

**BALUSA X**

**INDIA AND PAKISTAN: RE-ENGAGEMENT AND BEYOND**

**A Report of the Lahore/BALUSA Group**

**By**

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**Based on a meeting of senior Indian, Pakistani and U.S. participants held at the Lahore University of Management Sciences, Lahore, Pakistan, February 18, 2002**

## PREFACE

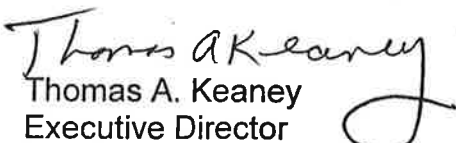
At a time of tense diplomatic relations between India and Pakistan and with a million soldiers from the two armies facing each other on the border, the work of the BALUSA group stands as a particularly hopeful and ever more important undertaking. This report relates the proceedings of the tenth meeting of the group, an unofficial track serving as a serious bridge between two countries in which there is at present little or no official interaction. Appropriately enough, this meeting focused on both crisis management for the present and an agenda for re-engagement of India and Pakistan in the future.

The BALUSA group was formed in late 1995 to influence policy in India and Pakistan toward a more cooperative relationship. Although it is a small group consisting of five Indian members, five Pakistani members and two Americans with roots in the subcontinent, it represents a variety of areas including, *inter alia*, business, political, media and the military. Although each member brings a different focus and a range of expertise and access, all are united in the desire to see India and Pakistan move from a relationship of conflict to one of cooperation.

The group has met in different locations and focused on different issues which have contributed to tensions between the two countries and recommended specific steps to build confidence and reduce mutual suspicion. Reports of each meeting are published and distributed widely in the policy communities of all three countries represented by the BALUSA group. Meetings of the group have been held in India and Pakistan since 2000.

As detailed in this report, the BALUSA group has engaged in direct, perceptive analysis of the most contentious international issues between the two countries: Kashmir, the dangers created by the presence of military forces on each other's border, and the status and control of nuclear weapons. Of particular significance, the Group members include an excellent set of recommendations on nuclear weapons security for the two governments to address. And, the group looks beyond the present crisis in raising the possibility of future cooperation on a natural gas pipeline.

I particularly commend the work of Dr. Shirin Tahir-Kheli, Director of the South Asia Program of the Foreign Policy Institute for her work as a member of the BALUSA Group and as compiler of this report. Thanks, too, to Syed Babar Ali, Chancellor, Lahore University of Management Sciences, for hosting the BALUSA Group meeting. Finally, thanks to all of the Group's members for their dedication to fostering a spirit of cooperation and for the insights contained in this report.

  
Thomas A. Keaney  
Executive Director  
Foreign Policy Institute

## **India and Pakistan: Re-Engagement and Beyond**

The tenth meeting of the BALUSA group was held in Lahore on February 18, 2002. The Chancellor of the Lahore University of Management Sciences (LUMS), Syed Babar Ali, hosted the meeting. Given the current military and diplomatic stand-off between India and Pakistan, there are no flights connecting the two countries. The Indian participants traveled via Abu Dhabi taking thirteen rather than the usual one hour plus for a direct flight from Delhi to Lahore. BALUSA members largely felt that with a million soldiers facing each other, a meeting of the group at this time was crucial.

List of participants at the Lahore meeting:

Syed Babar Ali  
Shahid Khakan Abbasi  
Bharat Bhushan  
Gen. Mahmud Durrani  
Salman Haidar  
Shaharyar Khan  
Gen. Farrakh Khan  
Rammanohar Reddy  
Shirin Tahir-Kheli

### **The Setting**

Members of the BALUSA group felt that there was a need for the group to continue to serve as a bridge between the two countries at a time when suspicions ran high. Pakistan granted visas for the Indian participants and the group was well received. The timing of the meeting coincided with the spring festival of 'Basant' in Lahore which is an old festival celebrated in Lahore, with kite flying (day and night) and marathon socializing. The group was invited to some of these events before the meeting. The atmosphere and the easy style of the Lahore festivities did much to set the mood of the BALUSA Group to discuss the prospects for a new relationship devoid of the ever-present tension that has characterized India – Pakistan relations for the past fifty-five years.

### **Conditions for Re-Engagement**

Disengagement of the two militaries from the current dangerous standoff was discussed in some detail. The circumstances that led up to the military deployment and the issues that had to be addressed between the leaders of the two countries before de-escalation could occur were also discussed. Pakistani participants felt that Pakistan was launched towards the re-creation of a state, based on the dream of its founder, Mr. Mohammed Ali Jinnah. President Musharraf reached out to explain his vision of Pakistan in his watershed speech

of January 12, 2002. According to that vision, he had firmly aligned himself with the international community in the war on terrorism. He had also gone far to try to assuage various Indian concerns by stating unequivocally that Pakistani territory would not be used for cross-border terrorism against any state. This was a bold step and no Pakistani leader had previously given such an undertaking. The group agreed that the speech and actions it outlined constituted a very courageous step by the Pakistani leader. All hoped that the result will be successful.

Discussion turned to Indian perceptions of events inside Pakistan where the focus was on the future of the Pakistani state and what it symbolized. A feeling remained in India that war could not be averted if infiltration from Pakistan continued across the Line of Control (LOC) and that diplomatic escalation could only postpone military action. The Indian participants informed their Pakistani colleagues that there was cold anger within the ranks of the people, the BJP leadership and their party cadre and a call for action against Pakistan following the attack on the Indian parliament on December 13, 2001.

The group discussed the existing options before India and Pakistan: war; or, re-engagement. The participants felt that both countries have to work to ensure that the same conditions as exist today do not reemerge which requires addressing underlying concerns of both sides. It is important that both nations focus on why the Lahore and Agra processes collapsed and it is critical that any future round be appreciably different in their handling of the issues and the process.

The heightened level of mistrust between India and Pakistan further complicated the matter. For example, Pakistan felt that the January 12 speech by President Musharraf addressed 90% of Indian concerns, even though it is extremely difficult for domestic reasons to state that the suggested steps are designed exclusively for Indian benefit. While the results of some of the actions outlined by the Pakistan President may take many years to implement, such as the overhaul of the madrassas, he should be judged for his intentions and the steps already undertaken. The Indian participants, on the other hand felt that had there been even a hint towards India in advance of the January speech outlining some of these steps, the response from New Delhi might have been very different.

Several objectives were cited for the movement of troops by India to the Pakistani border. For example, such movement potentially allows for punitive strikes aimed at putting India in a better negotiating position through the capture of territory. Further, they make it possible for an attack on Pakistan's nuclear facilities. Their presence on the border with Pakistan demonstrates Indian national will and ability to take severe action against Pakistan to redress wrong policies followed by the latter. Yet, despite all this, participants observed that the Indian army cannot indefinitely stay at the current state of readiness (and neither can the Pakistani army) without incurring vast expenditure and a real possibility of war by miscalculation or driven by an incident escalating into war.

**The group focused on the danger of escalation resulting from acts by spoilers on both sides who stand to gain from deteriorating relations. There is real danger that in case of any future action inside India by a group acting as a spoiler, further dangerous escalation can take place before the government of Pakistan is absolved of blame.**

## **Kashmir**

The current war against terrorism has highlighted the importance of Kashmir and the need to address concerns of all sides. India continues to be concerned with the activities of groups from Pakistan and whether they will operate from territory under Pakistani control. The Pakistan President's message tried to make clear that would not be the case but doubts remain in India. The 'heavy' level of mistrust made it difficult for each side to believe the other. This was particularly relevant to the issue of 'cross-border' terrorism inside Kashmir outlined by India as requiring termination before any military de-escalation.

The Kashmir issue had, it seems by some accounts, prevented the Agra summit from reaching a successful conclusion. It is also believed that the Agra meeting proceeded without sufficient groundwork. India required some acknowledgment of the need to end cross border infiltration in order to change the relationship for the better. Pakistan, on the other hand, expected a qualitatively different engagement with India on all issues, including Kashmir before changing its Kashmir policy.

From the Pakistani perspective, the leadership felt that it had reached out to India by offering a joint inquiry after the December 13, 2002 attack on the Indian parliament. There was disappointment that the offer was not taken up. India had also not acknowledged a qualitative change in the cross-border activity inside Kashmir. The lack of acknowledgment reflects deep suspicions about intentions that may take longer to correct than would facts.

From the Indian perspective, it was said that India requires a diminution, if not an end to violence in Kashmir. There is a general desire to try to establish a political process leading to elections and a popular government. Such an outcome requires wide participation and a large turnout in a fair election. Other elements have to be put in place including the updating of electoral rolls. While India is focused on reconciliation with Kashmiris, Pakistan wants both sides to identify, tackle and resolve the Kashmir problem so that relations between India and Pakistan can normalize.

De-escalation is also tied to perceptions. Infiltration across the LOC has decreased, as all sides seem to indicate. However, in New Delhi's view, whether that is a result of a truly changed state policy or simply the result of heavy snows,

can only be determined after the winter snows melt,. The group discussed a variety of mechanisms that can be developed in order to assure India that cross border infiltration had indeed stopped. Such a move was necessary notwithstanding the fact that all action may not end since a cache of weapons undoubtedly remained inside Kashmir that may be used against India and Kashmiris themselves may continue their struggle. Indian satisfaction regarding the end of Pakistani involvement across the LOC is an important indicator for military de-escalation along the India-Pakistan border. The group felt that a future meeting between the head of the Indian and the Pakistani intelligence services (RAW and ISI respectively) in a third country would be helpful (should meeting not be possible in either India or Pakistan) in establishing a working relationship on the cross border issues.

In discussing ways to move forward on Kashmir, it was said that the cross-border infiltration issue must be addressed in an expeditious manner. In reference to the controversy over the role of a third party, perhaps **Pakistan can make the gesture to India by stating that for a fixed time period, all efforts on Kashmir will be undertaken on a bilateral basis only without constant appeals for a third party role.** During this period, it is hoped that meaningful and creative ways of settling the conflict can be undertaken. However, neither side expects Kashmir to be settled in a hurry and the interim period of talks can also be the time for settling other issues thus building confidence on both sides. Should that formula not work, discussion focused on the possibility of an 'invisible third party' to act as a catalyst.

While a majority supported an incremental approach, there was at least one view that the Kashmir issue will be settled in one giant step and that the incremental approach will not work. There is support for the resolution of the problem and if Pakistan follows up on the promise of the January 12 speech, then a breakthrough may be possible. In the final analysis, a solution depends on a will for peace rather than any settling of scores. Much of the diplomacy will have to be conducted privately, through special emissaries, between the two governments and the respective leaders.

### **Economic Relations**

Discussion focused on the potential for economic interaction between India and Pakistan. SAARC has offered no economic benefits despite its earlier promise. Alternate methods will need to be found, at least in the near term. The South Asia Preferential Trade Agreement implementation had been pushed back to 2010. Other set backs included the collapse of the cooperation between the two countries that had become visible in the course of the WTO negotiations.

While interest in trade was lagging at the official levels, the group discussed the view that there was a high degree of interest in trade between the respective private sectors, particularly at the small and medium level industries. The

respective Chambers of Commerce felt that gain would accrue to both sides from increased trade. Political will is needed to surmount the current difficulties of trade, including the discrepancies in the tariff levels, i.e. 25% import duty in Pakistan versus the 35% in India. Perhaps eventually WTO will provide cover to India-Pakistan trade.

In the absence of joint economic activity, the only cooperation possible is via third parties/countries. **Thus far, both governments have acted to limit economic activity. Joint investments are likely to come when governments no longer act as barriers in the relationship.**

The group endorsed the natural gas pipeline as a dramatic illustration of the benefits of cooperation and looks forward to the release of the up-dated BALUSA study in the summer of 2002. **BALUSA will hold a follow-on meeting in the region on the natural gas pipeline in the fall of 2002.**

### **Nuclear Issues**

The introduction of nuclear weapons in the military and political calculations between India and Pakistan were discussed at some length. In periods of tensions, such as the current time, concern with nuclear issues is highlighted under the assumption that once the first shot is fired, the chances of war escalating to the nuclear level are substantial. Thus, there is an even greater necessity for both countries to move ahead on nuclear related confidence building measures. Bilateral/multilateral discussions related to nuclear safety and security issues must accompany diminution of tensions, disengagement of troops from the border and renewal of India-Pakistan dialogue.

Speaking of the risks of military escalation, participants agreed that the situation has considerably worsened in recent years. Military-to-military hot lines that once worked no longer appear to. Thus, the safety net that once helped defuse tensions and create a safety net no longer exists. For example, in the current crisis, there was a rumor in Pakistan that the Indian army moved its nuclear assets into forward positions along the border with Pakistan.

Despite the heavy costs, further development of nuclear weapons is likely to go on. The cost of developing the Indian nuclear program is estimated to be in the region of \$ 15 billion approximately. That for the Pakistani program a fifth of the above sum. Development of the missile program keeps each program costs high. Neither side is expected to slow down its respective program both of which are moving ahead dangerously with little or no restraint.

Discussion focused on issues relating to the safety, security, deployment and transparency of nuclear weapons. Given the sensitivity of third parties for India, it was suggested that several issues should be discussed within the bilateral India - Pakistan relationship:

- ◆ Agreement to maintain conditions whereby the two nations do not slip into situations which can provoke a nuclear war. (avoidance of brinkmanship).
- ◆ Create transparency in doctrine, security and safety. For example, discussing nuclear doctrines (even though the respective nuclear doctrines remain different), security of missiles, safety of nuclear weapons.
- ◆ Improve C3 between the central command and the missiles storage units.
- ◆ Improve warning systems, which are key given the brevity of flight distances to targets.
- ◆ Create transparency in deployment of nuclear weapons through pre-notification.
- ◆ Consider merging the “No war Pact” (wanted by Pakistan) with the “No First Use” (wanted by India) by both countries and store un-mated nuclear weapons systems with strong measures of verification to ensure that the weapons are not mated .
- ◆ Store un-mated nuclear weapons systems, with verifiable measures which ensure notification of mating.

The group looked at the current crisis and felt that each side is giving the impression that wars can be fought and won. India's doctrine of limited war that was expounded after the Kargil war implies that war can be fought under the nuclear threshold but was vague about exactly where that threshold lay. Given that the doctrine follows the weapons program rather than driving the program, the doctrine becomes suspect. The group was of the view that in the current atmosphere, the 'limited war' concept is extremely dangerous.

Participants discussed the need for transparency in nuclear policy related structures and in the decision making process to establish who makes decisions regarding the development and use of nuclear weapons in India and Pakistan respectively.

**Both India and Pakistan will benefit from discussions/dialogue with nuclear powers on the implications of being new nuclear powers. Further, greater education of the political leadership on the ownership and potential use of nuclear weapons is needed.**

**BALUSA will undertake two studies for presentation at the next meeting in September :**

- ◆ A study examining the vulnerabilities of each side under the current nuclear environment prevailing in South Asia and recommend confidence building measures to avoid accidental nuclear war. This



study will be jointly undertaken by General Mahmud Durrani and Rammanohar Reddy.

- ◆ A study to look at the role of spoilers in India-Pakistan relations. This study will be jointly undertaken by Bharat Bhushan and Shahid Khakan Abassi.