

His Excellency  
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# Pakistan: Responding to Regional Challenges and Opportunities

**G**lobal circumstances have obliged Pakistan to play a critical role for world peace and security. At the same time, Pakistan has faced external challenges on mainly two counts: the conflict in Afghanistan and the unresolved Kashmir dispute. In the past two decades we have been victims of terrorism that today poses a major threat to the global community.

Today, the Pakistan-U.S. relationship is on an upward trajectory. Despite the recurrent ups and downs in our relationship, an enduring feature has been the friendship between our two nations; whenever Pakistan and the U.S. have worked together, we achieved success. Our alliance during the Cold War led to the triumph of democratic values all over the world. Whenever we did not sustain a close relationship, both our countries suffered negative consequences.

We have shown that we are capable of working together through our difficulties. We have learned to recognize the value of our partnership. We are now working to put in place elements for a robust and broad-based strategic relationship. Our special relationship has undergone a profound transformation since 9/11. President Musharraf and President Bush, when they met in New York in November 2001, articulated a new vision for Pakistan-U.S. relations and expressed their conviction that it would constitute a vital element in the construction of a durable structure of peace, stability and economic growth at the regional and global levels.

Our partnership has been developing in line with this vision. In the Joint Statement on Pakistan-United States Strategic Partnership issued on 4 March 2006 during President Bush's visit to Pakistan, both countries committed to:

- Strengthening the foundation for a strong, stable and sustainable relationship.
- Working together to ensure the maintenance of peace, security and stability in South Asia and beyond.
- Building a robust defense relationship that advances shared security goals, promotes regional stability and contributes to international security.

We are now engaged in deepening and broadening our relationship beyond the cooperation in the war on terror. Our multifaceted cooperation is encompassing diverse fields from defense to economy, to education, to energy, and to science and technology. Our relationship has been transformed. Our strategic partnership must

be robust and sustainable over the long term to serve the interests of our two nations.

Pakistan is pursuing a strategy for promoting peace, security and development in the region. A structure for transforming the external environment is based on four pillars. These are:

- Promoting dialogue for peaceful settlement of disputes.
- Building strategic restraint and avoidance of an arms race in the region.
- Strengthening regional cooperation, especially trade, investment and people-to-people contacts.
- Fostering interaction between the different sub-regions of Asia to enhance friendship and cooperation.

I will focus on some of the key areas where we are making a positive contribution to promoting regional peace, security and cooperation. Although my speech today is focused on the regional situation, it is pertinent to point out that, as the largest contributor to peace-keeping efforts world-wide through the United Nations, we play a very positive role in creating conditions of peace and stability globally.

Before I make my remarks on Pakistan-India relations I would like to condemn unequivocally the horrific act of terrorism perpetrated on the passenger trains, which resulted in so many deaths and injuries of innocent civilians in India.

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Pakistan itself has been subjected to acts of terrorism. Only three weeks ago 45 innocent people died in a parking garage when a suicide bomber blew himself up. So we can empathize with people who die in such horrific circumstances.

has contributed towards an appreciable improvement in the atmosphere of our relations with India.

The two rounds of the Composite Dialogue (the third is currently underway) have led to some positive movement towards reducing tensions. There are increased people-to-people contacts. As a result of the dialogue process, a cease-fire has been holding along the Line of Control since November 2003. It is important to point out that it was a unilateral declaration of cease-fire by Pakistan and has held since then. The All-Parties Hurriyet Conference representing the Kashmiri leadership which wanted independence from India is now involved in the dialogue process and has met with the prime ministers of India and Pakistan. The opening of the bus and trade routes across Kashmir, opening of five crossing points in Kashmir, the referral of the Baglihar dispute for arbitration and other confidence building measures like the Lahore-Amritsar bus service, the Khokhrapar-Monabo railway link, the agreement on pre-notification of ballistic missiles and the [growth of] direct trade between the two countries—since the start of the process, there has been a perceptible change in the relationship—these are all steps that reflect forward movement.

But the improved atmosphere has unfortunately not yielded tangible results. There has been no significant forward movement on any of the major contentious issues, including the Jammu and Kashmir dispute, the dispute of the Siachen glacier, Sir Creek and Wullar Barrage. There is still a big trust deficit which is obstructing progress in the peace process. Because of a lack of progress to-

wards the resolution of the Kashmir and other disputes, the people of Kashmir as well as India and Pakistan are getting skeptical of the dialogue process. This is unfortunate and we cannot and must not allow this to happen because we need the support of the vast peace constituencies in both countries to sustain this process.

We must use the opportunities that have emerged with the easing of tensions to resolve long-standing issues that divide Pakistan and India. The central issue obviously relates to the Kashmir dispute. But there are other disputes that have lingered on for years which I've already referred to.

The time has come to move towards conflict resolution in South Asia. The improved relations between Pakistan and India provide a unique opportunity for our two countries to work for a solution of the Kashmir dispute that respects the aspirations of Kashmiri people and also accommodates the interest of Pakistan and India. President Musharraf has suggested ideas of self-governance, demilitarization and joint management that have found support among the Kashmiri leaders and intellectuals of different backgrounds. The attainment of a settlement shall require a solution, which is acceptable to all three stakeholders—Kashmiris, Pakistan and India. For this, all sides will need to demonstrate courage, determination, sincerity, flexibility and above all a passion for finding a negotiated solution.

The full potential of this relationship cannot be realized unless outstanding issues, including the Jammu and Kashmir dispute, are resolved. A just settlement of Kashmir will usher in a new era of durable peace in South Asia and a promising future for its people.

We believe that the interests of Pakistan and the U.S. converge on the need to promote peace, security and progress



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To build the edifice of peace and stability in South Asia we need to create a peaceful and secure environment to pursue economic development, address the challenges of poverty, illiteracy and diseases, and provide a promising future for the people who live in this vast region.

In pursuit of this objective we have demonstrated an unwavering commitment to a dialogue process with India for the peaceful settlement of all outstanding issues including the Kashmir dispute. As a result of sustained efforts, this process was resumed in January 2004 and

in South Asia. By encouraging India to resolve the Kashmir issue in a just and durable manner, the U.S. can facilitate the Pakistan-India peace process. We are encouraged by President Bush's support for the dialogue process and for the need to resolve all outstanding issues, including the Jammu and Kashmir dispute, in a manner which is acceptable to all sides. He made statements to this effect in New York, New Delhi and Islamabad, prior to, and during, his recent visit to South Asia. The United States must continue to impress upon the Indian leadership to adopt a constructive approach and to make the dialogue process purposeful and result-oriented. We are discussing this issue bilaterally with India, but we live in a global village and the opinion of the international community has a major impact on the situation.

One consequence of the past tensions with India has been the development of a nuclear deterrent. The nuclear tests by India in 1974 and 1998 obliged Pakistan to respond in order to establish credible nuclear deterrence. Failure not to test after India's 1998 multiple detonations would have created a dangerous ambiguity about our capacity and could have possible miscalculation. Nuclear deterrence is indispensable to our security and is a factor for peace and stability in the region. This became clear when it prevented a conflict following Indian deployment of more than a million troops on our borders in 2001-2002.

In fact, it would be fair to say that the longest period of peace that India and Pakistan enjoyed has been since they became nuclear powers, because war is no longer an option. It is a hideous thing to say, but there it is.

Pakistan's nuclear capability must be viewed in the context of India's pursuit of the nuclear option and our security concerns. Pakistan does not seek re-

gional domination. We do not threaten any country and wish to live in peace. Our strategic capabilities have been developed in self-defense following the Indian nuclear tests of 1974 and 1998 that disrupted the security balance, providing a nuclear edge to India's existing numerical advantage in conventional weapons over Pakistan.

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As a nuclear weapon state, we adhere to a doctrine of minimum credible deterrence and are opposed to any nuclear proliferation. Pakistan would not like to generate an arms race, but would take necessary steps to ensure a minimum credible deterrence in order to maintain regional peace and stability.

Pakistan is also committed to the prevention of nuclear proliferation and has developed a strong command and control structure to protect our strategic assets. We have taken steps for effective export controls to ensure against nuclear proliferation.

The U.S-India civil nuclear energy cooperation agreement, and the absence of a similar offer to Pakistan, has caused us concern. We would have liked the U.S. to take into account the energy security concerns of Pakistan and be responsive to Pakistan's growing needs in the energy sector. In this context, a package approach would have better served the objective of strategic stability and met

the legitimate energy requirements of both Pakistan and India.

We believe that no restrictions should be imposed on peaceful uses of nuclear energy under appropriate safeguards. As a fossil fuel deficit country, we need to develop nuclear power generation to meet the growing needs for energy required for our expanding economy. We are prepared to accept all safeguards for our civil nuclear power sector. Nuclear power generation is an important component of our energy plan. In fact, we plan to generate 8800 megavolts of electricity through nuclear reactors. Given the scarcity of fossil fuel reserves, we will continue to seek international cooperation in ensuring our energy security.

Afghanistan is a country with which we share ties of religion, history, culture and language. Pakistan values good friendly relations with Afghanistan. We wish to see Afghanistan emerge as peaceful, stable and prosperous country. We have supported its political transformation and efforts for reconstruction. We fully support the government of President Karzai and are happy at the successful conclusion of the Bonn process. Pakistan has been making every effort to further strengthen its relations with Afghanistan. We are keen to sustain the upswing, and have taken several measures to that end.

The past four years have been productive in Pak-Afghan relations. We have had (I think) more than a dozen high-level visits during the last three or four years. By high-level I mean presidential and prime minister level. Our trade, at \$23 million four years ago, has gone up to \$1.5 billion. (Pakistan has become the largest trading partner of Afghanistan. Our trade is expected to reach \$1.5 billion from \$23 million.) So we know the advantages of peace in the region. We have provided unrestricted transit access to this land-

locked country, are involved in its reconstruction and are helping to re-build their infrastructure.

We announced an additional allocation of \$50 million for Afghan reconstruction. This brings our net support for Afghan reconstruction to \$250 million. Of this, \$60 million has already been utilized and projects worth \$190 million, duly approved by the Joint Economic Commission, are in the pipeline. Important projects include Torkham-Jalalabad Road, Chaman-Kandahar rail link, Jinnah Hospital in Kabul, Kidney Center in Jalalabad, Artificial Limbs Centre in Mazar-e-Sharief, a General Hospital in Logar and faculty blocks in Kabul, Jalalabad and Mazar—Sharif Universities. In addition, a TV transmitter is being gifted to Afghanistan for installation at Kandahar.

We are also helping in institutional capacity-building and have trained human resources in diverse fields including law enforcement, judiciary, diplomacy, and civil services. We still continue to host millions of Afghan refugees (at last count conducted by the UNHCR the figure was 3.01 million).

Pakistan's commitment to Afghanistan's security is evident from our deployment of over 80,000 security personnel along the Afghanistan border. Our efforts have yielded tangible results as the top Al-Qaeda leadership has been disrupted and hundreds of operatives apprehended. In operations in these areas, we have lost over 600 of our brave armed forces personnel—a number greater than the total casualties suffered by United States and ISAF forces. Unfortunately, the deaths of Pakistani army personnel did not receive the type of publicity in your newspapers that it should have. You've lost 200, which is 200 too many. We've lost 600 in the same operations. You have 15,000 soldiers, NATO have 15,000, we have 80,000.

It is important to recognize that securing this border is a joint responsibility. There is no alternative to information and intelligence cooperation. Pakistan remains committed to working closely with Afghanistan and our international partners to address the challenges of security, narcotics and refugees. We are also ready to work on initiatives that

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would strengthen intra-regional economic linkages and promote economic activity in the region to address extremism.

Continuing instability and lawlessness in Afghanistan cannot be laid at Pakistan's door. If there is a failure, all the parties concerned must share this responsibility. The Taliban pose a common challenge that needs to be addressed, including the promotion of better coordination and communication, and intelligence sharing between the United States, Afghanistan and Pakistan.

The United States' role for promoting peace and stability in Afghanistan will be crucial for sustained engagement of the international community in Afghan affairs. We have, in the Pakistan-U.S.-Afghanistan Tripartite Commission, a useful forum for intelligence sharing and cooperation to enhance security in the border areas.

During President Bush's recent visit,

our two presidents agreed to work together to build Pakistan and Afghanistan as a land bridge linking the economic potentials of South Asia and Central Asia. Our own vision of Pakistan has been of a trade hub and a catalyst for regional progress. The development of Central Asia's vast energy potential is crucial in this regard. Pakistan could provide the corridor for such flows. The energy pipelines could well transform into "peace pipelines" and usher in a new era of peace, security and prosperity.

There is convergence between our two countries in promoting peace, stability and reconstruction in Afghanistan. President Musharraf and President Bush in March this year agreed that Pakistan and the U.S. would work together to build Pakistan and Afghanistan as a land bridge linking the economic potentials of the areas surrounding Pakistan.

At the regional level, Pakistan is uniquely positioned to play a pivotal role. Pakistan is strategically located at the crossroads of three important regions: South Asia, Central Asia and West Asia. We have as our neighbors China, India, Afghanistan, Iran, Central Asia and the Gulf countries. In fact we are located almost in the center of this region. We thus play an important role in building peace, stability and development in this region. You will agree it is an interesting neighborhood and that I have a very challenging job.

Pakistan can leverage its strategic location to promote multiple linkages between all the three regions. Pakistan can become the hub of economic activity providing communication and energy corridors to the adjoining regions. Pakistan provides the shortest route to the sea for the land-locked states of Central Asia as well as for Western China. It also provides the shortest route to India from the energy rich areas around us, to the energy starved of the South Asian region. Besides the existing ones, we have con-

structed a port at Gwadar and are establishing a network of road and rail connections to cater to the growing demands for transportation and communication links in the region.

Our economy has grown consistently over the last four to five years at over seven percent. Last year China grew at 9.1 percent and Pakistan GDP grew by 8.6 percent. This year it's come down to 6.6 percent because of the earthquake. But, hopefully, next year we plan to be back to seven percent.

In conclusion, I would like to recall the U.S. Administration's statement that

U.S. engagement within South Asia as a whole is a strategic imperative. There is a strategic convergence between our two countries on building peace, security and development in the broader South Asia and Central Asian regions. I wish to emphasize that Pakistan is committed to building inter-regional and intra-regional cooperation. By working together, we can contribute to addressing the challenges that we face and the opportunities that are available to us in strengthening peace, security and development in the region and beyond.

Thank you very much, ladies and gentlemen.

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