

# Report

## “11<sup>th</sup> ISSI-IPIS Bilateral Dialogue”

February 5, 2014



**THE INSTITUTE OF STRATEGIC STUDIES,  
ISLAMABAD**

## *“11<sup>th</sup> ISSI-IPIS Bilateral Dialogue”*

The 11<sup>th</sup> bilateral dialogue between the Institute of Strategic Studies, Islamabad (ISSI) and the Institute for Political and International Studies (IPIS), Tehran ISSI-IPIS was held on February 5, 2014 at the Institute of Strategic Studies. The bilateral dialogue brings together scholars and diplomats from both sides, to focus on areas of mutual cooperation and to explore avenues aimed at strengthening ties between the two countries. The ISSI-IPIS bilateral dialogue also aims at discussing regional problems and their solutions. The ISSI team was lead by the Chairman Board of Governors, Ambassador (Retd) Khalid Mahmood and the Director General, Dr Rasul Bakhsh Rais, along with the ISSI research staff. The delegation from the IPIS was lead by Dr. Mostafa Tork Zahrani, Director General, IPIS and included, Ambassador (Retd) Mir Mahmoud Mousavi and Mr. Ahmad Reza Daneshkhou, Head of South & West Asia Studies Dept. at IPIS.

Ambassador (Retd) Khalid Mahmood, in his welcome remarks, underlined the importance of holding this bilateral dialogue between the two brotherly countries and the fact that it helps immensely in updating each other about developments in the region. Dr Mostafa Tork Zahrani, DG, IPIS in his opening remarks, shed light on the importance of longstanding cooperation between the IPIS and ISSI and talked about the democratic transition in Iran and how it is being perceived by the West at large. He also mentioned that the problems in the region are so deep and difficult that if the Americans depart from Afghanistan altogether, it is bound to lead to chaos. Dr Zahrani, while talking about the regional actors, pointed out that the final phase of the Arab Spring has not come and Syria is in a stalemate and the Americans do not have the will and power to come forward with a workable solution.

The Director General ISSI, Dr Rasul Bakhsh Rais talked about the big democratic change in Iran and how a very fixed view of that country has prevailed, which was commonly perceived as viewing the clerics as the all powerful entity. Moreover, this perception has been proven wrong with the election of Hasan Rouhani as president. He stated that there is no alternative to democracy and that history moves in a line, but moving in a line does not mean it is a straight line. Power, he said, is multidimensional and apart from this, economic and military strength are also important. He further said that people are more interested in food security, shelter, job security and hence, globalisation and cultural changes have become increasingly rapid. Furthermore, he said that polarisation from the West has also had a negative effect on this region and terrorism is ethnic, political and religious and we see all of these happening at our border. There are numerous security challenges being faced by Pakistan which need to be taken care off. Dr. Rais also pointed out the dangers of sectarian conflict in the region and how it continues to be a major threat for the countries afflicted by it. Dr. Rais emphasised on a very important fact, which is that Afghanistan has always been internally divided and this weakness created space for outside intervention and several efforts to unite the Afghans have been largely unsuccessful. While talking about the Taliban, Dr. Rais stated that the Taliban have used the tool of Pashtun nationalism in order to promote and strengthen their cause.

Ambassador (Retd) Mir Mahmoud Mousavi in the presentation on *“Peace and Stability in Afghanistan Beyond 2014”*, reiterated the dangers being faced by the regional countries and pointed out that the question of Afghanistan has prevailed for the last thirty years and the year 2014 is very important, mainly due to the upcoming Afghan elections and also the expected withdrawal of the US forces. He further stated that it is very difficult to get a clear picture of the political situation in Afghanistan and the country faces deep and lasting problems, like drugs, law and order and economic weaknesses which remain a hurdle to any development work. However, some form of economic development has taken place as compared to the past and in

some areas like sports, music and art, there have been positive improvements. However, politically, the question of the Taliban remains at the top and it is likely that beyond 2014, the problem will remain as Afghanistan faces an uncertain future. Ambassador (Retd) Mousavi stated that cooperation between Pakistan and Iran is important and both countries need to move forward and take initiatives in order to solve regional problems. To do this, contentious issues between Iran and Pakistan must be set aside and a framework for cooperation must be evolved. As regards the US presence in Afghanistan, Iran views it from a different perspective and Pakistan views it differently.

Dr Rasul Bakhsh Rais, while expressing his views on the situation in Afghanistan, stated that the real change took place when the two great powers decided to intervene in Afghanistan. Dr Rais stated that the country has always been divided internally and that has been a major factor in giving space to the Soviet Union and the United States respectively. Iran and Pakistan made several attempts to unite the Afghans and since the inception of the Afghan conflict, every neighbour has been involved. He further pointed out that the divisions among Afghans also created space for non-state actors in an already turmoil stricken country. He said that an unstable Afghanistan also means insecurity for Pakistan, and that the concept of strategic depth means that no hostile power would use Afghan territory against Pakistan. Dr Rais said that Afghanistan can be a transit commercial state and has immense potential to become a trading hub and thus, a regional framework needs to be drawn up in order to achieve these goals of economic cooperation. He also expressed the need for the Pakistani government to cooperate with the Afghan government, but without any interference in the internal affairs of Afghanistan. Moreover, he said that a grand consensus was required to stabilise Afghanistan, and bringing all factions to the negotiating table is the biggest challenge as the year of the withdrawal has already begun.

Mr. Najam Rafique in his presentation on "Iran-Pakistan Economic Relations: How Can We Expand Cooperation" highlighted that it is a matter of grave concern that despite our geographical location, commonality of heritage, and the potential to cater to each other's needs, economic and trade relations between the two countries remain much to desire for. On the contrary, rather than talking about building storage infrastructures, there are reports that Iran plans to completely seal off its eastern border with Pakistan and Afghanistan by 2015. The export trade between the two countries has dramatically decreased along with the imports and has created a negative trade balance.

Mentioning a report by the Trade Development Authority of Pakistan, he stated that the statistical data on the patterns of bilateral trade between Pakistan and Iran over the three years from 2008-2011 reveals that Iran-Pakistan exports decreased from US \$ 399 million in 2008-09 to 161 \$ million in 2010-11 indicating a decrease of 59.4% which indicates the absence of meaningful economic cooperation between the two countries which testify to the absence of political will on part of both the countries to improve economic relations.

Mr. Najam also explained that while, there has been a general lack of development in terms of bilateral economic relations, trade with Iran has also remained low due to international restrictions. While proposing a way forward, he highlighted certain measures that need to be taken including the following:

- Tariffs and import duties need to be worked out on concessional terms between the two countries. Conversations with Pakistani diplomats reveal that Iran tends to increase tariff on

*“11<sup>th</sup> ISSI-IPIS Bilateral Dialogue”*

Pakistan citrus fruit, particularly kinos, during the peak season. Similarly, while India is given trade concessions, Iran tends to increase import duties on items traditionally exported by Pakistan, particularly with regard to rice, citrus fruit and garments.

- Business communities of both the countries need to increase their interaction. In this regard, both Pakistan and Iran need to open up banking channels to facilitate the business community for opening up letters of credit, which presently have to be opened up in a third country.
- Joint Ventures and related projects need to be pursued as an integrated, synergised package taking into account the interests of both countries. Collaboration in small and medium enterprises (SMEs) and mega projects such as the onshore and offshore oil and gas exploration activities would be beneficial for both the countries
- It would to the benefit of both countries to expand cooperation in argo-based food processing and dairy industry.
- Also, it is time that both countries work on regular Air and Ferry services from Karachi to Chabahar.
- Joint show case trades fairs need to be organised for the small and medium private investors to learn more about the opportunities and areas that can be pursued to strengthen investment to further promote trade and economic relations. A joint venture investment company, PAIR Investment Company Ltd. (PICL) was established in 2007 in Karachi with an authorised capital of \$25 million. Unfortunately, the company has conducted no transaction since its inception to date with any companies or investors in Iran.

All these steps, he said, need to be pursued without foot-dragging, as in the past, over various projects on grounds of perceived comparative gains and costs.

Dr. Mostafa Tork Zahrani, in his presentation on *“Regional challenges: Terrorism and Sectarian Conflicts”* stated that many problems that we face today in the region can be traced back to the 9/11 incident. He explained that the world today is more globalised than before and there is polarisation in the region which makes it difficult to differentiate between the cause and effect and the determining factor all together. Where there is positive effect of globalisation there is also a negative side to it. Globalisation has made the world move faster and less in control. It has brought communication revolution. He said that in the complex globalised world of today, it is difficult to identify the cause and effect of any problem. Globalisation in itself can be one of the causes.

He explained that where globalisation has brought the world together it has also created problems; it has affected trade, it has increased cross border movements as well as brought a new dimension to the term terrorism. He said that in the globalised world of today it has become extremely hard to catch terrorists and main reason for this are the networking and communication revolution.

Talking about social movement, Dr Zahrani said that such movements get violent when other non-state actors steps in and radicalise them for more extreme means for their own

benefit. To understand and control it, one needs to answer as to why it happens? Social movements occur when the government does not value its people and the problem is not addressed. The problem then creates extremists elements, hence, it is important to acknowledge peoples wishes. He also brought attention to the fact that where history is important to identify relations, it is equally important to keep in mind the new and existing as well as emerging developments.

Dr. Zahrani explained that the South Asian region is economically weak as compared to other regions. Concluding his presentation, he said that it is important to cooperate and communicate regarding issues and to interpret these issues to the most to find and locate its cause and concentrate on it. It is important to understand the cause of a problem in order to decipher it and eliminate it eventually in the long term.

Mr. Malik Qasim Mustafa, in his presentation on *"Regional Challenges: Terrorism"*, reiterated that in South Asia, the destructive phenomenon of "Terrorism" has not only devastated peace and harmony of communities, but it has also disrupted regional cooperation. He raised a few concerns regarding terrorism gaining status of regional challenge by exploiting internal weaknesses of regional states, especially when key states are engaged in pursuing conflicting geo-political interests and are busy in fighting proxies of their powerful global masters through other means. Furthermore, due to conflicting geo-political approaches, the states fail to utilise common regional framework of cooperation against terrorism. As a result, terrorism expands its reach and impact, and emerges as a major internal as well as regional stability and security challenge.

Mr. Qasim in his presentation also highlighted the fact that the terrorists do not recognise states, borders and regions. They only collaborate for shared ideologies, exploit social, economic and political inequalities and fight against certain governing systems or ways of life. Towards the end of the presentation, Mr. Qasim proposed recommendations, which if put to affect at a local, national, bilateral, regional, and intra-regional level can help to overcome terrorism. He proposed that there ought to be:

- i) Need for common human security policies at national and regional level where communities share common religious, economic, cultural and ethnic ties to pursue common human security objectives.
- ii) A need for an indigenous approach to address terrorism challenge, where states are part of regional and international conventions, protocols, and "global strategy" to counter terrorism, but that did not help this region. States should recognise and agree upon a common understanding to deal with terrorism.
- iii) A need to improve bilateral relations to build trust where regional states, do not use terrorist elements to overcome geo-strategic interests, hence the pressing need to remove such irritants by resolving deep rooted issues and to build trust for an effective regional cooperative framework to fight terrorism.
- iv) A need to improve political will, through reinforcing political will at national level by involving all elements of national power including civil society and by involving communities at a regional level to make hard choices for common regional human security objectives.

- v) A need to reinforce a genuine and practical regional cooperative framework, where, a true understanding of the challenge, building enough trust and a will to fight for common human security objectives requires a genuine and practical regional cooperation.

Mr. Kashif Mumtaz's presentation on *"Regional Challenges: Sectarian Conflicts"* focused mostly on sectarianism particularly in the Middle East and its regional implications. He stated that the Shiite-Sunni conflict in the region can be considered as one of the most important security threats in the region with far reaching repercussions outside the region. He mentioned three drivers of sectarian tensions. The first one, he said, was the US invasion of Iraq in 2003 that led to intense Shiite-Sunni sectarian conflict after the overthrow of Saddam Hussein. The changing dynamics post invasion has led to the rise of a Shiite strength in the region along with Iran, Syria and the rise of Hezbollah in Lebanon. The second driver is the rise of Hezbollah due to the second Lebanon war. Hezbollah's influence has gradually increased especially in Lebanon and strengthened the influence of Shiite regimes in the region. The third force is the Arab Spring that has led to the rise of Sunni Islamist parties. Mr. Kashif Mumtaz also mentioned the ongoing Syrian war that has led to sectarian identities being formed in the country as well as the region. This has been due to the Sunni groups being backed by other Gulf States with Hezbollah's rising involvement. In conclusion of his presentation, Mr. Kashif Mumtaz talked about the changing dynamics of the region that have reinforced the Sunni-Shiite conflict. He also put forth the question for further contemplation about why sectarianism was more prevalent in states like Iraq and Syria and not Turkey and Kuwait.

During the discussion after the presentations, Gen. (Retd) Asad Durrani raised the question whether oil played a role in sectarian conflicts due to the fact that oil reserves were located in areas where Shia minorities lived. In response to Gen. Durrani's question Dr Zahrani talked about how definitions and discussions on ethnicity differ in states like Afghanistan, Syria and even Egypt. He mentioned how power is not always with the governments and that in this globalised era, there is the danger of terrorist groups as there is no way to control them. Dr Zahrani also mentioned the fact that there are several differences and similarities between ethnic and sectarian conflicts. He gave examples of how Syria and Egypt both suffering from conflicts have no connection to oil as the reason, while in states like Iraq it is a stabilizing factor or Saudi Arabia where its location in the Shiite minority area could lead to future conflict.

Dr Rais mentioned the need to look at post modern states like Turkey and Iran and finding the ideological basis for the Muslim world in terms of State and Islam. He stated that there is a need to discuss the role of State and Islam and the need to look at secularism as a possible solution. He felt that religion was better settled by society than State, and gave the example of Pakistan where the debate on teaching which version of Islam - Shia or Sunni - has always been a divisive force.

In his presentation on *"Security Challenges and Power Relations in West Asia"*, Mr. Ahmad Reza Daneshkhoh talked about the challenges facing West Asia, particularly security and economic challenges besides others like terrorism, extremism and sectarianism. Countries in the region, he said, are dealing with an array of issues that include water scarcity and food security. They are facing challenges being brought on by the transformation of balance of power and the geo-political alignment. So far, the West Asian states have been mainly focused on economic cooperation but certain developments in the region could change the dynamics of the states. Mr

Daneshkhov mentioned the situation in Afghanistan and how progress and development of the country would bring about security in the region. Trust between Pakistan and Afghanistan as well as the vested interest of neighbouring states like Iran, India and Central Asian states could facilitate regional stability. Another development that was mentioned was the West Asian convergence. According to Mr Daneshkhov, a convergence or integration between West Asian states, especially in terms of security, would be a stabilising force that could deal with a long range of issues including extremism and terrorism in the region. Mr. Daneshkhov also mentioned the economic situation in the region in terms of dealing with a rapidly growing population that lead to several issues like health and environment leading to discontent with governments. He stated that there was a need to focus on unequal distribution of energy, gender gap and also poverty reduction in the region. In conclusion, he briefly remarked on the situation in Syria and how it was a growing problem and danger to the region itself.

Ms. Saba Imran's presentation mainly focused on certain countries in West Asia. She mentioned the Iranian nuclear issue where she touched upon the current Iranian government's message of outreach to the West but how Israel still viewed their nuclear program as a threat. The current nuclear agreement between the US and Iran seems to be appeasing both nations at the moment. Talking about Israel, Ms Imran mentioned, in particular, the Arab-Israeli conflict that has been considered by most as the main source of tension in the region, and that the US-Israeli relations have not helped in alleviating the current misunderstanding or tensions in the region. Syria was the next issue touched upon where it was reiterated that the current civil is having adverse effects within the region and beyond. The sectarian violence and human rights abuses are not going unnoticed by the region or the world. There have been some inroads in the crisis following the decision of allowing the OPCW to dispose of Syria's chemical weapons stockpile. Lebanon in terms of the Syrian war has issues arising with Hezbollah's strengthening, the refugee's crisis arising due to the war and the transferring of chemical weapon from Syria that could plunge Lebanon into its neighbor's civil war it wants very little to do with. The last state mentioned was Iraq which even after a decade of Saddam's ouster continues to search for stability and security. Since the withdrawal of foreign troops from Iraq, a power vacuum has emerged leaving the country in a perpetual state of insurgency. There are also sectarian factions and militant organisations like al-Qaeda, trying to fill the vacuum. Iraq at the moment has to deal with sectarianism, militancy and economic fragility among other things. Ms. Imran concluded by reiterating that West Asia has many inter-regional security challenges ranging from sectarian violence, nuclear proliferation, terrorism and the rise of militant Islam. There seems to be a lack of cohesiveness between states in the region that can be a cause of instability if not addressed.

In the ensuing discussion after the presentations, Ambassador Mousavi remarked that in terms of Pakistan there needed to be more of a balance between its relationship with Saudi Arabia and opening a better relationship with Iran, because in terms of sectarianism and violence this would be a more beneficial policy for Pakistan.

Dr Rais stated that the government of Pakistan needs to make decisions about prioritising the structuring of relations with neighboring countries. In relation to Afghanistan, Pakistan needed to never support a military intervention, the Taliban coming into power was not in Pakistan's' benefit, and to prevent militancy in Pakistan the government needs to make a decision, disband the Taliban or go after them.

*“11<sup>th</sup> ISSI-IPIS Bilateral Dialogue”*

In his concluding remarks, Dr Zahrani talked of joint project between the two institutes especially on topics dealing with terrorism and sectarian violence which he felt were of the utmost importance. He also mentioned a trilateral cooperation between Pakistan, Iran and Afghanistan in terms of joint projects. He appreciated the transparent and candid discussion and appreciated the hospitality of the ISS.

The Chairman ISS, Amb. (Retd) Khalid Mahmood also supported undertaking joint projects and hoped that future talks would be more topics specific and maybe have a impact on both the governments of Pakistan and Iran.

- *Prepared by*

Sarah Akram  
*Research Fellow*

Mahrukh Khan  
*Research Fellow*

Mehreen Tanveer Khashkheli  
*Research Intern*