

Regional Security and Economic Challenges: Pakistan's Perspective

Statement by Makhdoom Shah Mahmood Qureshi
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Mr. John Edwin Mroz, President of the East West Institute, Mr. Francis Finlay, Chairman of the East West Institute's Board of Governors, Excellencies, Distinguished Guests, Ladies and Gentlemen!

It is a matter of great pleasure for me to address the EastWest Institute. The Institute is a constructive and positive voice on global security issues. Its mission of bridging perspectives, and promoting understanding, is indeed commendable. I appreciate the opportunity afforded to me to share my views on issues of great salience for the region and the world; Issues and circumstances that are frequently perhaps not clearly understood. Those often become the source of misperception.

Pakistan is at the centre of geo-political changes of far reaching import. These will determine the shape of things to come; in our region and our world.

Ladies and Gentlemen,

Like all developed and developing countries, we too have had our share of challenges; both Internal and External. Allow me to give you a birds'-eye view of the challenges that we face.

First: Our domestic environment had been mired with years of mismanagement, political uncertainties, military takeovers and the resultant weakening of democratic institutions. Adding to those were the lopsided development strategies, leading to disparities in income distribution; coupled with the grievances of smaller provinces against the larger ones.

Second: We have to cope with a disturbed neighborhood. Our challenges include: three decades of turmoil in Afghanistan on our North-Western frontiers; stalemate over Iran's nuclear issue on our Western borders; and, on the eastern front, three wars over unresolved issues with India; including the Jammu and Kashmir dispute, Siachin, and water issues.

Third: The Afghan war left lasting imprints on our State and Society. Jihad in Afghanistan, in addition to introducing Kalashnikov culture and the menace of drugs, led to the radicalization of a segment of our society. These challenges were compounded with the influx of millions of Afghan refugees; 3 million of them still living in Pakistan, whose repatriation process has yet to be completed.

Fourth: Growing menace of International Terrorism in the aftermath of 9/11; making Pakistan a frontline state, and posing threat to our Internal and External security.

Fifth: Increasing dangers of horizontal and vertical proliferation of Weapons of Mass Destruction. Increasing asymmetry in the defence capabilities of India and Pakistan, which is likely to disturb the strategic balance in South Asia.

Sixth: Growing disparity between rich and poor across the globe.

Seventh: Negative impact of the global economic slowdown, improper management of agriculture, power and tourism sectors, on our economy.

Ladies and Gentlemen,

Despite these challenges, the situation is looking up. If we look at the current situation, our today looks certainly better than yesterday.

My optimism stems from the following factors:

Politically, the situation has stabilized. The elections held in 2008 defied all opinion polls. Despite predictions of extremists taking over NWFP and Balochistan - two provinces close to Afghanistan border election results surprised everyone. The people of Pakistan overwhelmingly voted in favour of moderate political parties; and against the forces of extremism and intolerance. Partly because the tragic assassination of Mohtarma Benazir Bhutto had united the entire nation against such forces.

At the centre and the provinces, we have coalition governments. All institutions are working in accordance with the constitution; and the Opposition Parties are playing a healthy and constructive role. The People's Party's government, in association with our coalition partners, is working to empower women, protecting the rights of minorities, and improving the human rights situation. Political reforms in Gilgit Baltistan, and Balochistan Development package, will address the longstanding demands of the people. We are also introducing political and judicial reforms in FATA.

Press Freedom has helped the people to debate and discuss issues of their concerns in an open and frank manner. The media highlights issues of governance, human rights situation, political and developmental issues; thereby helping the Government in putting in place a corrective mechanism.

The restoration of Judges sacked in November 2007, for their refusal to bow down to pressure exerted by the previous government, speaks volumes about the strength of the people, members of the civil society and media. It also demonstrates that democracy, rule of law, independence of judiciary, independent media and supremacy of the Parliament have been, and remain, the *raison d'etre* of the people of Pakistan.

Ladies and Gentlemen,

The global financial and economic meltdown hit Pakistan at a time when the economy was reeling from severe macroeconomic imbalances, resulting from unprecedented hike in oil price and other commodities. Crippling power crisis, double digit inflation, dwindling foreign exchange reserves and dried up foreign capital inflows, completes the picture of Pakistan as it was two years ago.

The economic downturn that we suffered due to global financial crisis and terrorism is being corrected with better management of the economy and with the help of our friends. The FODP

process, which was initiated last year, has been a successful endeavour; and we are receiving assistance in priority areas such as Energy, Agriculture, Infrastructure Development, Health and Education. The National Finance Commission Award, whereby Financial Resources have been equitably distributed amongst provinces, will remove provincial disharmony.

Ladies and Gentlemen,

When the democratic order was restored two years ago in Pakistan, Taliban were holding sway over areas of our tribal region and Swat. Terrorists and suicide attacks on our civilian population had disrupted normal life; and our society was fragmented under years of dictatorial rule.

Since the return of democratic order, our foremost priority was to give political ownership to the fight against extremism. We forged consensus among political parties; and completely turned public opinion against the Taliban. As a result, our government now enjoys solid public support for uprooting terrorism from our midst. We believe this was the key element in successful military operations against Taliban in Swat, Malakand and North Waziristan. Within three months of the launch of military operations in Swat, we restored the writ of the government, eliminated terrorists, looked after the displaced people from the area and rehabilitated them.

Normal life has now been restored in Swat. Our military operations in South Waziristan were completed in 5 weeks. We have now launched operations in North Waziristan. Our military operations in the tribal areas will also help situation in Afghanistan.

Ladies and Gentlemen,

Despite all these positives, we still face a number of challenges. We face the challenges of poverty and inequality; challenge to provide quality education and health to our people, and we have to provide speedy justice to our people.

We face the challenge to rebuild infrastructure destroyed by terrorists. We have suffered massive losses due to extremism and terrorism. In 2009 alone, nearly 5,000 people lost their lives and more than 12,000 were injured. More than 2,000 security officers lost their lives in the military operations. The cost of war on terror since 2004 has been estimated to be in the range of 40-50 billion dollars. The indirect costs include drop in investment, inability to proceed with the development work, loss of production time and high cost of supporting displaced persons, flight of capital and closure of business activity.

Our successes achieved in Swat and Waziristan can only be sustained if we initiate development work, provide employment, restore business confidence help build their shops and houses destroyed by extremists. We have to rebuild school, colleges of boys and girls destroyed by terrorists. Rebuilding infrastructure in Swat alone would cost us around \$2 billion. For the revival of our economy, we need market access for our exports. Exports will create more industries, more employment and less terrorism. Unemployed youth will not become an easy prey to the extremist predators.

Ladies and Gentlemen

The recently held London Conference on Afghanistan, we hope, would lay the foundation for a lasting political solution to the Afghan conflict. Pakistan all along has strongly advocated political reconciliation in Afghanistan. Pursued with earnestness and sincerity, reconciliation and

reintegration of all factions and ethnicities, within Afghanistan, provide a unique opportunity to bring peace to this war ravaged land. All Afghans should have a stake in the stability and development of Afghanistan.

The Taliban leadership should understand that their military victory, without reconciliation and sustained international assistance had not brought peace and development in Afghanistan. Therefore, an Afghan led grand reconciliation, with the full support of the international community, is the only way forward. We have assured our full support to the Afghan government and the international community in this regard. A stable peaceful and prosperous Afghanistan also guarantees peace, stability and prosperity in our tribal regions and beyond.

The core objective of an appropriate political strategy should rest on sovereignty, independence, unity and territorial integrity of Afghanistan. We have to ensure the neutrality of Afghanistan. No country should be allowed to go beyond its legitimate mandate in Afghanistan. We have to keep in mind that no war can be won without public support. It is imperative to win public support to international efforts in Afghanistan.

Ladies and Gentlemen,

After more than a year of wasted opportunities, India has come round to resumption of dialogue with Pakistan. We have repeatedly impressed upon India that terrorism and extremism respect no boundaries; and the only way to confront this menace is a more sustained and broad based cooperation between our two countries.

Suspension of dialogue strengthens the very forces that the international community is committed to defeat. We consider resumption of dialogue a positive development, and hope that the process starts in all earnestness; as we have a lot of grounds to cover to make up for lost time. Unresolved disputes, lack of trust and cooperation are major factors that have kept this region mired in hunger, deprivation, squalor and poverty. Peace and stability can have a transforming effect on South Asia or as some call this region- the Greater Central Asia.

Ladies and Gentlemen:

Peace and security in the region opens up the possibility of continental trade, spanning the whole Eurasian landmass. Western Europe, China, the Middle East can establish direct links with one another by means of direct roads, railroads, and technologies for transporting oil, gas and hydroelectric power. These East-West and North-South trade and energy corridors can increase international trade many times the current levels. In the process, the Indus valley can return to its ancient status as an entrepot for continental trade. Disintegration of the Soviet Union had revived hopes of resumption of the East-West continental trade, but instability in Afghanistan and unresolved disputes between India and Pakistan remained main stumbling blocks.

Now that the reconciliation and reintegration process is about to be initiated in Afghanistan, and dialogue between India and Pakistan is to be resumed shortly, we have cause for optimism. Pakistan on its part would like to seize the moment and move forward in a sincere and purposeful manner. This sincerity and sense of purpose, we hope, will be reciprocated by our interlocutors. It will serve the greater cause of peace and stability, progress and prosperity within and across our shared borders.

I thank you.