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Report – Public Talk

“Celebrating 70 Years of Pakistan-Germany Diplomatic Relations”

by

H.E. Bernhard Schlagheck,
Ambassador of Germany to Pakistan

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The Centre for Strategic Perspectives (CSP), Institute of Strategic Studies Islamabad (ISSI) organised a Public Talk at its Ambassador's Platform titled "Celebrating 70 Years of Pakistan-Germany Diplomatic Relations," on October 21, 2021. H.E. Mr. Bernhard Schlagheck, Ambassador of Germany to Pakistan was the guest speaker on the occasion. The talk was moderated by Dr. Neelum Nigar, Director CSP at ISSI.

In his welcome remarks, **DG ISSI, Ambassador Aizaz Ahmad Chaudhry**, extended a warm welcome to the German Ambassador to the Institute of Strategic Studies and thanked him for accepting to give a public talk on an important subject, interest for which is growing in both countries. Ambassador Aizaz stated that the *Ambassador's Platform* was essentially created as a venue for foreign ambassadors serving in Pakistan to reach out to the people of Pakistan. Through this platform, the Ambassador can inform the people of Pakistan, what is it that Germany means to Pakistan and Pakistan means to Germany. Ambassador Aizaz mentioned that ISSI had several ambassadors come and speak at the Institute but Germany is special. Germany is special because it's a very important country and it is Pakistan's biggest trading partner in Europe and also a huge investor in Pakistan. Ambassador Chaudhry praised the supreme quality of German products and stated that it exemplifies German society's belief in perfectionism which provides considerable esteem and respect to Germany's name in Pakistan. He went on to highlight the recent boost in the people-to-people exchanges and inducted to approximately 500 new Pakistani students in Germany's higher education institutes along with a number of Stiftungen working in Pakistan which are highly active and doing good productive work in the country. While concluding his welcome remarks, Ambassador Aizaz termed Europe a resilient continent asked Ambassador Schlagheck to also identify in his talk Europe's stance on US-China major power competition; the evolving geopolitics in the Indo-Pacific region; and how is it that Pakistan and Germany can work together for larger peace and stability here in this region?

H.E. Bernhard Schlagheck, thanked ISSI and its Centre for Strategic Perspectives (CSP) for the opportunity to speak before an august gathering which is his first physical event since the pandemic. He stated that he is grateful for the invitation and very happy to see many familiar and long missed faces again and obliged for the opportunity to say a few words on German-Pakistani relations in the immediate aftermath of the 70th anniversary of the establishment of diplomatic relations.

Talking about the growing bilateral relations, Ambassador Schlagheck highlighted the recent high level meetings and mutual visits between Pakistan and Germany such as that of Foreign Minister Qureshi and the Chief of Army Staff had been in Berlin this year as well as the two visits by the German Foreign Minister to Pakistan. Moreover, the Prime Minister's Advisor on climate change Malik Amin Aslam's visit to Berlin for talks in the run-up of the COP-26 in Glasgow.

Complementing the high level visits, there several other activities and developments surrounding the grand celebration of Pak-German diplomatic relations at the Foreign Ministry that included a rare visit by one of Germany's navy vessels in Karachi in early September, followed by a physical visit of a German business delegation to Karachi and Islamabad after the pandemic and the laying of the foundation stone of Germany's new embassy in Islamabad. Culminating in a German weekend early November at Al-Hamra in Lahore showcasing German business activities but also central German alumni meeting, cultural undertakings and much more.

On the Pakistani side, Ambassador Schlagheck stated that jubilee coins have been punted and a special postal stamp depicting two national poets of Germany and Pakistan, Johann Wolfgang von Goethe and Mohammed Iqbal will be issued shortly which is a good idea by the Pakistani government.

Coming to the underlying substance matters of Pakistan-Germany relations, Ambassador Bernhard briefly mentioned two particular features of German and Pakistani political and cultural experience that are quite common and may explain at least to a certain extent political and societal affinities over the last 70 years.

The Ambassador stated that both Germany and Pakistan are relatively young countries at least in the dispensation that we know today emerging from the tectonic shifts after the second world war and the ensuing political realignment and decolonization processes.

Both countries were founded within two years of one another and all these foundational steps occurred under exceptionally difficult circumstances. The major reason for this was the fact that both states were born under extreme duress. Germany had started and lost the disastrous war, Pakistan emerged from a traumatic split from India and millions of refugees had to be integrated

by both countries. Ambassador Bernhard declared this a common denominator to have successfully given millions who came with no more than the clothes they wore. A new home is certainly not the least achievement of both countries.

Secondly, both Germany and Pakistan are federal states. Pakistan, of course is a multi-ethnic state, a fact that is sometimes not sufficiently recognized in Europe. Germany on the other hand is a fairly homogeneous nation, however with a very strong history of regional and sub-regional identities. This diversity, though perhaps different in type and nature makes not only a federal constitution logical but perhaps compelling both in Pakistan and in Germany, but also cultural differentiation.

Moreover, Ambassador Schlagheck shared a few thoughts on five areas of particular engagement achievements and ongoing challenges alike in Pakistan-Germany relations.

First, in the political sphere. The German Ambassador noted that relations between Germany and Pakistan have been close and amicable since the very beginning, certainly with some ups and downs. The latter predominantly during military rule in Pakistan. Even during the pandemic political exchanges have been conducted often digitally across the board including bilateral strategic dialogue in September 2020 beside the high-level visits in 2021.

Germany and Pakistan also share long-standing military-to-military relations. Mutual visits of naval ships recently being the highlight besides the mutual staff college attendances and technical exchange assistance.

In the political field there are a number of areas where Germany and Pakistan cooperate very closely, adjusting evidently to the political fallout in Afghanistan.

On the topic of Afghanistan, Ambassador Bernhard mentioned that Germany is quite appreciative of Pakistan's assistance in bringing about the Doha process as well as Pakistan's tremendous help in evacuating German nationals and at risk Afghans from Afghanistan and securing safe passage via Pakistan to countries in Europe and elsewhere.

Addressing the issue of the impending great power competition in the Indo-Pacific region. Ambassador Bernhard stated that the sense is that Germany and the EU as a whole on the one

side and Pakistan on the other have a huge interest in averting a completely binary Cold War-like antagonism in the in the Indo-Pacific, a sort of camp mindset. Perceptions may somewhat differ for example on the role China plays or ought to play across South and Southeast Asia but that should not necessarily lead to having to strictly choose sides or ending up irrevocably in either camp.

Ambassador Schlagheck stated that this thinking corresponds with his reading of Pakistan's recent shift from a concept of geopolitics to geoeconomics which implies to him a prioritization of regional trade and connectivity with Pakistan as a hub, open to all sides including and in particular its neighbours, not least Afghanistan and potentially India.

Secondly, commercial relations are quite strong. The German Ambassador highlighted that the EU as a whole is Pakistan's most important trading partner with an increase (since GSP+ came about in 2014) of almost 70 percent in volume even after Brexit. Trade volume between Pakistan and Germany hovers around \$3 billion per year (pre pandemic) but the volume is coming back quite strongly now so the trade volume between Germany and Pakistan is the biggest within the EU. Interestingly, Pakistan even has a trade surplus with Germany.

There are roughly 40 businesses directly represented and active in Pakistan. An investment portfolio of roughly \$400 million which is a sound foundation but could certainly be better still.

One of the major tasks of the Germany Embassy, the Ambassador said, is to try enticing German companies to come to Pakistan and engage in trade and investment and vice versa, facilitate Pakistani businesses going to Germany participating in trade fairs etc.

Ambassador Schlagheck stressed that attracting business and investment is not an easy task but quite impressive improvements have been seen in Pakistan regarding ease of doing business over the last few years but Pakistan still remains a challenging market. Pakistan is still lagging behind in attracting foreign direct investment and has even lost ground in regional comparison on the export earnings side, not least by failing within a few notable exceptions to expand into a higher end value chain and integrate more into regional and global supply networks.

GSP+ is being constantly reviewed will be revisited in 2023. As important it is for Pakistan's export industry, not least the export to Germany given the track record thus far renewal of GSP+

is not exactly a foregone conclusion. A constant dialogue and interaction on the economic side is clearly needed.

Third, the development angle. Since 1960 Germany has dispersed roughly €4 billion as development aid to Pakistan in a number of areas as diverse as climate change; renewable energy; good governance (with a big chunk here in existing efforts of bringing the former FATA areas into KP); as well as promoting technical and vocational training; plus health including a special COVID assistance under the Covax scheme.

Furthermore, Germany is also the biggest donor after the US (within Covax Scheme) where almost every 4th Covax-related jab (vaccine) is delivered by funding from Germany. Polio eradication, portable health station, the setup of a progressive health insurance system seen in KP and now being implemented in Punjab as well. The Pakistani government is very much interested in these assistance and schemes extended by Germany.

Given the great and mesmerizing landscapes and habitats Pakistan possesses on the one hand, the risks emanating from climate change and environmental degradation on the other Germany and Pakistan have prospectively strengthened bilateral engagement particularly in the climate action field and are collaborating in a number of current or planned activities including the Billion Tree forestation scheme or the Ecosystem Restoration front by the Pakistani government with globally more to come in the run-up of the Glasgow COP-26 conference.

Fourth, civil society. The civil society plays everywhere but certainly also in Pakistan a vital and fundamental role in shaping a modern and democratic society. To Germany, civil society empowerment, commitment to human rights and international humanitarian law, protection of ethnic and religious minorities, press and media freedom and good responsible government are of paramount importance in shaping our relationship with other countries, Pakistan being certainly no exception.

In this regard, Ambassador Schlagheck stated that Germany is certainly appreciative of the democratic achievement in Pakistan since February 2008. The vitality and robustness of political and societal discourse here in Pakistan is impressive and often contrary to stereotypes and prejudices harboured in the West about the resilience of democratic beliefs and convictions here.

But undeniably there are still serious obstacles in the road. Areas of constraints and concerns are media freedom; ongoing human rights transgressions; encroachment of security agencies; and religious intolerance including a blasphemy legislation with an excessive penalty and much potential for misuse.

However, Ambassador Bernhard stated that efforts to discuss these issues with the Pakistani government are ongoing and are quite productive and this kind of preparedness to engage with the European union and with Germany bilaterally on these complicated issues is commendable. Civil society engagement, the Ambassador stressed, is an area to look into carefully over the years to come. He said the more civil society is strengthened the easier it will be to lift up people from poverty and bring them into the fold or near-edge of the middle classes, the better for democratic good governments.

Fifth, the people-to-people dimension. According to Ambassador Schlagheck, the key words here are cultural exchange schemes; German language and cultural work in Pakistan; and student exchange programs. The German Ambassador stressed that if Germany and Pakistan want to know each other better in an increasingly ever close world then both countries have to bring civil society and most notably people themselves in contact.

The Ambassador stated that now efforts are being made for strengthening academic research exchanges, fostering tourism, making use of the roughly 70,000 Pakistanis living in Germany (mostly as traders and business people) who are a very great contribution to the communities in Germany, acting as a sort of bridge between the two countries along with encouraging mutual trade and interface dialogue.

Ambassador Schlagheck reiterated that there is certainly room for further progress and substantial work is being done on both sides to this end.

The Question/Answer Session was moderated by DG ISSI, Ambassador Aizaz Ahmad Chaudhry.

Q1: Germany is undergoing a transition, the long-time Chancellor Angela Merkel is retiring and a new setup is going to come. Please give some more information or general comments on how you see things developing in Germany?

Ambassador Schlagheck said, I would say the political structure or the political system in Germany is very stable. They are in the process of negotiating a new coalition and Germany might have a new government but he said he doesn't think this is a fundamental break of German politicking. So the thing that is a bit extraordinary for Germany is the fact that most probably it will have a government consisting of three parties instead of two. That is at least what the results of the latest national elections indicate. Germany will have most probably a government consisting of three parties that of course will somewhat complicate negotiations but Ambassador said he is quite certain that within the next two months or so Germany will see a stable new government that has the necessary votes in the parliament and that is fully operational and fully fit to work, so he has no qualms and no worries about that at all. Of course policy might somewhat shift as Germany had a center-right government so far or a great grand coalition but basically the main plank of the government was around the Chancellor and CDU that is, according to the Ambassador, more center-right that will somewhat turn to the left, but he doesn't think it will have any big consequences for foreign policy. It will have some consequences in domestic policy, particularly of course social policy and the environment. Here with the probable inclusion of the Greens, Germany will have somewhat more emphasis on environmental and climate friendly policies that might be but the Ambassador doesn't see big upshots for foreign policy.

Q2: Pakistan is presently engaged in finding ways to bring peace and stability in Afghanistan and is urging the US and Europe to stay engaged with Afghanistan to this end. How do you read the situation in Afghanistan from Germany's perspective? Do you share the perspective that the immediate need is that of humanitarian assistance but beyond that we need to engage the Taliban and in a way urge them to honour their commitments in pursuit of the larger objective of stability in Afghanistan?

Ambassador Bernhard responded by saying that he thinks Germany shares the view Pakistan holds that we should engage the Taliban in one way or another. The Chancellor said the Taliban are a political reality. Germany has also pledged its support for humanitarian assistance. There were two major events so far on humanitarian aid that was the UN conference in Geneva and the Europeans pledged \$100 million, plus a perspective to extend that to \$600 million and beyond the process to see that through. Germany has also pledged to send more than half a billion US

dollars and without any conditionality to what the current dispensation in Kabul is doing or is not doing. Then there was an EU pledge also of roughly \$1 billion and Germany is one of the major contributors to that EU pledge. There is a clear-cut determination of the EU and of Germany to assist in humanitarian efforts in Afghanistan. The Ambassador said that some might say that it is for the moment not enough. He said we know that the government of President Ghani got roughly \$8 billion per year only in the civilian area to keep things running so even if you add up now \$2 billion from the what the UN pledged or the UN member countries pledged, there's still a huge gap and we all know how serious the situation is in Afghanistan not only in the humanitarian field but also when it comes to keeping the government running. There are huge challenges there and we all are certainly concerned about the prospect of a total collapse of the Afghan economy because there's a liquidity crunch for the moment so what the most serious phenomenon in Afghanistan nowadays is the absence of cash of liquidity and that is not that easy to be sorted out. The Ambassador stated that his sense is yes on the humanitarian side we have to come to the assistance and to the rescue of the Afghan people. We are committed to Afghanistan not particularly to the current dispensation but we accept the Taliban as a political reality and we have to deal with them. There is perhaps a slight divergence in our position (between the Pakistani position and the EU-German position). FM Qureshi stated a few weeks ago that the west has to discard its old lenses. Ambassador said that he would say that we should leave that as it is but he would say the Taliban also have to discard their old lenses because we have a track record of what the Taliban did and how the Taliban conducted administration in the 1990s and that is not the model at least not for us (West) to honour. There's still a long way to go. Ambassador Bernhard stressed that, the West insists on inclusivity of the government. It wants the Taliban to keep their commitments when it comes to terrorism emanating from Afghan soil and we want to see the Taliban making good of their promises when it comes to human rights and particularly the position of women and girls. He said the Taliban made promises and so far they have not honoured these promises. We have to wait and see what comes out of this political disposition and the political process in Afghanistan. The Ambassador stated that we are in constant touch with Pakistan's foreign ministry. There is a lot going on behind the scenes as there is the Moscow Talks, Troika+ (unfortunately without the Americans). He stressed that the regional setting must go forward. There are other formats coming up such as the G20 Summit at the end of the month. We have to shoulder our responsibility. The West & NATO have been in

Afghanistan so we cannot simply ignore our responsibility and we feel that and we want to engage particularly with the regional neighbours of Afghanistan and to some extent of course with the Afghan people and to some extent with the Taliban too (that does not mean that we are prepared to recognize them politically) but yes we accept that they (Taliban) are a reality now and we have to deal with that.

Q3: What steps can be taken by the German government to improve Pakistan's industrial and manufacturing capacity in order to increase the trade volume between the two countries and benefit mutually? Moreover, what can be done by Germany in order to increase the number of Pakistani students studying in German higher education institutes?

Ambassador Schlagheck responded by saying that trade basis is good. It was \$3 billion before the pandemic but it is coming back strongly. He said that there is more surplus for Pakistan which means more exports from Pakistan to Germany. The Ambassador further stated that he is a bit concerned about the potential of trade because not much has changed over the last two decades in this regard. He stated that same products are being exported such as textile, leather and surgical items by Pakistan. There is need to direct Pakistan's export segment from Pakistan to Germany towards high-end value chain products. Ambassador Schlagheck suggested that Pakistani businesses should actively participate in business fairs and events which will help them in creating new contacts and open new vistas of investment and business opportunities. He said that Pakistani businesses needs to be more future oriented. However, the German Ambassador was concerned about the investment flows particularly from Germany to Pakistan. He said that particular German industry is sitting on the fence due to the uncertainty that exists regarding Pakistani market. It is perceived as a difficult market with complicated litigation, security of investment and unease of extraction of money out of Pakistan combined with relative ease of doing business (which has greatly improved) which is improving but still is perhaps not perfect. The Ambassador stressed that Pakistani businessmen needs to understand the psyche of German businesses. Majority of German entrepreneurs are owners of family businesses and invest their family money which leads to caution in investing practices. There are 40 big German companies that are in Pakistan and have been in the country since decades because Germans invest for the long run. The said that there are concerns and qualms with incumbent governments over regulations but basically they are doing serious and profitable business in Pakistan and are quite

happy. However, attracting new businesses is a little difficult. Efforts are being made by Pakistan's mission in Germany and the German mission in Islamabad to improve the situation such as talking to German chamber of commerce but little success is being made in this regard. On the educational side the German Ambassador stated that there is a huge potential. There is huge interest with Pakistani students as education in Germany is tuition free which makes a big difference financially. Speaking German language is an added advantage and makes life more easier in Germany. The Ambassador said that there is a small number of German students in Pakistan as well (in Lahore and Karachi) who are very enthusiastic, they like it in Pakistan and carry a good vibe but again the perception problem still exists which hampers things in Germany and the rest of Europe because Pakistan image as a difficult country to live in makes this difficult and going against such a perception is easier said than done.

Q4: What steps are being taken by the German government for social uplift in Pakistan, especially in the field of education and girls' education in particular? How can Germany expand its work in the social sector of Pakistan as it is where the strength of a country lies?

Ambassador Schlagheck's responded by saying that he does not need any convincing that German social sector organisations like GIZ are doing excellent work in Pakistan and that he is quite proud of what the German development organizations and the German political foundations are doing in this country. However priorities need to be set and after talking to the leadership of respective agencies German development agencies in Pakistan, unfortunately education is not one of their main priorities. The main priority of German development agencies' work is climate and environmental action and that has been a main priority in Germany too. Germany is basically trying to mirror what the Pakistani government wants us to do. Germany is not here to pursue its own development goals. It is basically here to assist Pakistan in pursuing its development goals such as climate action and renewable energy. Vocational and technical training is another area that is being worked on by GIZ all across the country. The Ambassador stated with regret that Germany is trying its best but it cannot do everything. He stated that he shares the view that education is really pivotal in a country like Pakistan but education is not a priority at the moment and there are some issues that him and his embassy is trying to work around combined with financial and operation constraints.

Q5: Pakistan and China are engaged in tangible economic projects. Europe as a whole and German enterprises especially have been engaged with the Chinese and last December there was a comprehensive agreement on investment signed by the EU as a whole with China to give protection to the European investments in China and to create larger market for European products in China which subsumed all the individual investment treaties. But right after about six months, the G7 Summit produced what is called B3W (Build Back Better World), initiated by President Biden. What is your understanding about where does Germany stand on cooperation with China and approach to BRI as a whole and how do you see the CPEC (which is a flagship of the BRI)?

Ambassador Bernhard's response to this question was, "there is no doubt that we (Germany) have been one of the biggest trading partners with China we have no reluctance or resistance in dealing with China, quite the country. I think the foreign policy of Germany was always to engage actively engage with China. There is no shortage in goods investment and infrastructure schemes. Let people decide what they want to go for and I think here again the German position is not critical of CPEC, quite the country. Everyone should make use of different infrastructure schemes that are offered by countries like the US and now China (in the form of BRI). I always encourage German companies to take part and to harness and profit from CPEC. If there are business opportunities with CPEC they should take it. They should profit from that so there is no philosophical reluctance to engaging with China or with Pakistan (within CPEC), not at all not from our side. As I said, our position is inclusivity. So I think Germany and to large extent the European Union as a whole are against the binary logic. It is not like one camp versus the other but I think we should try to achieve the maximum best result for all the countries that are involved and that is predominantly a question for each and every country to decide for itself.

PICTURES OF THE EVENT

