



## Asia-Pacific Center for Security Studies



**SPECIAL ASSESSMENT**

OCTOBER 2004

### Asia's Bilateral Relations

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# India-Pakistan Relations: Breaking With the Past?

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## Executive Summary

- Since April 2003, a major initiative to mend ties has been underway between traditional archrivals India and Pakistan, raising the prospect of a permanent break with the past.
- A “composite dialogue” on all major issues between them was scheduled to begin in spring 2004. Topping the issue-agenda were Kashmir, terrorism, nuclear and conventional arms, and bilateral trade.
- Grounds exist for optimism about the talks, even about Kashmir where the history of bilateral negotiations has been disappointing, but skepticism is also warranted when it comes to the capacity and willingness of Indian and Pakistani leaders to sustain serious dialogue.
- The unexpected defeat of the ruling Bharatiya Janata Party (BJP) in India’s spring 2004 parliamentary elections clearly disrupted—and held the potential to derail—the just-begun dialogue process.
- To the extent that a break with the past is seriously underway, it is in its infancy and faces huge and possibly insurmountable obstacles. Its ultimate fate, in any event, will be determined by far more than the good intentions of the two countries’ current leaderships.
- The United States has recently enjoyed simultaneously positive relations with both India and Pakistan. Its stakes in the outcome of the scheduled bilateral talks are very large. U.S. strategic stakes include prosecution of the war on terrorism, counterproliferation, and a possible Indian role in the containment of China.
- Heavily preoccupied elsewhere, Washington shows little inclination to assume a leading public role in conflict-resolving activities between India and Pakistan, relying instead on private appeals and the efforts of the two countries. In any event, its leverage, though considerable, is likely to prove somewhat illusory.

## INTRODUCTION

India and Pakistan are the world's second and sixth most populous nations. They have a history of bitter rivalry, including four wars with one another (the most recent in 1999 over Kargil) since achieving independence from Great Britain in 1947. Their back-to-back detonations of nuclear explosives in May 1998 unequivocally demonstrated to the world the mounting muscularity of their nuclear weapons programs. Their steady progress in the development of ballistic missiles underscored the gravity of the danger. They are the two largest and most powerful member-states of the South Asian Association of Regional Cooperation (SAARC), the success of which in promoting regional economic and social development has been held hostage to their hostility since the group's founding in 1985. Unexpectedly, during the past few years these two historic rivals are simultaneously enjoying unusually close ties with the United States: India, having largely abandoned its past commitment to nonalignment, has been busily crafting a defense-oriented "strategic partnership" with Washington; and Pakistan, a vital member of Washington's post-September 11 global counterterrorist coalition, has recently found itself rewarded with the prized status of "non-NATO major ally." In short, India and Pakistan are significant players in global as well as regional politics; thus the question of how well their bilateral relationship fares is important to the United States and other countries.

## BACK FROM THE BRINK: INDIA-PAKISTAN RELATIONS 2001-2004

The pace of improvement in India-Pakistan relations since April 2003, when then Indian Prime Minister Atal Bihari Vajpayee offered a "hand of friendship" to Pakistan in what he called a last effort to mend ties, has been breathtaking. In the space of a year, the two archrivals managed to:

- restore the rail, bus, and air links that had been cut in the wake of the terrorist attack on Parliament House in New Delhi in December 2001;
- agree to a cease fire not only on the 740 kilometer Line of Control (LoC) dividing their forces in Jammu and Kashmir but also on the remote Siachen Glacier, where guns had not been silenced since Indian forces took possession of the area in April 1984;
- commit themselves in early January 2004 at the close of the 12th SAARC summit in Islamabad to revive bilateral talks broken off when the last peace initiative between India and Pakistan floundered at Agra in July 2001;
- lay the groundwork in spring 2004 for comprehensive and simultaneous negotiations with an eight-point agenda covering all major issues between them, including Kashmir; and
- successfully conclude on April 13, 2004 the Indian cricket team's first test tour of Pakistan in fourteen years—the most public sign that a serious thaw was in progress.

The change in India-Pakistan relations is all the more remarkable considering the circumstances that immediately preceded it. Most dramatically, for a period of ten months in 2002, upwards of a million Indian and Pakistani troops had squared off menacingly against one another along the lengthy border separating their two countries. India and Pakistan seemed then on the brink of war. With that episode's peaceful conclusion, India and Pakistan have clearly stepped back from the brink. The question remains, of course, whether this undeniably momentous turn of events marks a permanent break with the past. One part of the answer can be sought in the unsettled issues that are likely to surface on the agenda of talks planned between them.

## AGENDA FOR TALKS: THE ISSUES

At the Islamabad SAARC summit, Prime Minister Vajpayee and Pakistani President Pervez Musharraf agreed to the early resumption of "composite dialogue" on all major issues. The foreign secretaries of the two countries worked out a preliminary timetable for the talks at a meeting in Islamabad on February 18. Due to India's intervening national elections, conducted in phases in late April to early May 2004, the meeting of the two countries' foreign ministers was postponed until August. Expert-level talks and further preparatory meetings of the foreign and defense secretaries were conducted in May and June. Judging from the last time composite talks were undertaken by the two sides in the so-called "6 + 2" integrated format of discussions begun in October 1998, longstanding disputes over the Wullar Barrage (Tulbul Project), Siachen Glacier, and Sir Creek were bound to receive attention, along with drug trafficking and cultural exchanges. Likely to top the list of issues on the agenda, however, were Kashmir, terrorism, nuclear confidence-building measures, and what Pakistanis were calling "strategic stability," the balance of nuclear and conventional weapons. Promotion of bilateral trade was also certain to be high on the agenda.

## KASHMIR

Between 1947 and the present, India and Pakistan have held direct bilateral talks in which Kashmir was an agenda item on nearly twenty-five separate occasions. A few of these talks (Karachi 1949; Tashkent 1966; Simla 1972) accomplished immediate objectives: They formally brought war to an end and provided for such things as repatriation of POWs, return of occupied territories, or establishment of ceasefire lines. They all failed on the larger issue of Kashmir's ultimate disposition. The only major discussions involving Kashmir that resulted in workable and sustainable agreements were those that led to the 1960 Indus Waters Treaty. That treaty still stands. However, it was internationally mediated and international funding was a pivotal element in its implementation. If its historical record is any guide, talks on the subject of Kashmir in a strictly *bilateral* framework seem doomed from the start.

Is the time ripe for settling Kashmir? There are clearly some reasons to think so. One is that leaders from both sides have made explicit and repeated mention in recent months of their belief in the need to move away from irreconcilable stated positions. A second is that these leaders both appear dismayed by the baleful effects that more than a half-

century of intransigence over Kashmir has had on their economies. With large sections of its population still mired in poverty, the South Asian region's attractiveness to foreign investors suffers from a global reputation as a nuclear flashpoint. A third is that there is strong evidence, including some polling results, indicating that Kashmiris themselves are insurgency-fatigued and willing to settle for much less than either accession to Pakistan or *azadi* (the state's complete freedom from either India or Pakistan). New Delhi's offer of direct talks with the militant Kashmiri Muslim leadership of the All-Parties Hurriyet Conference (APHC), another prong in its peace initiative, is almost certainly traceable to this perceived weakness in the separatist cause. A fourth and perhaps the most important reason for thinking that the time is ripe, if not for final resolution then at least for agreement to sustain the present ceasefire, is that Pakistan's foreign policy establishment seems to have come to the conclusion that coming to terms with India is the best of a number of largely unattractive strategic options available. Islamabad simply cannot contend all at once, in other words, with an irate India, still chaotic Afghanistan, embarrassing disclosures about its past nuclear proliferation practices, and—a factor more than ever driving change in regional calculations of strategic alternatives—American expectations that Islamabad cooperate in the war on terrorism.

On the darker side of the ripeness issue, it seems, are the results of India's just-concluded 2004 parliamentary elections. Defying expectations, the ruling Bharatiya Janata Party (BJP) went down in defeat, inevitably spreading a cloud of uncertainty over the just-begun dialogue process. After all, much of the credit for launching the peace initiative belonged to the ousted Prime Minister Vajpayee, whose towering popularity had enabled him to enlist the acquiescence in the initiative of his Hindu nationalist political allies. The incoming Congress party-led coalition is likely to be preoccupied for some time with its own survival in power, and that preoccupation, while it may not actually derail the dialogue process, could well rule out the kinds of imaginative statesmanship and political risk-taking that many observers believe are essential to its success.

It's important to bear in mind, in any event, that neither side—regardless of who is in power—is likely to favor appeasing its old adversary on the issue of Kashmir without receiving major concessions in connection with other issues on the agenda, including some that almost certainly matter more in ruling circles than Kashmir. In other words, a resolution of the Kashmir issue—which in itself is complicated—depends upon progress on other contentious issues, which highlights the extraordinary difficulty of the path ahead.

## CONVENTIONAL AND NUCLEAR ARMS

Any attempts by India and Pakistan to negotiate bilateral arms agreements are likely to run afoul of the considerable instability currently characterizing the existing arms balances, conventional and nuclear, between them. Current conventional and nuclear arms inventories and the actions of India and Pakistan indicate that they are not on an unrestrained peace binge. On the contrary, they are two of the largest spenders on defense in the world. Both sides are currently outfitting their military forces in ways that, while perhaps fully defensible on prudential grounds, inevitably appear threatening or even provocative to the other. Given the considerable power disparity between them arising from the conspicuous asymmetries—geographic, demographic, economic, and military—in their relationship, it could scarcely be otherwise. The military balance between India and Pakistan is at least as important as Kashmir.

Some of India's most recent planned arms acquisitions, including purchases from Russia of the \$1.5 billion Admiral Gorchkov aircraft carrier and from Israel of three state-of-the-art Phalcon AWACSs could give India, according to some arms experts, a measurable military edge over Pakistan. The edge would likely be further widened if India were to add both nuclear power and cruise missiles, potentially nuclear-tipped, to its growing submarine fleet. If recent reports prove accurate that Indian defense scientists have succeeded in developing mini-nukes or low-yield "boutique" nuclear bombs for battlefield use, India's military equation with Pakistan might, in fact, be radically turned to Pakistan's disadvantage. India's diligent construction of new air and naval bases, along with its nascent but far from trivial military connections with Iran and Northern Alliance-ruled Afghanistan, both in Pakistan's backyard, also carry serious warnings for Pakistan's defense strategists.

Pakistani military planners are, of course, not without their own ambitions for increasing the reach, lethality, and efficiency of the country's conventional and nuclear weapons systems. In January 2003, the nuclear-capable medium-range (1,500km) Ghauri missile came into service, bringing a huge expanse of India well within range. Pakistan's planned serial production beginning in 2006 of the JF-17 Thunder fighter aircraft, developed in close collaboration with the Chinese, naturally arouses concern in New Delhi, perhaps less because of its immediate combat potential than because of the long-range strategic implications of the Chinese connection. Regarding China, Indians are bound to wonder about the implications of the opening in a year or two of the largely China-financed port and navy base at Gwadar on Pakistan's Baluchistan coast.

Pakistan's interest, then, in placing agreed bilateral restraints on weapons development and acquisition is readily understandable but it collides with India's great power aspirations and much larger strategic canvas. That canvas obviously includes China, whose superiority over India—arguably in conventional forces, unquestionably in nuclear forces—is a constant stimulus to yet greater exertion by India's defense planners. Confronting any imagined arms accord between Islamabad and New Delhi are thus two awkward asymmetrical arms relationships—that between India and Pakistan and between India and China.

## TERRORISM

**A**t the SAARC summit in January 2004, India and Pakistan jointly signed a seemingly stringent Additional Protocol to the 1987 SAARC Regional Convention on Suppression of Terrorism. Most of the organizations banned by India in recent years under the Public Order and Terrorism Act (POTA) have been headquartered in Pakistan, however, and the Indian government officially claims that over 75 percent of "foreign terrorists" killed or arrested since the outbreak of the Kashmir insurgency in the early 1990s were from Pakistan. The Musharraf government has been under unusually strong pressure from Washington to halt activities of terrorist groups said to be operating from its soil; but skepticism is rampant, and not only in India, about the depth of Islamabad's determination to accomplish the job. As a scathing report issued by the International Crisis Group (ICG) within days of the signing of the new SAARC anti-terrorism protocol put it, the Musharraf government's pledge of sweeping reforms of Pakistan's *madrassahs*—considered by some as key breeding grounds for radical Islamist ideologies and terrorist networks—had essentially come to naught. There was no presidential ordinance

regulating the madrassahs, no new national curriculum has been developed, and most madrassahs remain unregistered. Moreover, tougher controls on the financing of extremist groups have not been implemented.

Pakistani leaders appear well aware that their longstanding practice of labeling insurgents in Kashmir as “freedom fighters” has been bled of virtually all its legitimacy since the events of September 11. They have been reluctant, however, to crack down fully on the militant groups that target India while Pakistan’s armed forces are still engaged in politically high-sensitive military operations against the Taliban and al-Qaeda remnants along Afghanistan’s border. It is also likely, moreover, that a complete shutdown of the anti-India militant groups based in Pakistan would come after, not before, Pakistan has secured equally important concessions from India.

## ECONOMIC COOPERATION

The incentives for India and Pakistan to pursue closer commercial and economic ties are considerable. They include major potential benefits to be gained not only from expanded trade but also from the sharing of energy and water resources. For instance, of the several natural gas pipeline routes that have been proposed in recent years to carry gas from Turkmenistan, Iran, or Qatar to gas-deficient India, by far the cheapest and technically most feasible route is the land route across Pakistan. That route has thus far won little support from India, whose leaders have appeared reluctant either to make its gas supply in any measure hostage to its political relations with Pakistan or to reward Pakistan with handsome conduit fees without first having wrung concessions from Islamabad on other unsettled issues between the two countries.

Unfortunately, there is not much of a trading relationship between India and Pakistan to act as a foundation for added economic and commercial ties. The following tabular data presents trade statistics for 2002. Arrestingly visible is the fact that major trading partners for both India and Pakistan are the world’s more advanced industrial states—North American, European, and Asian—and not their South Asian regional neighbors with whom both their import and export trade are relatively miniscule.

Economists have never tired of listing the huge structural impediments to heightened intra-regional trade in South Asia. Foremost on most every list are these reasons: The region’s economies are low in per capita income and low in export potential, and for the most part, competitive rather than complementary in the range of goods produced. Allegedly, illicit trade between India and Pakistan runs upwards of \$1 billion or so per annum, suggesting a potential for expansion not visible in the tables. Some economists claim that two-way trade could reach \$6 billion once the South Asian Free Trade Area (SAFTA), which was agreed upon by the region’s leaders at the 12th SAARC summit, comes into being in January 2006. For the moment, however, dramatic expansion in market opportunities between India and Pakistan is more likely to come as a reward for than as a cause of improved bilateral relations.

	Direction of Trade 2002 SAARC Countries, % of Imports			Direction of Trade 2002 SAARC Countries, % of Exports		
	Industrial States	Asia	SAARC	Industrial States	Asia	SAARC
Bangladesh	25.4	55.1	15.6	74.1	04.9	01.4
Bhutan	na	na	na	na	na	na
India	35.9	22.4	01.1	52.3	23.4	05.7
Maldives	18.5	63.3	33.7	70.2	26.8	13.5
Nepal	17.8	56.0	39.6	46.1	51.1	48.9
Pakistan	34.3	25.8	02.3	57.0	18.2	03.0
Sri Lanka	30.0	53.4	15.5	73.6	10.5	04.9

## AMERICA IN THE INDIA-PAKISTAN RELATIONSHIP

The United States has been engaged for a half century in a delicate power balancing act in the subcontinent, at times tilting toward Pakistan—such as during the decade of war in Afghanistan following the Soviet invasion of 1979—and at other times toward India such as during the Clinton administration from 1996 to 2000. In a few instances such as post-September 11, the United States has seemed to tilt simultaneously toward both of them. The closeness of current ties with Pakistan is obviously derivative of the war on terrorism: Pakistan shares a border and ethnic ties with Afghanistan and is intimately familiar with the Afghan political landscape. These factors along with its well-honed habits of collaboration with Washington have given Pakistan its natural geostrategic importance. In India's case, the habits of collaboration with Washington have been late in developing and have yet to reach the levels sometimes recorded in the history of U.S.-Pakistan relations. Economic ties between India and the United States have expanded remarkably in recent years, however, and a spate of joint military exercises and arms agreements between them give promise of developing into a qualitatively new kind of strategic partnership. For some commentators in Washington and elsewhere, no small part of the motivation for building the partnership rests on India's potential role in the containment of China, a role that remains largely hypothetical.

By no means are Washington's present ties with Pakistan and India entirely trouble-free. For one thing, Pakistan's nuclear wheeling and dealing in the last several years has aroused substantial anxiety in the United States over the safety of Islamabad's nuclear weapons program. Pakistan's wobbly commitment to democratic rule is also problematic for Washington, and both the Indian and Pakistani governments have reservations, so far largely muted in public, about Washington's Iraq policy. Over the long term, both governments remain deeply suspicious of Washington's intentions, especially of its willingness and ability to maintain current commitments.

Heavily preoccupied elsewhere, Washington has been extremely reluctant to assume a leading public role in conflict-resolving activities between India and Pakistan. Kashmir, in particular, has acquired a reputation in the United States as an unusually sticky tar baby; Washington has generally been content so far to rely on private appeals and the efforts of the two countries to resume bilateral talks. President Clinton's conspicuous involvement

as informal mediator of the Kargil conflict in July 1999 stands as recent testimony of the potential for a more direct American role. Until India shows greater warmth for the idea, however, it is likely to remain essentially untested.

Maintaining friendly ties with the United States remains a matter of utmost importance to both India and Pakistan. Thus, pacifying the United States—avoiding actions that might upset the inherently delicate trilateral arrangement currently in place—naturally figures in calculations made in regard to their relationship with one another. This clearly gives Washington extraordinary leverage, including some capacity for stabilizing and even refashioning India-Pakistan relations. When compelling national interests are at stake, however, Washington's leverage is likely to prove somewhat illusory.

## CONCLUSION: PROSPECTS OF CHANGE

**W**hat about the question posed at the outset of this discussion—namely, whether the undeniably momentous turn of events witnessed in India-Pakistan relations during the past year marks a permanent break with the past? Do these events mean that India and Pakistan are on the verge of burying the hatchet once and for all? Is there a new, peace- and cooperation-oriented mindset spreading through the region? Or is the world witnessing a temporary suspension of the old rivalry—a laying aside of swords, so to speak, rather than their conversion into plowshares—brought on by a rush of economic, political, diplomatic, and strategic pressures that have elicited pragmatic adjustments from both countries? Do these events represent, in Pakistan's case, little more than a tactical retreat from a dangerously exposed position, and in India's case, merely an expedient show of magnanimity toward its outflanked rival? The answer, very likely, is that the break with the past, to the extent that it is seriously underway at all, is in its infancy; it faces huge and possibly insurmountable obstacles and its ultimate fate, in any event, will be determined by far more than the good intentions of the two countries' current leaderships.

The views expressed in this publication are those of the author(s) and do not necessarily reflect the official policy or position of APCSS, U.S. Pacific Command, the U.S. Department of Defense, or the U.S. Government.

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