In Washington, the narrative on climate change took a nosedive when President Trump was

elected for office. Under his leadership, the United States dropped out of the Paris Agreement and a negative discourse towards the issue was adopted. However, under the Biden administration, climate change will be a high priority focus. The Biden administration also plans to re-join the Paris Agreement. President Biden has pledged to spend USD 2 trillion over the next four years to decrease carbon emissions and mitigate the impact of climate change. Pakistan's plan to revitalize its energy use and production by 2030, provides immense opportunities for American companies to invest in green technologies in Pakistan, which offer the benefit of mitigating climate risk.

The fact that John Kerry, who was the co-architect of the Kerry Lugar Bill for Pakistan, has been appointed as Biden's Special Envoy on Climate offers Pakistan a good opportunity to deepen bilateral cooperation on dealing with climate threats. The US can play a vital role in promoting research and data sharing to help Pakistan mitigate against disasters and to conserve precious natural resources like the Indus water basin. The US is uniquely positioned to encourage Pakistan-India collaborations which are currently beyond the purview of the Indus Water Basin Treaty. Instead of allowing climate-related threats such as water scarcity from becoming another major source of tension in the region, Washington can aim to encourage environmental diplomacy to help lessen the acrimony between India and Pakistan.

Risk of the Status Quo

Healthcare systems in Pakistan are ill equipped to contend with preventable diseases, and assure quality of care in ordinary circumstances, let alone in the face of pandemics, the reoccurrence of which remains likely given this era of globalization. The inability to contend with a widespread pandemic could unleash havoc in a poor country like Pakistan. Over the last few years, the people of Pakistan have also paid a huge price due to calamities caused by climate change. As the threat of climate change grows with every passing day, it will have repercussions which are more threatening and longstanding than the current Covid-19 pandemic.⁴² Being most vulnerable to climate change, Pakistan must develop its mitigation and adaptation capabilities through international and regional cooperation. Otherwise, Pakistan's ambition of being an economically robust and prosperous nation will be subverted by this escalating threat.

Opportunities

Boost ongoing efforts to expedite pandemic surveillance and management, as well as vaccine procurement and distribution capabilities to contend with Covid-19 and future pandemics, with technical and financial support from USAID and other relevant US government and private sector entities

- Identify specific needs for technological support and opportunity for US private sector firms to help reduce emissions and to preserve other natural sources, by highlighting successes like the Billion Tree Tsunami and support for policies like the electric vehicles initiative
- Identify means for US support to bolster disaster mitigation, management and resilience building efforts especially at lower levels of governance
- Explore possibilities for US firms to invest in green energy alternatives in Pakistan, and in converting existing coal powered projects into gas or fluid plants

- Create incentives such as tax relief for American businesses that are interested in investing in 'green' energy projects in Pakistan
- Proactively engage with the US to explore opportunities for engaging in US-backed environmental diplomacy with neighbouring countries, including India



CONCLUDING REMARKS

The pursuit of transactional or even punitive policy actions have shown little promise in enabling constructive engagement between the United States and Pakistan. While American policies in South Asia are undergoing a significant shift given its increasingly strategic alignment with India and its withdrawal from Afghanistan, the emergent geopolitical realities in the region will continue to demand active US engagement with the region, especially with Pakistan. Building a closer relationship with Pakistan offers the US alternative pathways of furthering its own national interests such as contending with the growing influence of China. A more comprehensive engagement with Pakistan would also enable the US to further other goals of mutual interest with Pakistan as well as other regional countries, such as preventing conflict, terrorism, economic instability and contending with the threat of climate change.

As both countries seek to attempt to forge a closer bilateral relationship, the extensive consultations amongst core groups of experts in the US and in Pakistan in this report and the preceding one, published by the Middle East Institute, offer a basis of reference for policy makers. Both sides can use these frameworks to develop a more detailed policy architecture for bilateral engagement.

The new US administration will have a lot on its foreign policy agenda as it tries to reinvigorate American foreign policy commitments around the world. The changing geostrategic environment in South Asia, including the important role being played by Pakistan in negotiating peace in Afghanistan, provides unique opportunities for Pakistani policy makers to be proactive in terms of exploring means for establishing a comprehensive and resilient bilateral relationship with the United States. The US-Pakistan Strategic Dialogue modality, which lasted for several years (until 2016), had led to the creation of distinct ministerial working groups,⁴³ which could be reactivated and revamped to help define a new modus operandi for bilateral engagement based on the seven key drivers identified in this policy paper.



ENDNOTES

¹ Weinbaum, M. and Ali, S. M. 2020. 'Seizing the Moment for Change: Pathways to A Sustainable US-Pakistan Relationship'. Washington D.C.: Middle East Institute. Available at: <<https://www.mei.edu/publications/seizing-moment-change-pathways-sustainable-us-pakistan-relationship>> [Accessed 17 December 2020].

² Ali, M. 2019. 'The Politics of US Aid to Pakistan: Aid Allocation and Delivery from Truman to Trump'. London and New York: Routledge)

³ Byran, Joe. 2017. 'Climate Change as a threat multiplier'. The Atlantic. November 16, 2017. [online] Available at: <<https://www.atlanticcouncil.org/blogs/new-atlanticist/climate-change-as-a-threat-multiplier/>> [Accessed: December 12, 2020].

⁴ APP. 2020. 'PM constitutes 'outreach committee' to promote economic diplomacy'. Pakistan Today. [online] Available at: <<https://profit.pakistantoday.com.pk/2020/09/23/pm-constitutes-outreach-committee-to-promote-economic-diplomacy/>> [Accessed 17 December 2020].

⁵ In 1999, Pakistan's exports to the US valued at USD 1.74 billion, and their value increased modestly to USD 3.92 billion in 2019. In comparison, Bangladesh's export to US in 1999 were at USD 1.91 billion, and they increased to USD 6.68 billion in 2019, which is almost twice the size of Pakistani exports. On the other hand, India's exports to the US were USD 9.07 billion in 1999, and grew to a record USD 54.2 billion in 2019. For more details see: U.S. Census Bureau. 2020. Foreign Trade - U.S. Trade in Goods with India. [online] Available at: <<https://www.census.gov/foreign-trade/balance/c5330.html>> [Accessed 17 December 2020].

⁶ The criteria to determine which subsectors may be the ones with the highest export growth potential, TDAP delineated the following three metrics: 1) Are Pakistan's total exports from a given subsector greater than USD 100 million? 2) Are total US imports from the subsector greater than USD 100 million? 3) Is the market share of the identified Pakistani subsector less than 10% of the US market for that subsector? Based on these metrics, the top ten subsectors with the greatest potential for deepening exports to the US were identified as: HS-620462 Women's trousers and shorts of cotton, HS-620342 Men's trousers and shorts of cotton, HS-610510 Men's shirts of cotton, (excluding nightshirts, T-shirts, singlets & other vests), HS-901890 Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s., HS-610910 T-shirts, singlets and other vests of cotton, HS-420310 Articles of apparel, of leather or composition leather, HS-100630 Semi-milled or wholly milled rice, HS-950662 Inflatable Balls, HS-420321 Sports gloves of leather, HS-390761 Polyethylene terephthalate. For more details, please refer to: Arshad, S., 2020. 'Country Report: United States Of America A Study Of US-Pakistan Trade Relations And Top Potential Items For Export To The US Market'. Karachi: Trade Development Authority of Pakistan. [online] Available at: <<https://tdap.gov.pk/wp-content/uploads/2020/07/1.1-country-report-USA-v5.pdf>> [Accessed 25 December 2020].

⁷ PBC. 2020. 'Pakistan and the US GSP Opportunity'. Karachi: Pakistan Business Council. [online] Available at: <<https://www.pbc.org.pk/research/pakistan-and-the-us-gsp-opportunity/>> [Accessed 25 December 2020].

⁸ Arshad, S. 2020. 'Country Report: United States Of America A Study Of US-Pakistan Trade Relations And Top Potential Items For Export To The US Market'. Karachi: Trade Development Authority of Pakistan. [online] Available at: <<https://tdap.gov.pk/wp-content/uploads/2020/07/1.1-country-report-USA-v5.pdf>> [Accessed 25 December 2020].

⁹ Workman, D. 2020. 'Pakistan's Top 10 Imports'. [online] World's Top Exports. [online] Available at: <<http://www.worldstopexports.com/pakistans-top-10-imports/>> [Accessed 25 December 2020].

¹⁰ @aatif_awan. "A growing list of global VCs who have already invested in Pakistani startups. If you're a VC interested in/curious abt Pakistani startups reply/DM. I'll be carving out dedicated time to get you up to speed on the market. See 1st reply Why Pakistani Startups are the Next Big Thing". Twitter.

[online] Available at <https://twitter.com/aatif_awan/status/1352872221790752770?s=20> [Accessed 23 January 2020].

¹¹ Khan, Z. 2020. 'Pakistan's IT Exports Increase By 44% In First Quarter' SAMAA TV. [online] Available at: <<https://www.samaa.tv/money/2020/10/pakistans-it-exports-increase-by-44-in-first-quarter/>> [Accessed 17 December 2020].

¹² UNDP-Pakistan. 2020. 'Human Development Report for Pakistan'. UNDP. [online] Available at: <<http://hdr.undp.org/en/countries/profiles/PAK>>

¹³ UNDP. 2020. 'Human Development Report for Pakistan'. UNDP. [online] Available at: <<http://hdr.undp.org/en/countries/profiles/PAK>>

¹⁴ Rafiq, A. 2019. 'Trade, Not Aid, Is the Way to Persuade Pakistan to Buck China's Influence'. National Interest. [online] Available at: <<https://nationalinterest.org/feature/trade-not-aid-way-persuade-pakistan-buck-chinas-influence-106401>> [Accessed 17 December 2020].

¹⁵ Business Recorder. 2019. 'US visit: Pakistan wants trade not aid: Qureshi'. Business Recorder, [online] Available at: <<https://fp.brecorder.com/2019/07/20190721499082/>> [Accessed 17 December 2020].

¹⁶ WRAP. 2020. Available at: <<https://wrapcompliance.org/>> [Accessed December 13, 2020].

¹⁷ U.S. Embassy & Consulates in Pakistan. 2019. "156 Pakistanis Prepare to Begin Fulbright Studies and Research in The United States". U.S. Embassy & Consulates In Pakistan. [online] Available at: <<https://pk.usembassy.gov/156-pakistanis-prepare-to-begin-fulbright-studies-and-research-in-the-united-states/>> [Accessed 17 December 2020].

¹⁸ In 2010/11, Pakistani students studying in the US stood at 5,045. Last year's data shows that there is a 57.3% increase over the last 10 years, as the number now stands at 7,939 students. In comparison to Nigeria, a country with a similar annual GDP and population to Pakistan, they witnessed a 92.5% increase over the last 10 years, from 7,148, to 13,762 students. For more details, see: Open Doors. 2020. The Open Doors Report on International Educational Exchange. [online] Available at: <<https://opendoorsdata.org/annual-release/>>

¹⁹ USAID, 'Gender Equality and Female Empowerment'. Available at: <<https://www.usaid.gov/pakistan/cross-cutting-themes-good-governance-and-gender-equity>> [Accessed 17 December 2020].

²⁰ APP. 2020. US Congress passes Malala Yousafzai Scholarship Act for Pakistani women. Tribune. [online] Available at: <<https://tribune.com.pk/story/2278635/us-congress-passes-malala-yousafzai-scholarship-act-for-pakistani-women>> [Accessed 17 December 2020].

²¹ Business Recorder. 2018. USAID'S Report On Vocational Training In S Punjab Released – Business Recorder. [online] Available at: <<https://fp.brecorder.com/2018/08/20180829402847/>> [Accessed 17 December 2020].

²² Graham-Harrison, E. 2020. 'Afghan Government and Taliban Agree Rules for Peace Talks'. The Guardian. [online] Available at: <<https://www.theguardian.com/world/2020/dec/03/afghan-government-and-taliban-agree-rules-for-peace-talks>> [Accessed 17 December 2020].

²³ The News. 'US admits Pakistan convinced Taliban to talks'. The News. [online] Available at: <<https://www.thenews.com.pk/print/724466-us-admits-pakistan-convinced-taliban-to-talks>> [Accessed 17 December 2020].

²⁴ Pilster, Ulrich. 2020. Afghanistan: Peace through Power-Sharing? The Washington Quarterly. 43:1.121-141

²⁵ DW. 2020. 'India, Afghanistan Deny Pakistan's Allegation Of 'Terrorism''. DW. [online] Available at: <<https://www.dw.com/en/india-afghanistan-deny-pakistans-allegation-of-terrorism/a-55611636>> [Accessed 17 December 2020].

- ²⁶ Miller, L. and Blake, J., 2019. Envisioning A Comprehensive Peace Agreement for Afghanistan. [online] Santa Monica: RAND. Available at: <https://www.rand.org/content/dam/rand/pubs/research_reports/RR2900/RR2937/RAND_RR2937.pdf> [Accessed 17 December 2020].
- ²⁷ The Economist. 2020. Joe Biden's China Policy Will Be A Mix Of Trump's And Obama's. The Economist. [online] Available at: <<https://www.economist.com/china/2020/11/19/joe-bidens-china-policy-will-be-a-mix-of-trumps-and-obamas>> [Accessed 17 December 2020].
- ²⁸ Ali, S. 2020. 'The U.S.-China Strategic Rivalry And Its Implications For Pakistan'. Stimson Center. Stimson Center. [online] Available at: <<https://www.stimson.org/2020/the-u-s-china-strategic-rivalry-and-its-implications-for-pakistan/>> [Accessed 17 December 2020].
- ²⁹ U.S. Census Bureau. 2020. 'Foreign Trade - U.S. Trade in Goods with India'. [online] Available at: <<https://www.census.gov/foreign-trade/statistics/highlights/toppartners.html>> [Accessed 17 December 2020]
- ³⁰ United States Department of State. 2020. Joint Statement On The Third U.S.-India 2+2 Ministerial Dialogue - United States Department Of State. [online] Available at: <<https://www.state.gov/joint-statement-on-the-third-u-s-india-22-ministerial-dialogue/>> [Accessed 17 December 2020].
- ³¹ Bukhari, S. 2020. Pakistan's Security and The India-US Strategic Partnership. New York: Routledge.
- ³² Hussain, A. and Menon, S. 2020. 'The Dead Professor and The Vast Pro-India Disinformation Campaign'. BBC News. [online] Available at: <<https://www.bbc.com/news/world-asia-india-55232432>> [Accessed 17 December 2020].
- ³³ TOI. 2021. 'TRP scam: Shock, outrage on social media over Arnab Goswami and ex-BARC CEO's WhatsApp chats'. Times of India. [online]. Available at: <<https://timesofindia.indiatimes.com/india/trp-scam-shock-outrage-on-social-media-over-arnab-goswami-and-ex-barc-ceos-whatsapp-chats/articleshow/80328250.cms>>. [Accessed: 19 January 2021].
- ³⁴ Mir, A. 2020. 'Afghanistan's Terrorism Challenge: The Political Trajectories of Al-Qaeda, The Afghan Taliban, And The Islamic State'. [online] Washington D.C.: Middle East Institute. Available at: <<https://www.mei.edu/publications/afghanistans-terrorism-challenge-political-trajectories-al-qaeda-afghan-taliban-and#pt8>> [Accessed 17 December 2020].
- ³⁵ Hashim, A. 2020. 'US State Dept Counterterrorism Report 'Disappointing': Pakistan'. [online] Al Jazeera. Available at: <<https://www.aljazeera.com/news/2020/6/26/us-state-dept-counterterrorism-report-disappointing-pakistan>> [Accessed 17 December 2020].
- ³⁶ Health in Pakistan. 2020. USAID Country Profile. [online] Available at: <<https://www.usaid.gov/pakistan/health>>
- ³⁷ Health in Pakistan. 2020. USAID Country Profile. [online] Available at: <<https://www.usaid.gov/pakistan/health>>
- ³⁸ Abubakar, S. 2020. 'Pakistan 5th Most Vulnerable Country To Climate Change, Reveals Germanwatch Report'. Dawn. [online] Available at: <<https://www.dawn.com/news/1520402>> [Accessed 17 December 2020].
- ³⁹ Nazar, S. 2016. 'Pakistan's Big Threat Isn't Terrorism—It's Climate Change'. Foreign Policy. [online] Available at: <<https://foreignpolicy.com/2016/03/04/pakistans-big-threat-isnt-terrorism-its-climate-change/>> [Accessed 17 December 2020].
- ⁴⁰ Ahmed, K. 2020. 'Sindh To Study Karachi's USD 71M Losses After Record-Breaking Rains, Flooding'. Arab News. [online] Available at: <<https://www.arabnews.com/node/1726611/world>> [Accessed 17 December 2020].

⁴¹ Geo TV. 2020. 'Pakistan Eyes 60% Clean Energy By 2030, PM Imran Khan Tells UN Climate Change Summit'. GEO. [online] Available at: <<https://www.geo.tv/latest/323969-pakistan-eyes-60-clean-energy-by-2030-pm-imran-khan-tells-un-climate-change-summit>> [Accessed 17 December 2020].

⁴² Castronuovo, C., 2020. 'Red Cross Says Global Warming Poses Greater Threat Than COVID-19'. The Hill. [online] Available at: <<https://thehill.com/policy/energy-environment/526572-red-cross-says-global-warming-greater-threat-than-covid-19>> [Accessed 25 December 2020].

⁴³ Ministerial working groups were created by the Pakistani government for engaging with the US on the following topics: Energy; Security; Strategic Stability; Non-proliferation; Defence; Law Enforcement and Counterterrorism; Economics and Finance; & Education, Science, and Technology.