

NWX WOODROW WILSON CENTER (US)

Moderator: Drew Sample
October 21, 2013
9:00 am CT

Coordinator: Today's conference is now being recorded. If you have any objections you may disconnect at this time.

Drew Sample: Okay well this is Drew Sample from the Woodrow Wilson Center. Again I just want to thank everybody for joining us this morning. We are here to talk about Prime Minister Sharif's upcoming visit to Washington, DC. I have here with me Bob Hathaway the director of our Asia program here at the Wilson Center.

And Farahnaz Ispahani who is a former Pakistani parliamentarian and public policy scholar here at the Wilson Center. We will also have joining us in a little bit later Khurram Husain who is the Pakistan scholar at the Wilson Center. He is an economic specialist and he will be joining us in just a few minutes.

But I think with that we can go ahead and start with some brief introductions. Bob do you want to start us off?

Robert Hathaway: Hi this is Bob Hathaway. I've been following U.S. Pakistan relations since my first trip to Pakistan in 1987. I bring to this discussion a historical sense of the problems this relationship has had for decades and decades and some personal involvement in the relationship. And my strength is probably particularly the Washington side of the equation. Fortunately we have someone who has got a strength on the other side.

Farahnaz Ispahani: Hi I am Farahnaz Ispahani I am a Paki policy scholar here at Wilson institute. I am a former member of Pakistan parliament - a member of the national assembly from 2008 to 2012 and I was a media adviser to former President Zardari. And it's great to be here and I am a political animal and a journalist before so would love to be with you guys this morning.

Drew Sample: All right. Thank you both. I think with that we can go ahead and start with questions. (Amar) do you have a question you want to start us off with?

(Amar) : Well I guess just a real basic question of what both sides want to accomplish this week and what does the Prime Minister hope to hear from the President and in turn what does the President want to hear from the Prime Minister?

Farahnaz Ispahani: I will take the Pakistan end of this and perhaps Bob can talk about the U.S. This is a very important trip for Prime Minister Nawaz Sharif because very soon after he is taken office I mean in June of this year he has already been invited for one on one meeting with President Obama at the White House.

So internationally and domestically in Pakistan it does show that the relationship which has been very strained is now, you know, taking sort of a tune - a turn for the better. So from Mr. Sharif's point of view he will bring up drones - this is going to be, you know, this was a very big campaign issue and this is - his constituency which is urban middle class (unintelligible) considers

a, you know, the drones sort of a huge threat through the sovereignty of Pakistan Et cetera.

So drones would be number one. Secondly he will ask for help with the Pakistani economy but he will stress on trade not aid because in Pakistan now this whole symbolism of the begging bowl this is also something that during the election cycle he, you know, stated clearly we will be different to form of government, we will not go out to the United States in the west with our hands out. So he will want trade to improve between the two countries.

The other thing that he is going to talk about because a little problematic with the Indians who are already commented it on this yesterday is Nawaz Sharif is going to push for the United States to intervene the issue near issue between India and Pakistan. Now the Indians have said very quickly about this because they feel this is a situation between the two neighbors should deal with and they resent the United States being asked to intervene.

However Mr. Sharif will ask President Obama because President Obama if you remember his 2008 campaign had promised to help resolve the (unintelligible) issue. Finally Afghanistan -- Prime Minister Nawaz Sharif will ask for U.S. help to ensure that the new government in Kabul is not anti-Pakistan.

And this is very important for Pakistanis and he is also going to - Pakistan to help with the United States to do anything Pakistan can do to improve the situation and transition in Afghanistan but it will - he will strongly reiterate that he wants President Obama to ensure that (unintelligible) the U.S. troops will leave in 2014, that it is not an anti-Pakistan government left behind.

Robert Hathaway: Hi this is Bob Hathaway. I will weigh in on the U.S. side. I think certainly the White House views this meeting as an opportunity to commend the Pakistani public and applaud the Pakistani political system for going through a successful transition -- from one elected government to another which is as we all know marks a historic milestone.

So I think part of it is simply to say that we recognize that you in Pakistan have really achieve something commendable and the meeting is sort of the way to take note of that. Beyond that I think security issues are clearly at the top of the U.S. agenda but a different set of security issues than those that Farahnaz has just tipped off.

Most in the administration continue to believe that U.S. and NATO troops are in danger and come under fire and even killed because of groups who find sanctuary in Pakistan. And I think as we move into the end game in Afghanistan the administration would like to see greater vigor from the Pakistanis in preventing cross border incursions by these militant groups into Afghanistan.

I think Washington would also like to see greater effort on the part of the Pakistanis in promoting - in encouraging the Taliban to engage in a genuine peace process - reconciliation process with Kabul in an effort to create a political settlement to the conflict in Afghanistan before the end of next year. So those are two security issues relating to Afghanistan.

Washington also remains a very concerned about the violence in Pakistan and wants to work with the Pakistani government in whatever ways feasible to help the Pakistanis confront their own domestic extremism challenges and problems. Farahnaz talked about the Pakistani desire for more trade and part of that would be more foreign investment in Pakistan but I think so long as

Pakistan remains as violent and as troubled domestically as it is that's going to put a big hamper on trade.

So I think in this instance here you have a case of the two countries interests aligning very nicely -- both want to see greater success on the part of Pakistan in addressing of the plague of the violence which it experiences. Finally on Kashmir I think Nawaz Sharif will be expected to ask Obama to intervene in the Kashmir issue.

I would be very very surprised were Obama to do so because I don't believe anybody in Washington is convinced that intervention by a third party but particularly by the United States promises to bear fruit at this point. And this President has got plenty on his hands without taking on yet more controversy and difficult issues when there appears to be so little prospect of a the solution of the issue. So that sort of sets the table for us.

Drew Sample: Okay. Next question (Margaret) maybe do have some think you might want to ask?

(Margaret): Yes I mean it seems - thanks - it seems to me like the drone issue is a very big issue even though we only mentioned it briefly. Sharif wants Obama to stop doing drones and Obama is not going to, right? What are they - how do they handle it privately?

How do they handle it publicly and do either one of you expect that we will get to lob questions at these guys? I hadn't heard there will be any press availability. Should there be and what would be the most important question to ask?

Farahnaz Ispahani: I don't think I can comment on the press availability but with - regarding the drones and this is obviously as I said, you know, this is such a complicated issue because the Taliban and the present government and all governments in Pakistan has (unintelligible) U.S. sovereignty the drones, Et cetera. So when you look at the numbers of people who have been killed by the Taliban and other allied extremist groups - be they (unintelligible) or other the numbers are 45,000 on that side and a couple of hundred on the drones side.

And on the drones side you will find that a lot of high value targets were actually got which is good for Pakistan but that is my point of view. There was recently a released U.N. report suggesting that there is strong evidence - this is in quotes - the top five (unintelligible) military intelligence officials approved U.S. military drone strikes on Pakistani soil during 2004 and 2008.

President Musharraf in his book Line of Fire also mentions that he approved at least one drone strike. So when writing about drones I find here that there is, you know, the liberal take it one way, the conservative the other but that's not the way to look at it. One has to look at the reality because one of the big issues between the U.S. and Pakistan has been that U.S. officials have said off the record that Pakistanis will not come out and stand with us on things that we agree on privately.

Now I cannot confirm or deny that -- this is what the U.N. has said is correct or not. But you can look up the story on Google and look up the U.N. report because I think this gives you an interesting angle. The other thing I would like to say is that there is definitely an improvement in relations right now, right? Between the U.S. and Pakistan.

But again relating to what Bob said about internal terrorism, external terrorism and then I also add with it the drones -- this is a I feel a temporary feel good

moment because unless the fundamentals of Pakistani policy to the U.S. and U.S. to Pakistan changes significantly this moment like a lot of moments over the last (unintelligible) years will unfortunately - I'm not sure long-term will bear fruit. This relationship has to be reexamined in a more realistic way.

Robert Hathaway: And for a note of pessimism I'm very skeptical that either side is prepared for a fundamental reassessment at this point. Pakistan understandably complains that Washington views Pakistan through the lens of Afghanistan. I think that is an accurate observation and a valid complaint. Also don't think it's going to change so long as American forces are still bogged down in Afghanistan.

On the drones Nawaz Sharif has no alternative but to raise the issue and to raise it publicly. This is a terribly important and emotional issue for millions of Pakistanis by the same token I think it is unrealistic to think that Obama is going to have any real give on this subject so long as the insurgents continue to find a sanctuary in Pakistan and then slip across the border to kill Americans and NATO forces.

So this is going to be one of those issues and this is not unexpected or uncommon in diplomacy simply one of these issues where simply there will be no real meeting of the minds -- the two sides simply define their interests in two different terms.

So what the two leaders really need to do is figure out how to move forward in the areas where they do have common interests - and there are a number of common interests while simultaneously not allowing their difference is even on issues like drones to sour the entire relationship.

Drew Sample: Okay. (Ashish) did you have anything you wanted to ask?

(Ashish): Yes please thank you. Thank you both for doing this call. I wanted to ask you over the weekend U.S. officials announced the resumption of aid to Pakistan. As both of you watched this relation very closely can you point to any specific changes in Pakistan that would justify a resumption of aid?

And specifically on the security issue what if anything has changed from the days when Admiral Mullen described the Haqqani network - and I'm quoting here - a relative arm of the ISR. Do you see a change in Pakistani calculus towards such groups? And also towards Afghanistan? Thank you.

Robert Hathaway: Well I think - nothing is static. There have clearly not been as many changes on the ISR relationship with the Taliban and Allied groups as Washington would like to see. But I think there's no question that the tone of the relationship today is infinitely better than it was two years ago. And the announcement over the weekend about the release of over a billion 1/2 dollars in economic and military assistance.

I think is both to reflect the better tone of the relationship but also to provide in incentives for the further evolution of that relationship and of the direction in which Americans are largely comfortable. But again I would say we have to be very modest about our expectations for the relationship and for this particular visit this week.

The two sides disagree in fundamental ways about some of the most important issues on the table. There is not going to be a miraculous meeting of the minds and this again go back to a Point I made earlier this is what diplomacy is all about -- figuring out how to work when you're interested to promote working together, while containing the differences so that they don't simply destroyed the entire relationship.

We've been joined by another member of the Wilson Center team Khurram Husain is now with us. Khurram is a journalist he is here at the Wilson Center and this year is our Pakistan scholar and he is - writes about a wide variety of issues. He is best known for his reporting on business and financial issues.

Khurram Husain: Hi everyone. Lately my work is focused on Pakistan's relationship with the IMF and that's what my research is on over here. And I suppose the research is suddenly become relevant because Pakistan in August exceeded to an IMF - in September - I'm sorry - exceeded to an IMF facility.

Drew Sample: I know we had a couple of other people join us just now. Do we have any other questions out there? Feel free to jump in.

Howard LaFranchi: Yes. Hi. Hello? Yes this is Howard LaFranchi with Christian Science Monitor. Can you hear me?

Drew Sample: Yes.

Howard LaFranchi: Yes good. Yes I'm sorry our building chose today to have an evacuation, you know, a fire drill. So I'm sorry I'm just joining...

((Crosstalk))

Robert Hathaway: ...16 days this month.

Howard LaFranchi: Yes. Right. Exactly. But I was - so sorry I'm just joining but the - I believe that it was when I was coming on - I believe it was probably Mr. Hathaway who was speaking about some of the two sides will be focusing on the common interest.

And I was wondering if you could just sort of go over - you probably did in your introductions so, you know, no need to go on too long again. I'm sorry but if you could kind of just review the what you see as the key common interests.

Robert Hathaway: Well I'll - I will give you just a couple of bullet points and both my colleagues can add to that as well. I clearly think that the United States feels that it has a real interest in seeing Pakistan succeed. This is not a relationship between two adversarial countries even though they are frequently at one another's throats.

So (unintelligible) Pakistani economy to grow. It wants Pakistan to begin to get a handle on its energy problems. It wants Pakistan to develop over time in a more vital and vigorous educational system to prepare a workforce for the 21st economy. It wants Pakistan to successfully confront the domestic violence which wracks Pakistan on a daily basis.

It wants Pakistan to live in a secured neighborhood at peace with its neighbors including its big neighbor to the east but also it wants a tolerably decent relationship between Islamabad and Kabul. So all of these are interests which draw the two countries (unintelligible) my colleagues want to add to that?

Farahnaz Ispahani: Just very quick because I left (unintelligible) really talk about this but I agree with Bob energy is one of Pakistan's most major issues right now which affects not just the industrial sector but homes, offices all across. We have what we call blackout sometimes for 15 and 16 hours a day. So that is really (unintelligible) the economy.

The second thing again is as I said in the beginning Mr. Nawaz Sharif is going to ask for trade not aid and that would be better I think for President Obama

because Congress is in no mood to give Pakistan anymore - any new money. And finally it's all about Afghanistan 2014.

The U.S. wants to leave (unintelligible) fast, the Pakistanis want a Pakistan friendly government to come in after the U.S. pulls out -- this is a major issue for Pakistan. So these are the three things that I would (unintelligible) and of course the domestic terrorism within Pakistan and harboring of extremist terrorist groups is (unintelligible). I will let Khurram talk to you more the economy sector and everything else.

Khurram Husain: Hi there. To follow up on what Bob just said I think the key interest - probably the main interest that both countries have in common with each other is the stability. I don't think anybody in the U.S. wants to contemplate the prospect of a nuclear country thinking into the kind of instability that we've been seeing happen across the Middle East for instance.

And likewise in Pakistan I don't think anybody is - really wants to see any, you know, more instability to have to live with. The question of how do you bring that about? Now if you look at the IMF program that Pakistan has just signed for instance you will notice that both countries the United States and Pakistan approached the question of stability very differently.

The United States tends to sort of bring a minimal understanding to the table - they want Pakistan to do a lines shares of the listing in order to ensure its own stability. While the Pakistanis feel that because they have played host to a very major international war and suffered as a consequence that the international community owes them a certain amount - a very large helping hand in order to get things back on track.

So there is room for debate even though there's a common interest that both of them are playing around. And the United States tends to view stability in a more sort of short term arrangement. The IMF program is very long on short term measures that Pakistan is supposed to take -- most of which are designed to ensure that the country doesn't take all of the money and spend it all in one place.

Whereas structural criteria of those of that to seek the reform of the revenue machinery that seek reform in the power sector to most sustainably lift Pakistan out of multiple economic challenges -- those have largely been left to the country to sort of figure out and decide how and when to implement for itself.

So modern macroeconomics performance criteria are very tight to the program to ensure short term stability and governments finance (unintelligible) accumulation. Whereas structural reforms are has been sort of more loosely left to the country's own devices.

Drew Sample: (Augustus) did you have questions for (unintelligible) out there?

(Augustus): No sir. Thanks.

Drew Sample: Yes.

Tim Craig: I have a question.

Drew Sample: Sure. Go ahead.

Tim Craig: How does - this is Tim Craig from the Washington Post. The U.S. perspective - can you hear me?

Drew Sample: Yes.

Farahnaz Ispahani: Yes.

Tim Craig: Okay. From the U.S. perspective how do you think they handle and navigate this on one hand urging Pakistan and Sharif to sort of support and help Karzai get the Taliban to the table for peace talks and sort of having negotiating peace over there?

While the others - at the same time they may not support Sharif's efforts and push back to try to get peace talks with the TTP the Pakistan Taliban in Pakistan and some sort of negotiation instead of a full blown military operation. Is there a disconnect there in U.S. policy? And, you know, how does the U.S. rationalize such a disconnect if it exists?

Robert Hathaway: Well there's always disconnects. I don't think there is anything particularly remarkable about that but I think for American decision makers there are really two different issues. On the second of the two issues - the domestic turmoil inside Pakistan United States has some views on what it would like to see the Pakistan government and the Pakistan army do.

But I think there is a widespread recognition here that this is a decision for the Pakistanis to make. And we have to respect their decision even if they don't come down exactly where we think they should come down. On the Afghanistan side however I think Americans continue to expect that Pakistan will do more -- both in securing the border to the extent possible to minimize a cross border incursions.

But also one I think at this point particularly to use their influence with the Afghan Taliban to encourage a genuine political process because I think Washington believes a genuine political process which results in a negotiated settlement that is at some level acceptable to all Afghan parties is the best way to ensure that Afghanistan Post 2014 won't simply degenerate back into a full-fledged civil war.

Washington expects Pakistan's help in this matter because Pakistan also does not want to see a chaotic unstable Afghanistan Post 2014. So you might say well Washington views as to what Pakistani should do with the Afghani Taliban are somewhat different from what Pakistan should do with the Pakistan Taliban but there's a certain internal consistency there as well.

At the end of the day though I don't think that consistency is necessarily the first thing that American diplomats are going to worry about.

Farahnaz Ispahani: I think at this point I think it's as clear to many in Pakistan among the leadership that the United States is really at some level quite disengaged from Pakistan especially on our internal terrorism issues. They are interested in the Afghanistan side of the border because they want to leave, you know, with their heads held high because of all the human cost to the United States (unintelligible) 2014.

But the United States has helped Pakistan in terms of certain things. So that Pakistan is not reliant on the military constantly for, you know, to bring out the domestic terrorist groups because as we know there are Pakistani intelligence connections to some of these - the TTP Pakistan and then some of the sectarian groups Et cetera.

So the United States has thought about two things -- one almost 98% of all domestic terrorists who are brought before a judge the cases and up dismissed. And this is because number one the judges have seen they get phone calls from the Jihadist and the families get threatened. So the U.S. is working on they want to help Pakistan in a practical way -- the way in Colombia that judges will secure and it will be nice to crack down on the Medellin cartel -- on that model.

And the other thing is making us civilians police force stronger so that they don't have a vested interest unlike some elements in the Pakistan military establishment. So by strengthening them that will also strengthen (unintelligible) government. That's about as much as we're going to see from what the U.S. is going to do - willing to do domestically.

Drew Sample: Are there more questions?

Trudy Rubin: Hi can you hear me? This is Trudy Rubin from the Philadelphia Inquirer.

Drew Sample: Yes, hello Trudy...

Trudy Rubin: Hi. Hi. I want to ask another question about the link between internal and external. If the negotiations that Nawar backed by Imran Khan is trying to have with the TTP -- these kinds of talks have always failed before and if - I'm curious where people think they are likely to go. And if they go as badly as they have gone before isn't that likely also to affect what Pakistan can or will do if anything to crack down on Afghan Taliban.

And secondly does Pakistan have any influence anymore or much influence or as much influence as we like to think they have over the Afghan Taliban?

What could they do if they wanted to and what do you think they really want to do? What does the ISR really want in Kabul after 2014?

Robert Hathaway: I'm surrounded by two Pakistani so we will let the American respond and then the two Pakistanis can correct him. I think, Trudy, people here in Washington are not very optimistic about Islamabad successfully negotiating with the Pakistani Taliban in a way that would result in a maintenance or constitutional government and in the end to the horrific violence which is wracking Pakistan in previous years.

But I think there is a wide recognition here that the Nawaz Sharif government needs to make a good faith effort to find a political solution. And moreover needs to be seen buy the Pakistani people to be making a good faith effort to negotiate with the Taliban. And then if as most people expect - and I think this is probably true in Pakistan - many people in Pakistan also expect these efforts will fail.

Then the Nawaz Sharif government will be much more politically strengthened to embrace a stronger approach towards Jihadist and the Pakistan Taliban. With respect to your very good question about how much leverage does Pakistan have on the Afghan Taliban -- we don't have a whole lot of evidence there. My instinct is to say they don't have a whole lot of leverage.

The Taliban in Afghanistan the Afghan Taliban have been fighting now for 12 years. They are not (unintelligible) the ISI and I think we shouldn't expect a great deal of leverage. Having said that there clearly are things that Pakistanis could do to turn up the pressure on the Afghan Taliban -- you've got Mullah Omar one of the senior leaders presumably living in Pakistan.

Presumably the ISI knows where they are. They can certainly turn up the effort the heat on those people up to and including even forcing them out of Pakistan. So a little bit of leverage not probably nearly as much as we would like they had.

Farahnaz Ispahani: Trudy it is Farahnaz. I will jump in on this. Number one as we know from Osama Bin Laden living with many wives, many children in the heart of a settled area in Pakistan. If that - I mean the head of Al Qaida could be there and there is evidence that in Karachi, in Quetta, you know, what's called the Quetta (unintelligible) and now probably in the settled areas of Peshawar as well.

And in (unintelligible) secondary cities in Punjab there is evidence that the Afghan Taliban has places and they go back and forth. And they are not all up in the hills - I mean they are in settled areas as well. So the safe haven safe haven that the United States and Afghanistan talk about perhaps do exist but I would agree with Bob that they - Pakistan does definitely still have a decent relations with the Afghan Taliban -- it goes back a long way.

There were only three countries in the world who recognized them -- Saudi Arabia, the United Arab Emirates and Pakistan at the time they took over. And (unintelligible) so many years of violence and fighting side by side has not disappeared. I don't think Pakistan can dictate to the Afghan Taliban but they can definitely talk to them -- there is good will. So I mean that does amount to something and that can be useful for the United States and that can be useful and parlayed into something positive.

Drew Sample: Okay. Any more questions out there? Feel free to jump in.

(Manik Shareaza): Hello?

Drew Sample: Yes hello.

(Manik Shareaza): Hi my name is (Manik Shareaza). I'm a writer for the (unintelligible). I have a question that some time back there was a (unintelligible) crisis in Pakistan on energy. I was wondering like what is the policy of the Pakistan (unintelligible) Pakistan (unintelligible) government?

How is it different from that of the people's authority in terms of grappling with the energy crisis? I was wondering if Mr. Husain can respond to this.

Khurram Husain: In a significant measure the new government - Mr. (unintelligible) government it seeks to pursue the kind of reforms that the previous government was very afraid of implementing. The previous government from the day they came in when they first started talking about the energy crisis they passed it as a crisis just generated from shortages of electricity.

And that is why they went about the business of arranging additional supplies of electricity to (render) power arrangements and it started giving everyone a deadline. They gave the country a deadline that was tied to December 31, 2009 there will be no more (load) sharing because we had arranged additional supplies of electricity. Of course, you know, there was a view at the time as well and the view is still with us that the shortages of electricity are not the result of lack of generation capacity.

But in fact a lack of ability to pay for the kind of power sector subsidies and a failure to bring about (status) reform at the end. So this government after having come in one of the first things that they did was in fact announce and make public a very large increase in power (unintelligible) for (unintelligible)

users - number one to try and bridge the gap between generation and that cost at which the electricity is sold to the consumers.

And also they now announced a very far reaching plan to unbundle the major power generation company - the power utility in the country -- Pepco -- to unbundle it, separate out the various generation companies, separate out the distribution companies, bring in private sector - boards of directors, recruit private sector management and slowly take these entities towards privatization.

And they are within the first 100 days of coming into power they were using the word privatization to describe the future direction and their vision for pulling the country out of its energy crisis. That's the biggest difference. The previous government had a very hard time even using the word privatization whereas this government has used it very eagerly; and has been very quick to pass through (unintelligible) increases.

So they are bringing about a far more sort of commercial or bring or instrument in a far more commercial and business friendly vision for overcoming the power crisis. Whether or not they succeed however for the challenge is enormous before them - whether or not they succeed is still an open question.

(Manik Shareaza): And a follow-up question how can the U.S. help in this regard?

Khurram Husain: That's a good question. The Pakistanis - from the Pakistani side the demand tends to focus largely around the construction of a mega dam. The Pakistan's power bureaucracy is a very keen to build a dam on the upper index of the (unintelligible) and whenever they have an opportunity to meet

representatives of the U.S. government who come out and asking the same question that you just asked.

You know, what can we do is to help -- the answer that they always get from all levels of the power bureaucracy and from all levels of the government is help us fund the med the dam on the upper index near Pasha and its downstream attachments in the form of (unintelligible) river projects like (unintelligible). So that's what the Pakistanis ask for.

For their part the Americans however prefer to put the emphasis and the focus on more efficient utilization of existing resources first. They say that there are a lot of built in inefficiencies in how the power utility is being run -- the line losses is very high, the generation company and the power plants have not been maintained for many years and are producing far below their capacity.

And this is so you can squeeze out a lot more electricity and a lot - and far more efficiencies of from the existing system first and then you talk about adding new measures. And that is really where the debate stands thus far.

The U.S. has given in to some extent and has agreed to fund some studies surrounding the (unintelligible) dam. Although thus far I think very are still shying away from committing to any large scale - or to any kind any money for that reconstruction itself.

Drew Sample: Okay. Any final questions out there from anyone? All right. Well this is Drew again -- thank you again everyone for coming and participating. I think it was a really great conversation. We will have the full audio of this available as well as a transcript of the conversation which I can distribute tomorrow probably around 11:00 AM eastern time.

If you do have any further questions for us though we're here and feel free to get in touch with me at Drew.Sample@Wilsoncenter.org or give me a call at (202)-691-4379. Thanks very much again and hope to hear from you guys soon.

END