

# COUNCIL *on* FOREIGN RELATIONS

## *International Institutions and Global Governance Program*

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### **The Future of U.S.-Pakistan Relations in an Asian Context**

Workshop in Washington, DC

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Relations between the United States and Pakistan are arguably at their lowest point since 9/11. Although Washington and Islamabad have survived diplomatic storms in their sixty years of relations, they could be heading into an extended period of minimal cooperation, estrangement, or worse. To some extent the future of relations will depend on how American and Pakistani leaders resolve bilateral disputes in a variety of areas, including counterterrorism. However, if the past is any guide, Washington's relations with Islamabad will continue to be deeply influenced by regional dynamics.

Pakistan's swelling population, fragile economy, and deteriorating security situation will continue to make Islamabad dependent on neighboring Asian capitals to obtain energy, financial investment, and security assistance. As Washington's relations with Islamabad enter a period of heightened uncertainty, neighboring countries may take steps to capitalize on their increasing leverage over Pakistani leaders. With Asian capitals expanding their footprints in Pakistan, what will happen to the scope and size of U.S. influence in South Asia? What steps, if any, can Washington take to improve the chance that these activities are consistent with U.S. foreign policy objectives?

As part of the Rising Regionalism: Implications for International Order and U.S. Policy series, the International Institutions and Global Governance (IIGG) program sponsored a workshop on July 14, 2011, in Washington, DC to bring together experts from the U.S. government, think tanks, and academia to discuss the future of U.S. relations with Pakistan in an Asian context. At the workshop, three panels of experts analyzed how Pakistan's neighbors perceive, seek to influence, and are influenced by the U.S.-Pakistan relationship. The panels featured a wide-range of experts, including a retired three-star U.S. general, a former U.S. ambassador, a distinguished journalist, and leading analysts from the academic and think tank communities. Panelists delivered presentations that focused on perspectives from Afghanistan, Iran, Arab states of the Persian Gulf, India, and China. What follows is a summary of the discussion, which was conducted on a not-for-attribution basis.

## **From the East: Indian and Chinese Perspectives on U.S.-Pakistan Relations**

Indian perceptions of the U.S.-Pakistan relationship are shaped by the changing nature of U.S.-India relations. The United States and India have shifted far away from mutual suspicion and towards partnership. That partnership is manifested in a variety of ways, including the emergence of the United States as a major arms supplier to India, the frequency of military exercises between the Indian and American militaries, and high U.S. favorability ratings in the Indian public. Closer U.S. relations have already begun to influence Indian foreign policy. For instance, since September 11, India has been less critical of Washington's efforts to build ties with Islamabad. In Afghanistan, India has heeded U.S. calls to keep a low profile so as not to exacerbate tensions with neighboring Pakistan. The emergence of a peace deal between India and Pakistan would undoubtedly benefit U.S.-Pakistan relations. At the very least, it would help to convince Pakistan that the U.S. government is not taking India's side in the longstanding Indo-Pakistani disputes over Kashmir and other territorial matters.

The Indians, however, have serious concerns about the U.S. military drawdown in Afghanistan, particularly as terrorist violence has spiked. The Indian government has already pledged \$2 billion in economic assistance to Afghanistan. Some influential Indian analysts outside government are starting to push their government to begin backing remnants of the Northern Alliance to ensure that Indian interests are protected in the post-NATO Afghanistan. U.S. relations with Pakistan may also be influenced by the objectives that India pursues in Afghanistan, where Islamabad has long feared an expansion of Indian influence and activity.

Improvements in Indo-Pakistani relations appear to be driven—at least from the Indian side—by an increasingly widespread recognition that the threat of armed conflict with Pakistan is harmful to economic growth.

Turning to Chinese perspectives of U.S.-Pakistan relations, it is clear that Beijing and Washington are united in their desire to see a stable Pakistan, one that does not export extremism and militancy, possesses the capability to secure its nuclear arsenal, and becomes accessible to global markets. The Chinese are also interested in expanding their business interests in Pakistan and establishing strategic lines of communication there to provide the Chinese navy and Chinese businesses with access to the Indian Ocean.

There are, however, many obstacles to Sino-U.S. cooperation in Pakistan. Of these obstacles, perhaps the most important is China's policy of noninterference, which has been a core principle of Chinese foreign policy since 1981. Beijing tends to argue that many U.S. concerns about Pakistan—state support for militants, extremist infiltration of the armed forces, etc.—amount to illegitimate interference in internal Pakistani affairs.

The Chinese perceive the troubles of the U.S.-Pakistan relationship as proof that U.S. foreign policy is often ineffective and counterproductive. First, the Chinese link anti-Americanism in Pakistan to what they view as a long history of U.S. interference in Pakistani affairs. Second, Chinese analysts often fear a U.S. strategy to contain China given increasing U.S. ties with Vietnam, India, Japan, South Korea,

and Kyrgyzstan. Some in the Chinese academic community see U.S. attempts to solicit Chinese cooperation on Pakistan as an attempt to drive a wedge between Beijing and Islamabad. Top Chinese leaders are unlikely to subscribe to such hard-line opinions, but are nonetheless pressured by Communist Party hawks to show toughness towards the United States. Third, the Chinese interpret low U.S. favorability ratings in Muslim countries as proof of the blowback caused by U.S. interference, sanctions, regime change, and dictation towards Muslim countries. Fourth, the U.S. wars in Iraq and Afghanistan have convinced some Chinese scholars that the United States has become war-weary and thus no longer threatens China. These scholars suggest that a peaceful future between Washington and Beijing is possible.

Regarding Sino-U.S. cooperation in Pakistan, it is highly unlikely that the Chinese will cease their usual criticism of U.S. interference. Beijing is unlikely to criticize or pressure Pakistan publicly or to join multilateral efforts to 'manage' Pakistan. Rather, the U.S. government should seek to privately establish contacts with the Chinese to set common areas for cooperation and then allow Chinese officials to privately pressure Pakistan on certain issues. Perhaps the greatest hope for Sino-U.S. cooperation in Pakistan is in areas of economic assistance, including loans and investment packages.

In general, Chinese leaders are not eager to fill potential voids in Pakistan that may be caused by deteriorating U.S.-Pakistan relations. China is increasingly concerned about Pakistan's stability, yet is keen to avoid being trapped into the problems characterizing U.S.-Pakistan relations. China would not be willing or able to offer major new security guarantees to Pakistan. Such a limitation has already been demonstrated in other areas of Chinese foreign policy. In the Middle East, China would not be able to guarantee the security of Saudi Arabia, Jordan, or Iran. Moreover, Beijing understands that as it increases its influence in any South Asian country, New Delhi will become increasingly apprehensive.

Recalling concerns about past Indian interference in Tibet, the Chinese continue to perceive the value of a stable Pakistan as a means to "keep India sober." Chinese policies are also influenced by emerging economic competition for Central Asian markets. For instance, Sino-Pakistani cooperation to build a port at Gwadar in Pakistan faces competition from an Indo-Iranian port project in Chabahar, Iran.

### **From the West: Afghan, Iranian, and Gulf Arab perspectives on U.S.-Pakistan Relations**

Turning to Pakistan's western front, many Afghans suspect that the current troubles between Washington and Islamabad are evidence of the beginning of the end for U.S.-Pakistan cooperation. Future Afghan decision-making is likely to be strongly influenced by efforts to secure foreign economic assistance and investments. Such a posture is the outcome of poor economic development, dependency on foreign assistance and spending, and structural flaws in the Afghan financial system. To secure their nation's economic future, Afghan leaders are likely to play upon the interests of foreign powers (especially the United States, China, and Iran) in Afghanistan by pitting one against another.

A range of decisions made by Afghan leaders in Kabul will affect U.S. relations with Pakistan. Observers should pay particular attention to Afghan decisions on reconciliation schemes with Afghan

Taliban figures, the future of U.S. military bases in Afghanistan, and the way in which rights to Afghan mineral deposits are apportioned. U.S. relations with Pakistan will also be influenced by the degree to which Pakistan feels threatened by the Indo-Afghan relationship. It is still unclear how Afghan leaders will balance their relations with Pakistan and India.

In Iran, leaders see Pakistan as a fragile state that is also one of their least problematic neighbors. Iran has no territorial disputes with Pakistan and supported that country both in its 1956 war with India and its counterinsurgency operations against Baloch nationalists in the 1980s. The people of Iran and Pakistan also share cultural, linguistic, and religious ties. As a general matter, Iranian foreign policy makers view Pakistan as important, but not at the very top of their list of strategic concerns.

Iranian-Pakistani relations have gone through four phases since Pakistan's independence. The first phase (1949-1979) was a period of friendly relations between the two countries: Pakistan saw Iran as the first country to recognize its independence, and in 1950, the two countries signed a Treaty of Friendship. Tension emerged between the two countries in the second phase (1979-1990). Following the 1979 Islamic Revolution in Iran, top Pakistani leaders were suspicious that Iranian officials were trying to radicalize Pakistan's Shia minority. The Soviet invasion of Afghanistan saw Iranian and Pakistani leaders spar over support for different Afghan ethnic groups and over Pakistani cooperation with the United States. Bilateral tensions mounted considerably in the third phase (1990 – 2001). Iranian leaders viewed Pakistan's support of the Taliban as a threat and believed that Pakistan's Inter-Services Intelligence Directorate (ISI) ran the Taliban operation that killed eleven Iranian diplomats in Mazar-i-Sharif. Relations entered a fourth phase following the 2001 U.S. invasion of Afghanistan. Today, Iran is concerned that rising Sunni extremist militancy in Pakistan may threaten the safety of Pakistan's nuclear arsenal and regional stability.

That said, current Iranian foreign policy is dominated by a U.S.-centric framework. In Pakistan, a country with spiraling levels of anti-Americanism, Iranian leaders see a potential partner to stand against the United States. Recent statements by Iran's supreme leader, Ayatollah Ali Khamenei, and Iran's president, Mahmoud Ahmadinejad, demonstrate that Iran is already looking for ways to drive a wedge between Pakistan and the United States and to form an anti-American axis with Islamabad. Iranian leaders have made public statements that play to Pakistani paranoia about U.S. intentions in South Asia. As it pursues that effort, Tehran is seeking to expand its own footprint in South Asia through a variety of means, such as the Iran-Pakistan-India pipeline.

Yet despite Iranian overtures, officials in Tehran and Islamabad are at odds with respect to a number of issues. First, Iranians and Pakistanis continue to support competing ethno-sectarian constituencies in Afghanistan. Second, Iranians fear for the safety of their Shia brethren in Pakistan, but are hesitant to offer any type of support to Shias that may be viewed with suspicion by Islamabad. Third, Iranians are increasingly concerned about Saudi Arabian influence in Pakistan, especially the expansion of Wahhabi ideology in South Asia. And fourth, Iranian intelligence services strongly suspect that the Pakistani intelligence services are covertly assisting the anti-Iranian terrorist organization, *Jund Allah* (God's Soldiers).

Finally, there are reasons to believe that Gulf Arab states tend to consider Pakistan of relatively low importance. From this perspective, the GCC's true concern is not instability in Pakistan, but whether or not a cash-strapped and war-weary United States will continue to guarantee the security of Gulf Arab countries. The new head of the Gulf Cooperation Council (GCC), for instance, failed to mention Pakistan once in a major, lengthy policy address on GCC priorities. A prominent book written by a U.S. academic on Gulf security topics only mentions Pakistan once. In February 2011, when the Pakistani foreign minister proposed that the GCC sign a security treaty with Pakistan, Gulf countries all but ignored the offer. To the extent that GCC–Pakistan interactions are meaningful it is in the context of economic relations. GCC countries are major suppliers of oil to Pakistan, and are also the home of hundreds of thousands of Pakistani migrant workers.

At the same time, there is some evidence to support the argument that both the GCC countries and Pakistan play important roles in the internal affairs of one another. Bahrain recently requested thousands of Pakistani security contractors to assist the suppression of Shia protesters in Manama. And Saudi Arabia—or at least individual Saudi donors—continues to exercise tremendous leverage in Pakistan by financing Wahhabi institutions in that country. Lastly, rising competition between Saudi Arabia and Iran could have implications for security in Pakistan, where peace between Sunnis and Shias can be especially fragile.

### **The Future of U.S. Strategy in Asia**

The United States and Pakistan hold contrasting views towards the rise of China and India. Whereas Washington views China as a strategic challenge and India as a strategic opportunity, Islamabad sees just the opposite. For Pakistan, China is strong and reliable partner that can successfully balance against India. Unlike the United States, which suspended military assistance to Pakistan during the 1965 war and again in the 1990s, China has historically been a steady supplier of arms to Pakistan.

Over the past five years, China's economic footprint in South Asia has expanded rapidly. Today, China is the second largest importer of Pakistani goods and Beijing is Pakistan's largest foreign investor. In 2010, China invested \$2 billion in infrastructure projects throughout Pakistan.

Yet neither China nor the Gulf Arab states would be willing to significantly fill any voids caused by deteriorating U.S.-Pakistan relations. To date, China has avoided providing budgetary support to Pakistan. And the Chinese military-industrial complex is unable to provide the variety and quality of military technology that Pakistan purchases from American defense firms. Gulf Arab states also lack the capacity and will to provide for Pakistani security and economic needs as well.

Looking ahead, Washington will almost certainly have trouble balancing ties with New Delhi and Islamabad. It is possible that India and Pakistan will only be able to make common cause in the event of a 'grand bargain' that sees India curl back its influence in Afghanistan in exchange for retaining control over the state of Jammu and Kashmir. On the other hand, it is also possible that a more modest U.S. agenda with Pakistan will pay incremental dividends over time.

In a broader regional context, it is arguable that there are four prime U.S. policy objectives in Asia and that Pakistan is unlikely to be an essential partner in achieving most of them. First, Washington seeks to prevent shifts in the continental balance of power that will hurt U.S. interests. Second, the United States seeks to strengthen its relationships with Asian partners, especially India. Third, the United States continues to press for an open, competitive economic order in Asia, one in which World Trade Organization processes are being increasingly replaced by bilateral free trade agreements to facilitate global economic liberalization. Fourth, the United States seeks to participate in managing collective action problems in Asia in a variety of fields, including cyberspace, freedom of the seas, energy security, and food security. Arguably, the United States is most likely to make headway in each of these areas by engaging Asia's rising economic powers rather than Pakistan, which is likely to remain hobbled by political instability, militancy, and economic fragility.

As a general matter, the U.S. government has very few positive aims in Pakistan beyond counterterrorism. That said, it is at least conceivable that Pakistan could grow to fit more comfortably in the U.S. vision for Asia. Pakistan might improve its counterterror cooperation with the United States. That shift is unlikely, given the historically suspect relationship between Pakistan's security services and militant groups based on Pakistani soil, but it would go a long way to improving prospects for U.S.-Pakistan partnership. Second, Pakistan could take steps to become more economically integrated with its Asian neighbors. It could expand economic ties with India and transform itself into a bridge that links the economies of South and East Asia with those of Central Asia. Finally, Pakistan could increase cooperation with the United States in international institutions, particularly on nuclear disarmament matters.

It is unclear how best to manage U.S. relations with Pakistan to encourage these changes. For instance, the recent \$800 million suspension in U.S. military assistance to Pakistan is unlikely to bring about a constructive change in Pakistani practices. Worse, the U.S. government lacks a backup plan in the event that the aid suspension fails.

U.S. policies towards Pakistan are complicated by the fact that Islamabad's leaders have frequently exploited, defined, and manipulated foreign relationships in ways that further their own political interests. For example, Pervez Musharraf, former president of Pakistan, successfully convinced the White House that his government might not be able to survive the blowback caused by a full-scale operation against militants on Pakistani soil. In another example, at the height of the Lal Masjid crisis in 2007, the Pakistani government exaggerated claims of Chinese pressure to mount a military operation in order to save face in domestic political circles.

### **Concluding Remarks**

The workshop yielded several insights into the ways in which Pakistan's neighbors perceive, seek to influence, and are influenced by the U.S.-Pakistan relationship. Participants discussed the many ways in which political, security, and economic developments in Pakistan's neighborhood have the potential to influence the future course of relations between Washington and Islamabad.

From Pakistan's east, it is important to understand that the Chinese are unwilling and unable to fill the gaps that would be left by a rupture in U.S.-Pakistan relations, despite Islamabad's rhetoric to the contrary. In addition, there may be opportunities for Sino-American cooperation in Pakistan that are worth exploring, especially in the area of economic development. And India, unlike Pakistan, China, and Iran, has welcomed the increased U.S. presence in South Asia. New Delhi appears more concerned about an overly hasty U.S. departure from the region than about Washington's excessive intervention.

From Pakistan's west, Iranian leaders are already beginning to see Pakistan, a country in which anti-Americanism is rife, as a potential ally in the effort to contain the United States. Afghan leaders expect a looming rupture in U.S.-Pakistan relations, and their own regional relationships with countries like Pakistan will be largely shaped by uncertainty about the future of the U.S. role in South Asia. The calculations of most Gulf Arab leaders appear to be dominated by their relations with Washington, so their policies and perceptions of Pakistan are likely to be placed within a U.S.-centric framework.

With respect to the future, it is quite possible that U.S. relations with Pakistan will never fit neatly into a wider conception of Washington's strategy for Asia. If so, a piecemeal approach—seeking leverage with Pakistan through interaction with each of the region's influential states—may best serve American purposes. Washington might attempt to frame its strategy in Asia in ways that make relations with Pakistan increasingly peripheral, but Pakistan's massive population, propensity for internal instability, geostrategic location, and nuclear arsenal are likely to force it back to the top of the U.S. agenda in Asia.