

Pakistan-US Relations: Reset After 2011

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Abstract

In 2011, relations between Pakistan and the United States took a nosedive following a series of events, including capture and release of CIA operative Raymond Davis, killing of Osama bin Laden in Abbotabad, and American forces' attack on the Pakistani check-post at Salala. The relationship witnessed a chill rarely observed during the decades of interaction between Pakistan and the United States. The face-off between the two countries led many officials, policymakers, analysts and commentators to view these relations with alarm, mixed with expressions of betrayal, mistrust, and accusations. Nevertheless, in July 2012, after months of recrimination, both Pakistan and the United States realised that it would be beneficial for them to work together to bring their bilateral relationship back on track to pursue their common interests – counter-terrorism, peace and reconstruction in Afghanistan, and cooperation in ensuring regional peace. This paper analyses the two countries' initiatives to restore normalcy in their relations since 2011 and reset them to make them mutually productive and beneficial.

Keywords: Strategic Dialogue, GLOCs, War on Terror, Drone Attacks, NATO.

Introduction

In July 2012, Pakistan and the United States agreed, as Leon Panetta suggested, to “move on”¹ with their relationship that had been beleaguered by the unfortunate events in 2011 which had brought Pakistan, a Major Non-NATO ally of the United States in its “war on terror”, to rethink the terms of its engagement. Nearly eighteen months

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after the events, the two countries decided to convene the first meeting of the working group on economic and finance under the Pakistan-US Strategic Dialogue in Washington in November 2012. A formal decision to restart the stalled Strategic Dialogue process covering issues from security to economic cooperation was taken during the visit to Pakistan by the US Secretary of State, John Kerry and his meetings with Pakistani civil and military leadership in August 2013.

The Pakistan-US Strategic Dialogue provides a framework for discussions on a wide range of issues of mutual concern and interest, and focuses on enhancing cooperation between the two countries. The process of the Strategic Dialogue between Pakistan and the United States was initiated in 2006 during the visit of the US President, George W. Bush, to Pakistan, following Pakistan's designation as a Major Non-NATO ally of the US in 2004. It was only during the fourth round of this dialogue in March 2010 that the process was upgraded to the ministerial level. The upgradation coincided with the shift in US policy which, at that time, was opening up to mediation and reconciliation with the Afghan Taliban. In a departure from the previous three rounds, the dialogue was co-chaired by the US Secretary of State, Hillary Clinton and Pakistan's Foreign Minister, Shah Mahmood Qureshi. The fourth round also included Pakistan's Army Chief, General Ashfaq Pervez Kayani and the head of Pakistan's Inter Services Intelligence (ISI), Lt. Gen. Shuja Pasha. Following the fourth round of bilateral Strategic Dialogue, Pakistan's relations with the US entered, what Clinton referred to as, a "new phase" in order to ensure and yield greater benefits for the people of the two countries.² In addition to the actual commitments, the two countries also pledged to expand the scope of the dialogue to 12 fields including economy and trade; energy; defence; security; strategic stability and non-proliferation; law enforcement and counter-terrorism; science and technology; education; agriculture; water; health; communications; and public diplomacy. The dialogue also established a policy steering group to expand and intensify the "sectoral dialogue" process.³ It was made clear by Clinton that the US now sought a dialogue that was not only with the government of Pakistan, but also with the people of Pakistan.⁴

The US commitment to reach out to the people of Pakistan was interrupted in 2011 following the incidents spanning the breadth of that year, which shook the foundations of Pakistan's relationship with the United States.

Pakistan's relations with the United States are an important part of its foreign policy. However, even at the height of its relations with the US, there have been underlying irritants and misgivings that have led both countries into "a tormented relationship," each believing that it has been sinned against, yet both have been condemned to work with each other.⁵ This paper will examine the nature of Pakistan-US relations in the context of developments since 2011, and look at the trends that have emerged following the resumption of the Strategic Dialogue process between the two countries in November 2012. The key questions that this paper seeks to answer are: Have Pakistan and the US been able to narrow the "trust deficit"? Has the renewed Strategic Dialogue led to development of normal relations between the two? And, most importantly, has this relationship been able to move out from its "transactional" orbit into more resilient and tangible forms of a robust, long-term, and meaningful relationship?

11/11: Revising the Terms of Engagement

In November 2011, the United States of America and Pakistan, allies in the "war on terror" in Afghanistan, found themselves on yet another proverbial fork in the road. It was a particularly bad year that began with Raymond Davis, a CIA contractor,⁶ shooting two Pakistani civilians in the city of Lahore in January 2011. On May 2 that year came the raid by the American Navy Seals of the US Naval Special Warfare Development Group, also known as DEVGRU, that drove the "Neptune Spear" into, literally, the heart of its relations with Pakistan. The unilateral raid resulted in the assassination of Osama bin Laden, the most wanted supreme leader of al-Qaeda in the Pakistani city of Abbottabad, an important military cantonment located 110 miles from the capital city of Islamabad. Some reports in the media suggested complicity of Pakistani authorities,⁷ which were vehemently denied by Pakistan.

What really brought things to a head and pushed officials in the US and Pakistan to pause and rethink their relationship, was the attack in November by US-led NATO forces on two Pakistani military check-posts in Mohmand Agency close to the border with eastern Afghanistan, when two Apache helicopters and two F-15 jets intruded some 2.5 kilometres into Pakistani territory, opening fire and killing 24 Pakistani soldiers.⁸

The relationship, already marked by deep mistrust due to the two earlier incidents that year and the cumulative burdens of the decade-long “war on terror” in Afghanistan, deteriorated even further as the Obama administration made significant changes in its security-related aid policy towards Pakistan. An amount of US\$440 to \$500 million in counterinsurgency training and equipment for Pakistan was suspended, including US\$300 million in planned FY2011 Coalition Support Fund reimbursements.

Pakistan decided to follow a defiant approach. It closed the Ground Lines of Communications (GLOCs) transiting vital supplies to NATO and ISAF forces inside Afghanistan, and asked the US for immediate evacuation of the Shamsi airbase⁹ in the Pakistani province of Balochistan that it had been using for attacks on militant targets. In March 2012, Pakistan’s parliament, meanwhile, in a show of assertive civilian democratic authority, moved to debate, review, and reassess the future of Pakistan’s relationship with United States, presenting the government with 14-point guidelines for revised terms of engagement with the US and its NATO allies in Afghanistan, which also included a demand to provide Pakistan with civilian nuclear technology.¹⁰ On June 6, 2012, Pakistan reiterated its call for a US apology. Foreign Minister Khar called on the US to “live up to its democratic ideals by respecting the will of Pakistan’s elected legislature.”¹¹

In addition to closing the GLOCs, Pakistani leaders and officials continued to seek apology from the United States if it wanted to put the bilateral relationship back on track. The US expressions of “deep regrets” and “sincere condolences” were out-rightly rejected, demanding instead a more formal and unconditional apology. Earlier, Pakistani Ambassador to the United States, Sherry Rehman, had stressed to US officials that it was time for both Pakistan and the US to move beyond the hyperbole towards

a more mature and strategic relationship.¹² In addition to seeking an apology from the US, Pakistan also put forth a set of demands including reimbursement of the Coalition Support Fund, enhanced sharing of intelligence, cessation of drone attacks, and a shift of policy to trade not aid.¹³ The US refused to meet any of these demands, and tensions persisted.

Though the US State Department officials advised President Obama in favour of issuing an apology which could have facilitated the reopening of the GLOCs, the Department of Defence saw it as a sign of weakness and a virtual admission of fault.¹⁴ Senator John Kerry, as well as the US Ambassador to Pakistan, Cameron Munter, advised their government in favour of an apology which, according to them, was the only way to move forward. Leon Panetta, the Secretary of Defence, on the other hand, suggested that regrets and condolences were enough. It was no surprise therefore that when President Asif Zardari was invited to attend the NATO Summit in Chicago in May 2012, he was pointedly shunned by President Obama.¹⁵

Despite the standoff, both countries did not entirely cut off their diplomatic and military channels of communication, as various officials in Pakistan and the United States continued to interact at various forums and meetings impressing upon each other the importance of resetting and putting the fractured relationship “back to business.”¹⁶ Perhaps the best indication of both countries wanting to resume their ties came in an interview to Pakistan State Television by the US Ambassador in Pakistan, Cameron Munter, who said that both sides *wanted* to decide on what was the best way to move forward on a policy which addressed counter-terrorism cooperation, reopening of NATO supplies and reconciliation according to the recommendations of Pakistani parliament.¹⁷ In July 2012, in a telephonic conversation with Pakistan’s Foreign Minister, Hina Rabbani Khar, the US Secretary of State Hillary Clinton offered a formal apology acknowledging the mistakes that resulted in the loss of lives in the attack on Pakistani check-posts at Salala but without using the word apology: Clinton said: “We are sorry for the losses suffered by the Pakistani military. We are committed to working closely with Pakistan and Afghanistan to prevent this from ever happening again.”¹⁸

Pakistan-US Reengagement

In July 2012, seven months after the Pakistani decision and its insistence for an apology from the US, the country's leadership decided to accept US Secretary of State, Hillary Clinton's "sorry," and, as a *quid pro quo*, allow the resumption of the NATO supplies through Pakistani territory. Rather than the Pakistani parliament, however, the decision to actually move forward was taken by the Defence Committee of the Cabinet (DCC) on July 3, 2012, which was then ratified by the federal cabinet at its meeting on July 4, paving the way for vehicles carrying NATO goods to travel from Karachi port to Afghanistan until the end of 2015.¹⁹ In a sign of growing reconciliation, both countries eventually signed a memorandum of understanding on a set of new "Terms of Engagement" in the larger interest of stability in the region.²⁰

For the US, it meant the reopening of the vital supply routes and the window of opportunity of getting Pakistan on board for an acceptable solution to the Afghan endgame and the peace process in Afghanistan.

For Pakistan, in times of growing economic crises, it represented the resumption of US aid and the money owed to it under the Coalition Support Fund for its assistance to America's "war on terror." In August 2012, Pakistan received US\$1.1 billion from the US owed to it for its counter-insurgency operations against the militants operating on the border with Afghanistan. The funds had been stopped since December 2010.²¹ In a formal meeting in Washington in September 2012, Pakistan's Foreign Minister, Hina Rabbani Khar and the US Secretary of State, Hillary Clinton, agreed to work on a focused agenda of working together to build "on an architecture of cooperation which will take these relations to be sustainable, to be predictable, and most importantly, to be viewed by both the publics – the Americans and Pakistanis – to be pursuing their national interests; to be a relation[ship] which is based on mutual respect, which is based on mutual understanding, and which is seen to be pursuing the national goals and objectives of each country."²²

Strategic Dialogue: A New Beginning

In November 2012, Pakistan's Foreign Minister, Hina Rabbani Khar, announced that Pakistan and the United States had restored full military ties, and relations between the two countries had moved from a difficult patch into a positive trajectory by moving towards a resumption of the Strategic Dialogue between them, including a move towards developing common positions on a responsible transition in Afghanistan.²³

But, even as Pakistan and the United States resumed their Strategic Dialogue in December 2012, with different working groups under the dialogue, a ministerial level meeting could not take place. It was perhaps not so much as "reaching out" to the government and people of Pakistan, but the intentions of securing a peaceful withdrawal from Afghanistan that led the US to move towards restoring its relations with Pakistan.

After being elected to power in June 2013, the government of Prime Minister Nawaz Sharif moved to improve the tumultuous relations with the United States following the crises that had marred bilateral relations since 2011, calling attention of US officials to challenges faced by Pakistan both on internal and external fronts. As the Nawaz Sharif government called for a review of Pakistan's policy on the 'war on terror' and concerns by Pakistan over the US drone strikes inside Pakistan, many Pakistan-US experts expressed optimism that the "dynamics of the US-Pakistan relationship will change under Sharif's administration."²⁴ Even experts in the US were of the view that the Nawaz government "has experience in the business of governing, which will provide greater stability to Pakistan, as well as to US-Pakistan relations."²⁵

It was not until the US Secretary of State, John Kerry's visit to Pakistan on July 31, 2013, that the two countries formally announced the reinvigoration of their Strategic Dialogue in order to move towards developing a more comprehensive partnership. The dialogue process was considered as the main vehicle that would provide the future course of direction and vision for a strong and cooperative partnership between the two countries.

It was agreed that besides the visit of Prime Minister Nawaz Sharif to Washington in 2013, the dialogue's five committees on strategic stability, defence, energy, economic growth, and law-enforcement and counter-terrorism would meet in January 2014, to discuss concrete proposals and opportunities to restore normalcy in Pakistan-US relations.

Prime Minister Nawaz Sharif's visit and meeting with President Obama in October 2013 produced a comprehensive joint statement that identified specific areas and projects of cooperation between Pakistan and the US, specifically in the fields of energy, trade and investment. (*See Annex I*)

Since the resumption of the Strategic Dialogue process, and the subsequent visit of Prime Minister Nawaz Sharif to Washington in October 2013, there have been two rounds of follow up ministerial level "revitalised" Strategic Dialogue between the two countries. The 4th Ministerial meeting was held in Washington in January 2014, while the 5th Ministerial meeting was held in Islamabad in January 2015. Led by the US Secretary of State John Kerry and Pakistan's Advisor to the Prime Minister on National Security and Foreign Affairs Sartaj Aziz, the meetings took stock of the progress that had been made in the five identified Working Groups including: Energy; Security, Strategic Stability, and Non-proliferation; the Defence Consultative Group; Law Enforcement and Counterterrorism; and Economic and Finance.

It was also decided during the 5th Ministerial meeting in 2015 that in addition to the provision of US\$250 million by the US for the rehabilitation of the temporarily dislocated persons (TDPs) following the launch of military operation – "Zarb-e-Azb" – in the tribal areas by Pakistan, the two countries would also add a sixth Working Group on Education, Science and Technology to the Strategic Dialogue process.²⁶ In another move to strengthen a cooperative partnership, Pakistan also announced to formally ban the Taliban-linked Haqqani network in the country.²⁷

During an important visit to the US in October 2015 by Prime Minister Nawaz Sharif at the invitation of President Barack Obama, both leaders reaffirmed their commitment to a sustained Strategic Dialogue and ensuring an enduring partnership between Pakistan and the United

States that is vital to both regional and global peace and security. In a joint statement issued after the meeting, Pakistan and United States agreed to expand their bilateral relationship in areas outside the traditional security realm in recognition of the multifaceted issues facing both countries. (*See Annexes 2 and 3*)

Renewed Ties Post 2011: Taking Stock

Military Ties

The two countries have now begun a “wary cooperation” in military and counter-terror fields, including resumption of US drone strikes against the Taliban militants on the Pak-Afghan border.²⁸ There has also been an acknowledgement by the US military and the US State Department that Pakistan army’s military operation “Zarb-e-Azb” against militants in its North Waziristan tribal agency has been successful in fracturing the Taliban groups including the Tehrik-i-Taliban Pakistan (TTP) and the Haqqani network.²⁹

Since the resumption of the Strategic Dialogue, the Pakistan-US Defence Consultative Group (DCG), a working group under the Strategic Dialogue framework, has met four times with the goal of strengthening cooperation to support both countries’ security interests. The 24th meeting of the group was held in Washington in December 2015 to discuss strategic defence policy issues and exchange views on shared security concerns. The regularity of the DCG meetings and the visits by the Pakistan’s Chief of Army Staff General Raheel Shairf to Washington twice in December 2014 and December 2015 reflect the renewed commitment of Pakistan and the United States to continue working together to implement a framework for defence cooperation based on areas of convergence between the US and Pakistani interests.

The Obama administration has also moved to restore transfer of military equipment to Pakistan under its “Excessive Defence Article,” from the war zones in Afghanistan and Iraq including a new block of F-16 combat aircraft, air-to-air missiles and naval guns. In April 2015, the State Department approved a possible \$952 million FMS deal with Pakistan for 15 AH-1Z Viper attack helicopters and 1,000 Hellfire II

missiles, along with helicopter engines, avionics, training, and support.³⁰ In February 2016, the Pentagon Defence Security Cooperation Agency notified lawmakers in the US of the approval of the sale of eight F-16 fighter jets to Pakistan.³¹

The US has acknowledged that defence cooperation with Pakistan is in the US interest, and cooperation with Pakistan has contributed to counter-terrorism operation.

Cooperation on Afghanistan

The restoration of improved ties and cooperation between Pakistan and the US has also had a positive impact on Pakistan's relations with Afghanistan and the new government of President Ashraf Ghani, who has now shown willingness in expanding bilateral ties with Pakistan. The government of Prime Minister Nawaz Sharif has positively reciprocated his overtures, and a number of visits have been undertaken by both the civilian and military leadership from both sides in order to recalibrate relations towards positive economic and military ties,³² as well as trying to seek constructive solutions regarding the presence of an estimated three million Afghan refugees in Pakistan.³³ And in May 2015, both countries also agreed to expand intelligence cooperation.³⁴ The measures for improving bilateral ties between Pakistan and Afghanistan are expected to make a positive contribution to US efforts for stabilisation and post-transition reconstruction in Afghanistan.

As part of Pakistan-US renewed cooperation for peace and stability in Afghanistan, Pakistan also agreed, during President Ashraf Ghani's visit to Pakistan in May 2015, to facilitate dialogue between the Afghan government and the Afghan Taliban for national reconciliation and a political settlement in Afghanistan. In July 2015, Pakistan facilitated a new round of talks between the Afghan government and the Taliban in Murree in a step towards ending the war in Afghanistan. The talks broke down following the announcement by the Afghan government of the death of the Taliban leader Mullah Omer in the same month. Since the US itself favours such a dialogue, it was agreed at the sidelines of the fifth "Heart of Asia Ministerial Conference" in Islamabad in December 2015, that Pakistan and the US, along with Afghanistan and China would

facilitate an Afghan-led and Afghan-owned peace and reconciliation process under the Afghanistan-Pakistan-United States-China Quadrilateral Coordination Group (QCG) with a view to achieving lasting peace and stability in Afghanistan and the region.³⁵

This is another area in which Islamabad and Washington are cooperating for the achievement of their shared goal of durable peace and stability in Afghanistan.

The increasing Indian role inside Afghanistan, however, as well as the alignment of Afghan insurgents with militant groups who are part of a syndicate of sectarian, regional and transnational jihadi groups in Pakistan, have increased the risk of attacks against targets in Pakistan, and sabotaging the improvement of relations between Pakistan and Afghanistan. This calls for increased counter-terrorism collaboration between Pakistan and the US in order to avoid any misunderstanding that might affect the future course of Pakistan-US renewed relationship. While it has been argued that solutions to the Afghan problem need to be “Afghan-owned and Afghan-led,” it is clear that with the power vacuum created by the US drawdown, and given the dynamics of competing entities and the power struggle in Afghanistan, the formula for any long-term solution would need to be devised by the Quadrilateral Coordination Group. The Group has already come up with a roadmap and is now trying to arrange direct negotiations between the representatives of the Afghan government and Taliban.

Renewed Pakistan-US Relations: The Indian Factor

Pakistan’s concerns vis-à-vis India form a formidable challenge for the future of Pakistan’s relations with the US. For the US, with its security-centric policy within South Asia, de-hyphenation of its relations with both Pakistan and India remains of paramount importance. Nonetheless, even as it pursues a policy of strategic engagement with India, with the challenges of counter-terrorism, there are indications that the US has little choice but to widen the lens of its bilateral relationship and pursue a broader engagement that recognises Pakistan’s role as an important strategic and economic player in Asia. There is an understanding within policy making circles in Washington that while

Pakistan-India peace may not be close at hand, Pakistan has been reaching out to India for the benefit of regional peace and development.³⁶

Consideration by Pakistan to reach out to India in terms of granting the Most-Favoured Nation (MFN) trade status is a case in point. The US State Department has called this a “very, very big deal”³⁷ that could bring new prosperity to the region. Lower tariffs and fewer visa restrictions could boost the value of bilateral trade between Pakistan and India, as well as build “peace constituencies” in both countries. Pakistan and India have also moved to sign pacts with Turkmenistan to build a pipeline through Afghanistan that would carry up to 90 million cubic meters of natural gas each day. The 1,100-mile-long pipeline, projected to cost at least US\$7.6 billion to build, is enthusiastically supported by Washington as a perfect example of regional energy integration. Movement on the economic front could reinforce already significant motives for both governments to eschew open conflict.

Given the importance of relationship between Pakistan and the US in various fields and the need of changing politico-strategic scenario in the world, one can clearly assess the fact that Pakistan and US will continue to cooperate in future despite the US preferences shown for India. According to Ben Rhodes, Deputy National Security Adviser at the White House, “The United States does not view its relationships with India and Pakistan at the expense of each other, and has encouraged India and Pakistan to resolve their bilateral issues by pursuing a peace dialogue, and has been very supportive of that process.”³⁸

The positive developments at the end of 2015 following the meetings between Prime Ministers Nawaz Sharif and Narendra Modi, the national security advisors, and the announcement by the Indian External Affairs Minister Sushma Swaraj regarding a renewed “Comprehensive Dialogue” between the two countries have been welcomed by the US emphasising that the pace and scope of negotiations rests with the two countries. A troubled relationship between Pakistan and India may have serious consequences that could lead to a potential conflict between the two countries, a possibility that must not be ignored by the US.

Nuclear Issue

Whereas the US reward for India's nuclear ambitions has resulted in the provision of a civil nuclear deal, for Pakistan, the reward for a stringent export control on nuclear technologies and a transparent nuclear command and control structure has not been as forthcoming, even though Pakistan has taken a number of steps and initiatives to improve its nuclear security and to prevent proliferation of nuclear-related technologies and materials, strengthened export control laws, and improved personnel reliability. However, in a positive development in January 2015, in a meeting between Pakistan's Adviser to the Prime Minister on National Security and Foreign Affairs Sartaj Aziz and US Secretary of State John Kerry in Islamabad for the fifth Ministerial level Pakistan-US Strategic Dialogue, the US welcomed Pakistan's ongoing efforts to harmonise its strategic trade controls with those of the multilateral export control regimes. It expressed full confidence in nuclear security in Pakistan and appreciated Pakistan's proactive engagement with the international community including through its hosting of IAEA training activities at its Nuclear Security Center of Excellence and its active participation in the Nuclear Security Summits. In a renewed recognition of their shared interest in strategic stability and commitment to meaningful progress in the future, both countries now look forward to continuing the bilateral dialogue on Security, Strategic Stability and Non-Proliferation (SSS&NP).³⁹

Unlike its regional rival and other nuclear weapon states, Pakistan is the only state that has made its nuclear command and control structure explicit, and that constructively engages with the international community on these issues. While American strategic compulsions might require building India as a counterweight to China, it will be at the cost of undermining regional non-proliferation and global nuclear non-proliferation norms. Being conventionally behind India and constrained by economy, Pakistan, per force, has to rely on maintaining a full spectrum strategic deterrence vis-à-vis India.

While the US has expressed concern over Pakistan's evolving "tactical nuclear weapons" doctrine and the risks of an "incident" associated with the growing nuclear arsenal, Pakistan has ruled out any

rollback of its programme or any restrictions on it. Pakistan has, however, shown its willingness to engage the US on civil nuclear cooperation and its entry into the Nuclear Suppliers Group (NSG). Pakistan has raised the question of nuclear disparity with the US, and according to Sartaj Aziz, Prime Minister's Adviser on Foreign Affairs, "Pakistan is opposed to yet another country-specific exemption from NSG rules to grant membership to India, as this would further compound the already fragile strategic stability environment in South Asia."⁴⁰ It is essential, therefore, that discussions on granting membership of the NSG to Pakistan form the basis of future discussions between Pakistan and the United States as part of the broader agenda of the Strategic Dialogue process between the two countries.

The Way Forward

Success of relations between states must be measured in terms of tangible gains. Post Salala, Pakistan-US relations have undergone a drastic change, and the seriousness of US cooperation and assertions of a "strong and stable partnership" with Pakistan can be gauged from what the 2014 and 2015 Strategic Dialogues had to offer. The 2013 and 2015 joint statements offer a framework of improved bilateral relationship, and cover the essential parameters of future engagement between the US and Pakistan in the advancement of shared goals of peace, security, and socio-economic development in South Asia.

To take stock of the reset, the Strategic Dialogue process in 2014 and 2015 has restored the normalcy in the bilateral relations by not only emphasising and reaffirming a "strong and enduring partnership," but also offering a multifaceted partnership in a range of non-traditional areas. The six working groups on energy; security, strategic stability, and non-proliferation; the defence consultative group; law enforcement and counter-terrorism, economics and finance; and education, science and technology have already been laying the ground for enhanced bilateral cooperation.

The two countries have now agreed to enhance cooperation against violent extremism and terrorism through their respective counter-terrorism authorities, including enhanced bilateral cooperation and

information sharing particularly on Pakistan's western border with Afghanistan for interdiction of terrorists and flow of illicit materials and drugs. Pakistan's efforts to tackle the problem of terrorism and effective actions against individuals and entities including al-Qaeda, the Haqqani network and Lashkar-e-Tayyiba have been much appreciated by the US.

The two countries are now looking forward to the 4th annual US-Pakistan Business Opportunities Conference in New York in 2016, which will open up new opportunities in bilateral trade, as well as deepening investment and business relations under the Trade and Investment Agreement (TIFFA). The US is still the largest buyer of Pakistani goods, mainly textiles and clothing, and further negotiations between the businessmen of the two countries can be expected to not only overcome the hurdles regarding quotas and expanding the trade between the two countries, but also move towards increased US investment and joint ventures in value-added textiles and clothing in Pakistan. A positive factor in this regard has been Pakistan's growing economy that now offers opportunities for US-based companies to develop their operations in Pakistan as a source of supply for not only to the US, but for regional markets as well.

Another important field that has brought a new vigour to the relationship is the increasing partnership in promotion of education opportunities through "Smart Universities" in collaboration with CISCO, a US-based company. Pakistan's Higher Education Commission and the US Educational Foundation in Pakistan have also signed a memorandum of understanding that will help advance ongoing cooperation in the critical fields of science, technology, engineering, and mathematics (STEM) under a new "US-Pakistan Knowledge Corridor" and Pakistan's Vision 2025 development plan.

As part of a renewed Strategic Dialogue process Pakistan and the US have also expanded cooperation to enhance the role of women in Pakistan's economic development through the establishment of the US-Pakistan Women Council.

A new chapter has now been written in Pakistan-US cooperation by fostering a lasting technical cooperation not only to alleviate the energy

crisis, but also to curb greenhouse gas emissions. Post-Salala incident, US assistance and cooperation in this field has already helped Pakistan to add 1,750 megawatts to its electric grid, and with an agreement between the two countries for facilitation of private sector investment in clean energy in Pakistan in hydroelectric, natural gas, wind, solar and biomass sectors, the Pakistan-US partnership now hopes to add another 3,000 megawatts to Pakistan's electric supply grid by 2020.

While US concerns regarding strategic stability and Pakistan's pursuit of tactical nuclear weapons remain a sore point, Pakistan's efforts to harmonise its strategic trade controls with the multilateral export control regimes and the safety of its nuclear weapons have, nevertheless, been acknowledged by the US. Much appreciation has been expressed regarding Pakistan's engagement with the international community through hosting of IAEA's training activities at its Nuclear Security Center of Excellence, as well as its active participation in the Nuclear Security Summits. Of all the working groups, much hard bargaining can be expected in the meetings of the working group on security, strategic stability and non-proliferation. One can only hope that the US will show the same amount of understanding that it has in other non-traditional areas regarding the concerns by Pakistan of its security needs in the face of Indian aggressive designs in the region.

Pakistan's relationship with the US remains an enduring factor of its foreign policy. While relations between Pakistan and the US will always be based on the convergences and divergences driven by the two states' respective national interests, it can be said that the beginning of the renewed Strategic Dialogue process has led more towards a convergence of interests, rather than divergence. Future development of relations between the two countries must, therefore, seek to build a long-term sustainable relationship based on shared mutual interests rather than constraints of diverging regional geopolitics.

Annex 1

Joint Statement, October 2013: Salient Features

No.	Area of Cooperation	Specific Projects
1.	Economic Growth, Energy, and Social Sector Cooperation	<p>US assistance in the construction and rehabilitation of Gomal Zam, Satpara, Mangla, and Tarbela dams and the modernisation of Guddu, Jamshoro, and Muzaffargarh power plants. Overseas Private Investment Corporation (OPIC) loan for private sector wind development in Sindh. Further US support for Diamer-Bhasha and Dasu dams. Funding for the Kaitu Weir Hydroelectric and Irrigation Project in North Waziristan.</p> <p>US technical assistance programme to support the development of Pakistan's domestic natural gas reserves.</p> <p>United States-Pakistan Trade and Investment Framework Agreement (TIFA) to be used as the key vehicle to promote US investments in Pakistan.</p> <p>Extension of the 2003 Agreement on Science and Technology Cooperation through 2018. USAID Reading Initiative aimed at helping over 3.2 million Pakistani school children learn to read.</p>
2.	Defence Cooperation	<p>Broadening of US security assistance in support of Pakistan's counter-terrorism, counter-insurgency, counter-narcotics, and maritime security operations.</p> <p>Continuous assistance and support, including training and equipment to Pakistan's military and security services.</p> <p>Strengthen cooperation in regional maritime security.</p>
3.	Counter-terrorism	<p>Effective counter-terrorism cooperation to achieve the mutual objective of defeating terrorism.</p>

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4.	Non-proliferation, Nuclear Security and Strategic Stability	<p>Reaffirmed the commitments of the 2012 Nuclear Security Summit strengthening nuclear security; reducing the threat of nuclear terrorism; preventing terrorists, criminals, or other unauthorised actors from acquiring nuclear materials; and working closely for the objectives of the Summit.</p> <p>Pursue increased transparency and uninterrupted dialogue in support of peaceful resolution of all outstanding issues.</p>
5.	Regional Cooperation	<p>Progress on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project.</p> <p>Energy Working Group to explore possible further US support for the Central Asia-South Asia electricity line, CASA-1000, in close collaboration with the World Bank.</p> <p>Development and rehabilitation by the US of roads in Pakistan's border areas, including the four major transit routes between Afghanistan and Pakistan.</p> <p>Agreement between Pakistan's National Highway Authority and USAID to rehabilitate 247 kilometres of the Kalat-Chaman road.</p>

Annex 2

Pakistan-US Strategic Dialogues 2014 and 2015

No.	Working Groups	Outcomes
1.	Energy	<p>Develop a US technical assistance programme to support the development of Pakistan’s domestic natural gas reserves.</p> <p>US assistance in the energy sector has added over 1,000 megawatts of power to Pakistan’s national grid, providing power to over 16 million Pakistanis.</p> <p>The US Overseas Private Investment Corporation (OPIC) to finance up to 300 MW of wind power generation projects that will deploy US-based investment in Pakistan.</p> <p>Intensifying efforts to facilitate regional energy connectivity, and upgrade Pakistan’s transmission infrastructure. US has committed US\$15 million in support of the Central Asia-South Asia electricity transmission project (CASA-1000) that will help create a regional energy grid to link Central and South Asia for the first time.</p> <p>Cooperation in expanding power generation capacity; promoting the efficient use of energy resources; fostering development of Pakistan’s gas resources and their efficient utilisation; increasing utilisation of hydroelectric and renewable resources; and continuing reforms to the energy sector to ensure its financial sustainability and to attract private sector investment.</p> <p>US support for financing of Dasu Hydropower Project, and feasibility study of the Diamer-Bhasha Project by USAID.</p>
2.	Security, Strategic Stability, and Nonproliferation	<p>Strengthen cooperation and contribution to regional maritime security.</p> <p>A follow-on Defence Resourcing Conference (D.R.C) focusing on security assistance issues. Participation in Nuclear Security Summit, and</p>

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		<p>continuing the bilateral dialogue on security, strategic stability, and non-proliferation (SSSNP). US has expressed confidence in Pakistan's commitment and dedication to nuclear security and appreciation for Pakistan's efforts to improve its strategic trade controls. US has also recognised Pakistan's engagement with the international community on nuclear safety and security issues</p>
3.	Defence Consultative Group	<p>Commitment to pursuing a forward-looking, transparent, and politically sustainable defence relationship in areas of mutual interest.</p>
4.	Law Enforcement and Counterterrorism	<p>Joint steps to counter improvised explosive devices (IED).</p> <p>Disrupt terrorist financing, and improve border management.</p> <p>Efforts by Pakistan to improve its anti-money laundering and counterterrorism financing framework in cooperation with the Financial Action Task Force (FATF).</p>
5.	Economics and Finance	<p>Supporting private sector-led growth in Pakistan.</p> <p>Regularly convene a Joint Business and Investment Forum, involving the private sector.</p> <p>Follow-on conferences on US-Pakistan Business Opportunities.</p> <p>Efforts to link Pakistani and Central Asian businesses to encourage increased regional trade.</p> <p>Announcement of a third fund of the Pakistan Private Investment Initiative (PPII) to leverage private equity for small and medium enterprises.</p> <p>2015: Effective implementation of the Joint Action Plan launched at the Trade and Investment Framework Agreement (TIFA) Council meeting in May 2014.</p> <p>Pakistan to seek a relationship based on trade and investment, not solely aid, and greater market access for its products.</p>

		<p>Support for the third US-Pakistan Business Opportunities Conference and organisation of Pakistan-US Economic Partnership Week in Islamabad to encourage increased bilateral trade and investment.</p> <p>Launch of Women’s Entrepreneurship Center in Islamabad. Focus on women’s issues to expand the participation of women in the economy under the Memorandum of Understanding on Joint Efforts to Empower Women and Promote Women’s Entrepreneurship.</p> <p>Launch by USAID of four new partnerships with private-sector banks in Pakistan to improve access to finance for small businesses.</p>
6.	Education, Science and Technology	<p>A meeting of this Working Group is yet to be convened to facilitate greater academic linkages and promote scientific and technological research collaboration between educational and research institutions of the two countries.</p> <p>To increase US-Pakistan university partnerships, as well as educational exchange programmes including the Fulbright Programme, to further promote educational and research opportunities for Pakistani students.</p> <p>To increase access and improve the quality of basic education throughout Pakistan.</p>

Source: *US-Pakistan Strategic Dialogue Ministerial Joint Statements, 2014 & 2015,*
<http://www.state.gov/r/pa/prs/ps/2014/01/220681.htm>
<http://www.state.gov/r/pa/prs/ps/2015/01/235881.htm>

Annex 3

Highlights of the Nawaz-Obama Meeting - October 2015

No.	Areas of Future Mutual Cooperation	Specifics
1.	Economic Growth, Trade, and Investment	Consolidate economic gains through reauthorisation of the General System of Preferences (GSP) programme and the US-Pakistan Trade and Investment Framework Agreement (TIFA) process. Augment the Joint Action Plan to expand trade and investment, and advance economic connectivity between Pakistan and its neighbours including Afghanistan-Pakistan Transit Trade Agreement, the Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000) electricity corridor, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project, and other measures to enhance regional economic connectivity and growth.
2.	Education and Civil Society Cooperation	Re-institute an Education, Science and Technology Working Group under the bilateral Strategic Dialogue, and intensify cooperation under the framework of 'US-Pakistan Knowledge Corridor' established in June 2015. Double joint funding for a new round of research grants under the US-Pakistan Science and Technology Cooperation Agreement.
3.	Climate Change and Energy	Strong cooperation in the energy sector, and formation of a new US-Pakistan Clean Energy Partnership, based on the initial work of the April 2015 Energy Working Group under the US-Pakistan Strategic Dialogue. Facilitate private sector investment in Pakistan's energy sector, including generation, transmission, and distribution. Through the Partnership, cooperate to: attract local and international investment; develop an investment plan for expanding the role of clean energy systems; expand transmission capacity through selected infrastructure

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		<p>projects; and mobilise development financing to help attract private sector investments in hydropower, wind, solar, and natural gas projects. US will cooperate in the development of Pakistan's domestic oil and gas resources and liquefied natural gas sectors. Support for Pakistan's efforts to secure funding for the Diamer Bhasha and Dasu dams to help meet Pakistan's energy and water needs.</p> <p>Continued US support to Pakistan to build infrastructure and organisational capacity to counter natural disasters and provide relief to the affected populations.</p>
4.	Promoting Global Health	<p>Enhancing measurable capability of Pakistan to prevent, detect, and respond to infectious diseases, and fully implement the Global Health Security Agenda (GHSA), including a mutually-developed five-year plan to achieve the GHSA targets and advance the World Health Organisation's International Health Regulations, with a view to advance global cooperation across sectors to counter biological threats.</p>
5.	Regional Security and Counterterrorism	<p>Continued cooperation against terrorists and violent extremist groups.</p> <p>Commitment to advance an Afghan-owned and -led peace and reconciliation process between the Afghan government and the Afghan Taliban, and work toward a sustainable peace settlement.</p> <p>Improvement in Pakistan-India bilateral relations to enhance prospects for lasting peace, stability, and prosperity in the region. Support for confidence-building measures and effective mechanisms that are acceptable to both parties. A sustained and resilient dialogue process between India and Pakistan aimed at resolving all outstanding territorial and other disputes, including Kashmir, through peaceful means and working together to address mutual concerns of India and Pakistan regarding terrorism. Pakistan to take effective action against United Nations-designated terrorist individuals and entities,</p>

		<p>including Lashkar-e-Tayyiba and its affiliates, as per its international commitments and obligations under UN Security Council resolutions and the Financial Action Task Force.</p> <p>Work closely to counter emerging terrorist groups such as the Islamic State of Iraq and the Levant (ISIL)/Da'esh in South Asia.</p>
6.	Defence Cooperation	<p>Broaden bilateral defence cooperation in areas that serve the two countries' mutual interest. Continue working together to disrupt the threat posed by improvised explosive devices (IEDs).</p> <p>Explore new avenues of enhancing defence collaboration through the defence consultative group mechanism .</p>
7.	Cyber Security	<p>Endorsed the consensus report of the 2015 UN Group of Governmental Experts in the Field of Information and Telecommunications in the Context of International Security, and further multilateral engagement and discussion of cyber issues as part of the US-Pakistan Strategic Dialogue.</p>
8.	Strategic Stability, Nuclear Security, and Nonproliferation	<p>A shared interest in strategic stability in South Asia, and pursuing increased transparency and uninterrupted dialogue in support of peaceful resolution of all outstanding disputes.</p> <p>Commitment to work together to make the Nuclear Security Summit in 2016 a success. Pakistan's efforts to improve its strategic trade controls and enhance its engagement with multilateral export control regimes were noted. The two sides will continue to stay engaged to further build on the ongoing discussions in the working group on Security, Strategic Stability and Non-Proliferation.</p>

Source: Joint Statement by President Barack Obama and Prime Minister Nawaz Sharif, October 22, 2015, www.whitehouse.gov/the-press-office/2015/10/22/2015-joint-statement-president-barack-obama-and-prime-minister-nawaz

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