

Pakistan's Evolving Relations with China, Russia, and Central Asia

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Since the events of 9/11, Pakistan has adopted a proactive and pragmatic approach in its foreign relations that helped the country to stage a diplomatic comeback at regional and global levels. Pakistan has been able to effectively transform the post-9/11 challenges into opportunities and as a result has become a frontline state in international efforts in the fight against terrorism. The international community has duly acknowledged Pakistan's contribution in the war against terrorism and its endeavors to create a stable regional environment by initiating processes to improve its relations with India and Afghanistan. Following the end of the Taliban regime in Afghanistan and a change in Pakistan's Afghan policy, a major hindrance in improving relations with Russia and the Central Asian states has been removed and there are strong signs of improvement in bilateral relations. With China, Pakistan is moving extensively into economic cooperation, which has been a missing dimension in their comprehensive bilateral relations. To improve relations with all the countries of the neighboring regions in a mutually beneficial manner is one of the core objectives of Pakistan's foreign policy.

Pakistan-China Relations

Pakistan's relations with China have always been the most important of its relationships with other countries. It is based on trust, respect, and mutual benefit. Over the past 55 years, since the two countries established their diplomatic relations, this relationship has evolved in a manner to serve the

interests of both countries. To understand the evolution of this relationship from a correct perspective, it is important to have a brief overview of the relationship between the two countries.

The early phase

Pakistan was the first Islamic country and third noncommunist state to accord recognition to the People's Republic of China. Although Pakistan established diplomatic relations with China in 1951, the actual consolidation of relations started in the early 1960s, when Pakistan changed its previous stance and supported China's seating in the UN in 1961. In the 1962 Sino-Indian border war, the US rushed military assistance to India, which Pakistan, being an ally of the West, considered detrimental to its security concerns and moved out of the Western orbit (SEATO and CENTO). At that point in time, a commonality of interests seemed to be emerging between Pakistan and China. It was the shared sense of an evolving geostrategic environment in which the two countries amicably negotiated and signed an agreement on the demarcation of their common border in March 1963. In the following years, Pakistan on its part sincerely helped China to end the isolation that both the superpowers wished to impose on China, by signing an air-transport agreement and trade agreement and helping China maintain contact with a number of countries, especially the Islamic world. Similarly, China played a commendable role in its support of Pakistan in achieving a ceasefire in the 1965 Indo-Pakistan war by issuing stern warnings to India. Following the war, China, also in an attempt to compensate for war losses, supported Pakistan with military equipment including tanks and aircraft. In the 1960s, Pakistan-China relations evolved on firm foundations of mutual trust and confidence.

In the early 1970s, Pakistan played an important role in facilitating secret communications between the US and China that resulted in Henry Kissinger's secret visit to China followed by President Richard Nixon's historic visit. Sino-US normalization of relations was perceived in Indian strategic thinking as the emergence of a US-Pakistan-China strategic triangle, which prompted India to sign a treaty of peace, friendship and cooperation with the Soviet Union. It could be termed as a kind of a security treaty because Article IX of the treaty stipulated that in "the event of either party being subject to an attack or threat thereof, the high contracting parties shall immediately enter into mutual consultations in

order to remove such threat and to take appropriate effective measures to ensure peace and security of their countries.”¹ This development introduced a new dimension to the region, especially if seen in the context of the Cold War, and also created more space for further consolidation of Pak-China relations. The other development, which had profoundly influenced Sino-Pak relations, was the Indo-Pakistan war in 1971, followed by the Chinese military and economic assistance to Pakistan. Later, on the issue of Bangladesh's application for membership to the UN, China, on Pakistan's request, exercised its veto power for the first time to stall the move, which helped Pakistan to secure in a bargain the release of its POWs and the return of troops to their prewar positions. The Indian nuclear explosion of 1974 introduced a new dimension to the strategic balance in the region and gave fresh impetus to expanding Pak-China defense cooperation. Between 1971 and 1978, China assisted Pakistan in building two defense-related mega projects, first, the Heavy Rebuild Factory for T-59 tanks, and second, the F-6 Aircraft Rebuild Factory. Chinese intent to make Pakistan self-reliant in the production of a conventional weapons system, without attaching any political strings to its assistance, cultivated deep-rooted respect and goodwill for China in Pakistan.

The end of the 1970s witnessed international developments of immense consequences that continued to impact on the entire region throughout the following decades and even today. These were the Iranian Islamic Revolution in February 1979, the declared hostility of the new Iranian leadership towards the US, and in the later part of the year, the invasion of Afghanistan by the Soviet Union. Invasion of Afghanistan created a situation of two hostile fronts for Pakistan—India and Afghanistan—threatening peace and stability in the region. At this crucial juncture, China stood firmly by Pakistan and condemned the invasion of Afghanistan as a “hegemonic action” that posed a threat to peace and stability not only for the region but for the entire world. Pakistan and China had a shared perspective and developed coordinated strategies to deal with the Afghan situation. China provided covertly, in the following years, military supplies worth \$200 million annually to the Afghan

¹ S. M. Burke and Lawrence Ziring, *Pakistan's Foreign Policy: an Historical Analysis*, 2nd ed. (Karachi: Oxford University Press, 1990).

resistance groups, and extended political support to Pakistan at all international fora.

Throughout the 1980s, Pakistan-China relations continued to develop into a comprehensive relationship. While China improved its relations with India towards the end of the the 1980s, Pakistan did not feel that China's improving relations with India were at the cost of China's relations with Pakistan. Although there was a visible shift in the Chinese stance on Kashmir, Pakistani policy makers believed that China's improved relations with India would act as a restraining factor on Indian belligerency towards Pakistan. Pakistan always supported China on all issues important to Chinese national interests such as sovereignty over Hong Kong, Taiwan, and Tibet and issues relating to human rights and democracy. China always appreciated and counted on Pakistan's strong support as a trusted friend over all these issues at international fora.

Following the withdrawal of Soviet forces from Afghanistan in 1988–1989, the regional strategic dynamics changed once again. The US, after having achieved its strategic interest of rolling back communist aggression, claimed victory over the former Soviet Union and abandoned Afghanistan. Pakistan's support was no longer required by the US, so it came under US sanctions for secretly developing nuclear weapons; an issue to which the US turned a blind eye for a decade during the Afghan War. Throughout the 1990s, Pakistan remained under US sanctions and China was the primary source of Pakistan's military hardware procurements. During this period, Pakistan-China defense-related cooperation also substantially increased. China's support for Pakistan's nuclear and missile programs became a constant irritant in Sino-US and Sino-Indian relations, especially the issue of supply of M-11 missiles and 500 ring magnets to an "unsafeguarded" nuclear facility. China, on its part, despite tremendous US pressure to cut off high-technology links with Pakistan, remained steadfast in its commitment to strengthen Pakistan's defense capability.²

² Under a 1986 agreement on nuclear cooperation for peaceful purposes, China had started work, since 1993, on a 300-MW nuclear power plant at Chashma in Pakistan. During his visit to the US in November 1997, Chinese president Jiang Zemin withstood American pressure and stated that China would not compromise on its commitments to Pakistan regarding the transfer of nuclear technology for peaceful purposes, *The Nation*, November 2, 1997.

The current phase

In May 1998, Indian nuclear tests destabilized the strategic balance in South Asia. As a prelude to these tests, the Indian defense minister and prime minister described China as a long-term security threat. While commenting on the Indian assertion, the official Chinese media reported that "India's explosions have sabotaged the fragile trust built up with Beijing over the past decade." Following the Indian nuclear tests, Sino-Indian relations suffered a severe setback. Deterioration in Sino-Indian relations reinforced Pakistan's importance in China's South Asia policy. Pakistan and China held high-level consultations on the situation in South Asia. China expressed its understanding of Pakistan's compulsion to go nuclear. It gave Pakistan the confidence to reestablish the strategic balance in South Asia by conducting its own nuclear tests. The depth of Pakistan-China relations was reflected from the fact that it was after Pakistan had acquired demonstrable nuclear weapons capability that the Chinese leadership gave assurance to the visiting US president Bill Clinton in June 1998 of cooperating with the US on the issue of nuclear proliferation.

In 1999, during the Kargil conflict between the two nuclear states, India and Pakistan, China adhered to a strict neutral position. China was concerned over the possibility of escalation of the conflict, and asked both countries to defuse tensions. The Chinese position of neutrality was duly acknowledged by India, and provided both countries with an opportunity to mend their fences and once again improve their bilateral relations. Pakistan also had a complete understanding of China's interest to improve bilateral relations with India, especially in the context of evolving Indo-US strategic partnership.

After the events of 9/11, Pakistan and China consulted each other on the unfolding situation in the region. On September 18, 2001, a special envoy of the then Chinese president, Jiang Zemin, arrived in Islamabad to meet General Pervez Musharraf and other officials and discussed the situation emerging as a consequence of the 9/11 attacks. Pakistan's decision to side with the US and to provide use of its airspace and base facilities had initially raised some concerns in Chinese policy-making circles. However, the exchange of high-level visits clarified the Pakistani position that under no circumstances would Pakistan allow its cooperation with the US to undermine Chinese strategic interests.

During the India-Pakistan military standoff in 2001–2002, China continued with its position of neutrality and played an important role in

defusing tensions between India and Pakistan through telephone diplomacy. Since India escalated the tensions, despite Pakistan's repeated requests for negotiation, China's role to pacify the situation was considered more favorably by the Pakistani authorities and people. The Chinese leadership stated that "it is in the interests of both countries and the expectation of the international community for both Pakistan and India to maintain the utmost restraint and safeguard the peace and stability of South Asia." China's proactive diplomacy to engage the US and India in the volatile South Asian situation was received well in Pakistan and indeed helped to ease tensions. There was complete understanding between Pakistan and China, and the Chinese leadership appreciated Musharraf government's policies on antiterrorism and peaceful resolution of contentious issues with India.

President Musharraf, in his December 2001 visit to China, explicitly expressed support of the Chinese campaign against Muslim separatists in Xinjiang. He urged the Chinese Muslims to be very patriotic and to work for the betterment of their country. He declared that Pakistan would extend full support to China to fight against East Turkestan terrorist forces.³ This was the first time that a Pakistani leader went public in support of Chinese policies to curtail Muslim separatists in Xinjiang. In view of Chinese concerns that there is a link between the separatist forces in Xinjiang and the jihad organizations in Pakistan and Afghanistan, Pakistan has also institutionalized antiterrorism dialogue with China and the two sides have agreed to share intelligence on terrorism. In December 2003, the Pakistan Army in a military operation near the Pak-Afghan border killed Hahsan Mahsum, the leader of the East Turkestan Islamic Movement, while extraditing a number of alleged terrorists to China. In recent years, antiterrorism-related cooperation between the two countries has constantly been expanding. On August 6, 2004, China and Pakistan conducted their first joint antiterrorism military exercise named "Friendship 2004," in Xinjiang. In April 2005, during Premier Wen Jiabao's visit to Islamabad, the two sides signed a treaty of friendship, cooperation and good neighborly relations as well as an agreement on combating terrorism, separatism and extremism. The comprehensive antiterrorism cooperation from Pakistan has effectively removed the

³ *Dawn*, December 22 and 23, 2001.

apprehensions of the Chinese side, holding in regard the support of the Uighur Muslim separatists from some of Pakistan's religious groups.

Pakistan-China defense-related cooperation has always been the most important component of their overall bilateral relations. The tradition of high-level exchange of visits for consultations between the armed forces of the two countries has provided sustenance to the bilateral relations, as the institution of the armed forces plays a special role in political decision making in both countries. In recent years, a mechanism of defense and security consultation has been institutionalized between the two countries. Since March 2002, three rounds of consultations have taken place. In order to enhance military-to-military cooperation, China and Pakistan, in October 2003, conducted a joint maritime search-and-rescue exercise near Shanghai. That was the first time for the navy of the People's Liberation Army (PLA) to conduct an exercise with a foreign country. Similarly, in November 2005, during their visit to Pakistan, Chinese naval ships conducted a second joint maritime search-and-rescue exercise with the Pakistan Navy. That was again the first time for the PLA Navy to conduct a joint exercise in waters abroad. Pakistan and China share a common interest in the security of the sea lanes of communication, and both support a multilateral framework for guarding energy and trade sea routes.

Defense production-related cooperation has also expanded in recent years between the two countries. Pakistan and China have jointly developed JF-17 Thunder—a multi-role fighter aircraft. Pakistan and China finalized a deal in April 2005, under which China Dockyard in Shanghai will build four F-22P frigates for the Pakistan Navy and transfer the technology as well. Cooperation on other ongoing defense projects is continuing to the satisfaction of both.

At the political level, Pakistan and China have unanimity of views on issues like the war on terrorism, Iraq, Afghanistan, and the Iranian nuclear program. Both countries wish to strengthen the authority of the UN and oppose unilateralism and concepts such as “coalition of the willing” or “concert of democracies” outside the UN ambit to deal with international security issues.

Current Trends in Pakistan-China Relations

In the last fifty-five years, Pakistan and China have developed exemplary cordial and cooperative relations in the political and defense fields. However, the two countries remained unable to forge a matching

relationship at the economic front until recently. Since the late 1990s, both countries realized the missing economic dimension in their evolving strategic relationship. The two countries acknowledged the fact that in order to sustain a comprehensive cooperative relationship, substantive economic cooperation, matching the level of political and strategic cooperation, was absolutely necessary. Enhanced economic cooperation would not only complete the comprehensiveness of bilateral relations but also help in achieving peace development and stability in the region. In the last few years, through frequent interaction between the leadership of the two countries, the two sides have been able to determine a vision for the direction of their bilateral economic relations.

Pakistan-China economic relations at present can be termed as evolving and getting stronger day by day. Bilateral trade is surging, investment is increasing, and the number of development projects and joint ventures is also increasing. In the past, China has made valuable contributions to Pakistan's economic development, particularly the development of infrastructure and setting up of basic industries. Currently, Pakistan and China are cooperating closely in the development of the Gwadar deep seaport,⁴ which when it becomes operational will enhance economic activity in Pakistan and provide important access to the sea for China's rapidly developing western regions, Afghanistan, and the Central Asian states. At present, a number of important projects such as the upgrading of Karakorum Highway (which links Pakistan with China), Thar Coal Mining, upgrading of Pakistan Railways, and Power Generation Projects—both nuclear and nonnuclear—are some examples of this expanding economic cooperation. Besides this, the two sides have signed a large number of agreements on economic cooperation. Both countries are emphasizing expansion of the the role and engagement between the private sectors of the two countries, with the patronage of the respective states, in undertaking initiatives on economic cooperation. From this perspective, Chinese support for Pakistan in the economic sphere is “integral to Pakistan's development.”

⁴ During the then Chinese premier Zhu Rongji's 2001 visit, the two sides agreed to undertake the construction of the Gwadar deep seaport. In March 2002, construction work started, and the first phase of the port was completed in April 2005. Phase-two work is under progress. Gwadar is very close to the Iranian port city of Bander Abbas.

Trade between the two countries has been registering a pattern of constant growth: \$1.4 billion in 2001, to 3 billion in 2004, 4.25 billion in 2005, and the estimated trade volume in 2006 is at \$5 billion.⁵ Traditionally, the balance of trade has been in favor of China. However, the two countries now are taking measures to enhance Pakistan's exports to China.⁶ Pakistan and China signed a preferential trade arrangement (PTA) in November 2003, which has been operational since January 1, 2004. Also, the two countries have instituted a joint study group to negotiate a free trade agreement (FTA) and have simultaneously negotiated an early harvest Program (EHP), which has been operational since January 1, 2006. It is expected that the FTA will become operational before the end of 2007.

In recent years, Pakistan has witnessed a steady growth in Chinese investment. However, the scale of Chinese investment in Pakistan is still small. According to Pakistan's Board of Investment, out of the total Foreign Direct Investment (FDI) of 1,524 million dollars that came into Pakistan in July 2004–June 2005, the Chinese share was only \$443,763. Pakistan is very keen that besides goods, China should export capital to Pakistan. While Pakistan seeks Chinese investment, the Chinese government also encourages its public and private sector to actively take part in projects based in Pakistan. According to some estimates, "China's public and private sector has undertaken over two hundred and fifty projects of different size in Pakistan. At present, over sixty Chinese companies have already established permanent offices in Pakistan."⁷ The size of Chinese business in Pakistan is growing. The potential for growth of Pak-China economic relations is enormous, provided the process remains on track and certain enabling conditions for future growth are successfully created.

⁵ Fazal-ur-Rahman, "Pak-China Economic Relations: Constraints and Opportunities," *Strategic Studies* 26, no. 2, Summer 2006, <http://www.issi.org.pk/journal.html>.

⁶ Pakistan's trade deficit with China is primarily because China is competing in almost all the major sectors of Pakistan's potential export areas, which ironically happened to be very limited. Secondly, Pakistani business community remained content with their established export destinations, i.e., the US and Western Europe, and hardly made serious efforts either to diversify the export base or to explore other areas and regions for enhancing the volume of their exports. This mental fixation with the Western markets and a noninnovative export approach has constantly undermined Pakistan's export potential.

⁷ Mehmood-Ul-Hassan Khan, "New Heights of Pak-China Ties," <http://usa.mediamonitors.net/content/view/full/227754>.

The overall geostrategic environment for regional cooperation is also gradually becoming more favorable. Pakistan's entry into the Shanghai Cooperation Organization as an observer and China's entry into the South Asian Association for Regional Cooperation (SAARC) as an observer would allow Pakistan-China bilateral economic relations to grow from a regional perspective. Also, there is a convergence of economic interests at the strategic level, especially in areas of energy security and communication networks. China has opened up its western region adjacent to Pakistan for trade and investment in order to reduce the economic disparity between its developed coastal regions and other underdeveloped areas. Once developed, this region would be a hub for economic activity between China, Central Asia, and South Asia. Pakistan's intent to become a "corridor for trade and energy" for western China and Central Asia by linking Gwadar through upgraded Karakorum Highway with these areas entails promising prospects.

To sum up, I would like to say that Pakistan-China relations are based on solid foundations of trust and mutuality of interests. These will not be influenced by changes in the regional or international situation. Economic cooperation has taken center stage, while defense- and security-related cooperation has assumed new dimensions. People-to-people contact is increasing at all levels of the two civil societies. All these indicators point to the fact that Pakistan-China relations will remain on the track of constant growth in all areas of mutual benefit.

Relations with Russia

Pakistan-Russia relations are undergoing a process of normalization, which presently is moving at a slow pace and will take some time to reach a stage when the relationship can be termed completely normal. Although the frequency of high-level meetings between the leaders and officials of the two countries has increased, substantive improvement in relations at the operational level is still awaited. The intent of both countries to improve relations is gradually becoming more evident. Pakistan seems to be more enthusiastic in improving relations with Russia in comparative terms. There are solid reasons for this relationship to grow in the future. Among them is the changing geostrategic landscape of this region that provides the rationale for Russia to improve its relations with the region's

large and medium-sized powers. For Russia, the benefits of improving bilateral relations with Pakistan are well defined, especially in the context of a regional framework for antiterrorism cooperation as well as Pakistan's interest in buying Russian weapons systems and expanding economic interaction. Pakistan stands to gain by improving its relations with Russia in terms of having alternative options such as, for its security needs, technology transfer in the scientific and research fields, access to the Russian market for its exports, and strengthening relations with its Central Asian neighbors—which are difficult to develop beyond a certain level without having improved relations with Russia first.

What are the impediments to improving Russia-Pakistan relations? In fact, Pakistan's relations with Russia (former Soviet Union) are marred by the Cold War legacy. The two countries happened to be in opposing camps during the Cold War years. In the 1960s and 1970s, Russia's patronage of Pakistan's archrival India and Pakistan's special relationship with China further constrained the possibility of normalization of relations between the two countries. The situation further deteriorated when the Soviet Union invaded Afghanistan and Pakistan became a frontline state in the US proxy war against the Soviet Union. After the withdrawal of Soviet troops from Afghanistan and the collapse of their client communist regime of Najibullah, Russia continued to support the anti-Taliban non-Pushtun militias, commonly known as the Northern Alliance in Afghanistan. So, even after the end of the Cold War and dismemberment of the Soviet Union, Pakistan's strategic interests continued to remain in conflict with Russian interests. Before the events of 9/11, Russia actively supported all US-sponsored resolutions at the UN, condemning and imposing sanctions on the Taliban regime in Afghanistan. Pakistan was one of the three countries, besides Saudi Arabia and the UAE, which had accorded recognition to the Taliban regime. So, the mistrust and suspicion of each other continued to exist until Pakistan, following the events of 9/11, pragmatically changed its policy on Afghanistan by denouncing its support of the Taliban.

Pakistan, post 9/11, emerged as a crucial member of the international coalition formed by the US against terrorism. Whatever success the antiterrorism coalition has achieved in Afghanistan to dismantle the Taliban regime and destroy the al Qaeda network would have not been possible without the active support and help of Pakistan. The largest number of wanted terrorists—over six hundred—sent to Guantanamo Bay

have been apprehended by Pakistan or with its support. It was after Pakistan's antiterrorism role was fully acknowledged by the international community that Pakistan and Russia began to find common ground for engagement. The other factor that encouraged improvement in Pak-Russia relations was the beginning of a Pak-India composite dialogue process. To some extent, evolving Indo-US strategic partnership has also influenced setting in of the process of normalization of relations between Pakistan and Russia. As India is interested in buying arms from the US and its allies, it would reduce the Indian arms market share for Russia. So obviously, Russia seeks new markets for its arms export, and it would create a commonality of interests between Russia and Pakistan. However, the legacy of Indo-Russian relations would continue to influence Moscow's decision on that count in the near term.

A perceptual gap between Pakistan and Russia still exists on the issues of terrorism and nuclear proliferation. Russia considers that in transnational networks of religious extremists and terrorists, which are involved in destabilizing the Russian territories of Chechnya, Daghestan, and parts of Central Asia, Afghanistan- and Pakistan-based groups are involved, directly or indirectly. Pakistan, while acknowledging the existence of the problem of extremism and terrorism in the country, does not see extremism spilling over into Central Asia or the Russian Federation from its territory and refers to the indigenous nature of the problem. In fact, as a result of the Pakistan government's policies to rein in religious extremism and build a forward-looking moderate society, the forces of extremism are becoming increasingly weaker in the country. The weakening process of extremism, along with strengthening antiterrorism cooperation with Russia, will hopefully have a positive impact on bridging the perceptual gap between the two countries. Pakistan's nuclear proliferation control is yet another issue between the two countries. While Pakistan's position is clear, which is that it is as responsible a state as Russia on this count, Russian leadership remains apprehensive that nuclear materials could fall into the hands of terrorists. This apprehension is more rhetorical than realistic. Post-1998, Pakistan has been able to establish effective institutions such as the National Command Authority and has also introduced stringent laws on the export of sensitive materials and technologies.

An important event in the context of Pak-Russia relations was the Pakistani president Pervez Musharraf's visit to Moscow at the invitation

of President Putin in February 2003. It was the first visit by a Pakistani leader in the last thirty-three years. Although this visit did not have much impact on the overall context of the two countries' relationship, as an icebreaker, it did initiate a process of high-level dialogue, which would hopefully help deepen mutual understanding. President Musharraf's visit was followed by the Russian foreign minister Igor Ivanov's visit to Islamabad in June 2003. Pakistan's foreign minister Khurshid Mahmood Kasuri visited Moscow in 2004, and Prime Minister Shaukat Aziz, in October 2005, to attend the SCO meeting. During the visit, Prime Minister Shaukat Aziz also met, on the sidelines, with his Russian counterpart Mikhail Fradkov to discuss bilateral relations.

Russia's becoming an observer at the Organization of the Islamic Conference (OIC) in June 2005 and Pakistan's gaining observer status at the SCO was no coincidence, but apparently both countries accommodated each other in their pursuits. President Musharraf, when he met with President Putin at the June 2006 SCO summit in Shanghai, thanked President Putin for supporting Pakistan in obtaining observer status in the SCO and sought Russia's support to become a full member. Reciprocating, President Putin thanked President Musharraf for Pakistan's support for Russia gaining observer status at the OIC. Both presidents expressed satisfaction with the good diplomatic and political ties and agreed on the need to boost ties in the trade, commercial, and economic field.⁸

What are the areas, other than antiterrorism, where Pakistan and Russia can have meaningful cooperation to improve bilateral relations? According to President Musharraf, "It is in both Pakistan and Russia's interests to broaden their ties, but this needs to be done bilaterally and not with an Indocentric approach. I think that while bilateral relations are good and we have political and diplomatic understanding between our countries, we have to translate it into economic and trade relations."⁹ He identifies two prospective areas for economic engagement: one, textiles, which is the largest export commodity of Pakistan, and two, the oil and

⁸ "Musharraf Hopeful of Pakistan Becoming a Full SCO Member," *Pakistan Times*, June 20, 2006.

⁹ "Pakistan-Turkey Joint Commission Meets: Terrorists Using Drug Money, Says Turkey," *Daily Times*, June 7, 2006.

gas sector—exploration and pipelines—in which Russia has the requisite expertise and interest as well.

On the trade side, Pakistan has extended complete support to Russia to be part of the WTO; however, this is on condition that Moscow signs an FTA with Islamabad. Pakistan's cabinet has allowed the Ministry of Commerce to start negotiations with Russia to explore the possibility of signing an FTA. Pakistan is seeking market access for leather, surgical instruments, sporting goods, and textiles. Russia has also agreed to return \$108 million to Pakistani exporters who had exported articles to the USSR before its disintegration. Trade between the two countries is showing signs of expansion, though the balance is in favor of Russia. In 2004–2005, the bilateral trade volume reached \$320 million from \$134.24 million in 2003–2004 and \$100 million in 2002. Around 90 percent of Pakistan's exports to Russia were textile items. Since few Pakistani businesses have direct contact with Russian entrepreneurs, several other countries are reexporting Pakistani textile products to Russia. According to experts on textile business, Pakistan can increase its export to Russia up to \$500 million from the current twenty million if Pakistan can trade directly with Russia.¹⁰

In the energy sector, good prospects for Pak-Russia cooperation are emerging. In October 2005 during his visit, the Gazprom chairman, Aleksei Miller, held separate meetings with President Musharraf and Prime Minister Shaukat Aziz in Islamabad. The government of Pakistan signed a MoU with Gazprom for cooperation in the oil and gas sector. Cooperation under the MoU includes research and development of gas fields, development and operation of underground gas storage systems, oil and gas exploration and production, development and research to explore Pakistan's untapped potential, especially in offshore areas, besides assisting Pakistan in conversion of diesel vehicles to CNG. In addition, Gazprom would provide training facilities to Pakistan's oil and gas sector personnel in Russia. The chairman of Gazprom also expressed interest in purchasing Pakistan's Oil and Gas Development Company Limited (OGDC) and Pakistan Petroleum Limited (PPL), besides developing the Iran-Pakistan-India gas pipeline project.¹¹

¹⁰ Muhammad Farooq Afzal, "Pak-Russia Relations Past, Present and Future," *Business Recorder*, June 12, 2006.

¹¹ Azhar Durrani, "Pak-Russia ties improving," *Business Recorder*, June 12, 2006.

The Russian consortium of oil and gas companies five-member delegation, headed by Aleksandr Bornov, visited Pakistan in April 2006 and expressed keen interest in the cross-border pipeline, LNG, oil, and gas exploration and upgrading of oilfields. The two sides discussed prospects of investment in Pakistan's oil and gas sector. Bornov said that they would mobilize a reasonable number of drilling and exploratory rigs, logging equipment, unitary pipeline construction machinery, and high-caliber professionals to Pakistan shortly.¹² There are some other Russian oil and gas companies that have concluded MoUs with Pakistan's private sector oil and gas companies for local contract bidding.

Similarly, the chairman of the Board of Directors of Magnitogorsk, Iron and Steel Works of Russia, Viktor Rashnikov, has committed to investing \$2 billion over a period of five years for the upgrading and modernization of Pakistan Steel. If the current commitments from the Russian side are materialized, it is expected that during next two to four years, Russian investment of four to six billion dollars will come into Pakistan.¹³ Economic interests would certainly facilitate improvement in the political climate between the two countries.

Pakistan attaches great importance to its relations with Russia and would like to further develop these in all areas of mutual interest. Admission of Russia as an observer in the OIC and Pakistan's admission to the SCO as an observer has provided additional fora for the two countries to develop understanding and cooperation. Russia has extended conditional support of Pakistan's full membership of the SCO, only if India also joins at the same time. So far, India has not applied for official membership and does not appear to be doing so in the near future. Pakistan strongly feels that Russia's relations with India should not be a constraining factor in developing cordial relations with Pakistan. The two countries have common interests in promoting peace and stability in South Asia, Afghanistan, and Central Asia, besides containing and eradicating the menace of terrorism. The two countries have very similar views on the situation in the Middle East and on the nuclear issue of Iran. Pakistan and Russia need to shed the baggage of history and move forward under new circumstances, which provide numerous opportunities in mutually beneficial cooperation. However, this may not be possible unless

¹² Durrani, "Pak-Russia ties improving."

¹³ Durrani, "Pak-Russia ties improving."

concerted efforts are made by both countries to develop a deeper understanding of each other, correcting misperceptions, removing misgivings, and developing respect for each other's legitimate interests in the regional context.

Relations with Central Asia

After a political stalemate for more than a decade, Pakistan's relations with Central Asia have recently started warming up once again. At the time the Central Asian republics gained their independence, Pakistan expressed overenthusiasm for establishing closer links with these states, without fully realizing the complexity and diversity of the region, where each republic has had differing perspectives and divergent national interests. A high-level Pakistani delegation led by the then minister of state for economic affairs, Sardar Asif Ahmed Ali, visited Russia and the Central Asian republics between November 24 and December 15, 1991. This was the first high-level contact between Pakistan and Central Asia. Also, Pakistan was among the first states to recognize all independent Central Asian states on December 19, 1991. On that occasion, the then secretary general of foreign affairs, Akram Zaki, said, "recognition of the Central Asian states would open new vistas of bilateral cooperation with these states with whom Pakistan had close ties of history, faith, and culture."¹⁴ Pakistan extended \$10 million in credit to each Central Asian state; however, this amount was increased to \$30 million for Uzbekistan. Also as a goodwill gesture, consignments of five thousand tons of rice were sent to Russia and all Central Asian states, besides \$100,000 worth of medicines for each Central Asian state.¹⁵ In 1991–1993, there was frequent two-way high-level exchange of visits. Although there was an emotive side to Pakistan's policy posturing, the primary thrust of Pakistan's foreign policy remained economic and commercial. The Economic Cooperation Organization framework created in 1985 (formerly known as the [Regional Cooperation for Development](#), RCD, a regional cooperation organization including Pakistan, Iran, and Turkey) was reinvigorated to admit six Central Asian states and Afghanistan in 1992.

¹⁴ *Dawn*, December 21, 1991.

¹⁵ Saifullah Joyo, "Pakistan and Central Asia: Past, Present and Future," *South Asian Studies* 20, no. 2, (July, 2005).

This organization had ambitious plans for regional cooperation, but these could not be effectively implemented due to the lack of resources and political consensus.

While Pakistan's engagement with all Central Asian states increased, cooperation with Uzbekistan took center stage. A large number of agreements on economic cooperation, trade joint ventures, scientific and cultural cooperation, education, tourism etc. was signed between the two countries. Agreements to import hydelpower from Tajikistan and Kyrgyzstan were also signed in 1992. To institutionalize cooperation, Pakistan established joint economic commissions with all the newly independent states. Under a special technical assistance Program initiated in 1992–1993, Pakistan provided fully funded training facilities to the Central Asian states, ranging from English language instruction, banking, accounting, insurance, and postal service to diplomacy. These programs continued uninterrupted, notwithstanding the political problems between the states.

The civil war in Afghanistan and Pakistan's support of the Pushtoon ethnic faction against Tajik and Uzbek ethnic groups, especially after the emergence of the Taliban in 1994, adversely affected the development of bilateral relations. When the Taliban established its government in Kabul in 1996 and Pakistan accorded recognition to that regime, it severely impacted Pakistan's relations with the Central Asian states, especially with Tajikistan and Uzbekistan, which have borders with Afghanistan. The Islamist insurgent groups opposing the regimes in Uzbekistan and Tajikistan reportedly had direct connections with al Qaeda and the Taliban and received military training in Afghanistan. This state of affairs posed a direct challenge to the security and stability of some of the Central Asian states. For Pakistan, it was not possible to extract itself from Afghanistan due to its own national security compulsions. As a result, the gulf between Pakistan and the Central Asian states enlarged enormously.

The 9/11 attacks changed the entire scenario when the US sought Pakistan's assistance to destroy the al Qaeda network in Afghanistan. Pakistan agreed to support the US-led effort against al Qaeda and distanced itself from the Taliban regime. The new situation once again provided Pakistan with an opportunity to improve relations with the Central Asian states. However, the misgivings created during the Taliban era regarding Pakistan's interests in Afghanistan and Central Asia will take some time to completely disappear.

Another factor that will continue to affect Pakistan's relations with Central Asia and Russia is the presence of foreign (Arab, Chechen, and Central Asian) elements in the tribal areas of Pakistan, who fled from Afghanistan when attacked by US forces. Although Pakistan has conducted military operations since 2004 to clear the areas of these miscreants, it is difficult to seal the border to stop future infiltration from Afghanistan. Pakistan has proposed to fence and mine the border to stop illegal crossings, but the Afghan government is opposed to the idea.

At present, Pakistan has taken the proactive diplomatic initiative to improve bilateral relations with all Central Asian states. Pakistan at the same time is also using the route of multilateralism to expand its engagement with its regional neighbors, especially through the framework of the SCO. The basic policy objectives of Pakistan in Central Asia have not changed. These are the economic and commercial interests, besides creating political goodwill for further consolidation of relations. Pakistan is keen to use its strategic geographic location to serve as a trade and energy corridor for the western regions of China, Afghanistan, and Central Asia. Necessary infrastructure for this purpose is being developed, like the Gwadar deep seaport and upgrading of Karakorum Highway. China has agreed to give Pakistan \$350 million in aid to upgrade the highway. The quadrilateral trade and transit agreement, which was signed between Pakistan, China, Kazakhstan, and Kyrgyzstan, has been operational since 2004. It can also be extended to Uzbekistan and Tajikistan as well.

In the energy sector, it is hoped that the Iran-Pakistan-India (IPI) gas pipeline project will soon materialize. The Turkmenistan-Afghanistan-Pakistan (TAP) oil and gas pipeline is another project under consideration. The chairman of the All China Federation of Commerce and Industry, Hu Deping, told President Musharraf during his 2006 Shanghai visit that they were preparing to set up an oil refinery with a capacity of ten million tons a year near Gwadar at a cost of \$4.5 billion. The facility would refine Chinese imports of crude oil from the Gulf countries into petroleum products, which would then be transported through the energy corridor to western China.¹⁶

¹⁶ Kaleem Omar, "Energy Corridor could Become an Economic Bonanza for Pakistan," *Business and Finance Review*, June 19, 2006, <http://www.jang.com.pk/thenews/jun2006-weekly/busrev-19-06-2006/index.html#1>.

President Musharraf, while addressing the SCO summit in Shanghai in June 2006, highlighted Pakistan's potential to contribute to the SCO framework by stating that "in geopolitical, geostrategic, and geoeconomic terms, Pakistan is most suitably positioned not only to promote but also to play a key role in all interests espoused in the SCO charter. Pakistan provides the natural link between the SCO states to connect the Eurasian heartland with the Arabian Sea and South Asia. We offer critical overland routes and connectivity for mutually beneficial trade and energy transactions intraregionally and interregionally . . . We have a vision to develop Pakistan as a hub of economic activity linking the neighboring regions through our railways, highways, and ports, thus serving as a trade and energy corridor."¹⁷

Pakistan's efforts to reengage Central Asia are slowly showing signs of progress. The Uzbek president, Islam Karimov, in May 2006, made his first official trip to Pakistan in fourteen years. The thrust of the nine agreements signed during his visit was on trade and economic cooperation, though one agreement was on countering terrorism. Also, Pakistan and Tajikistan are negotiating the routing of power transmission lines from Tajikistan to Pakistan.

In summing up, while efforts are being made by Pakistan in the right direction, to improve its bilateral relations with all Central Asian states and to achieve a substantive level of engagement in Central Asia, improvement in Pak-Russia and Pakistan-India relations is equally important. In the absence of good working relations with Russia and India, given the level of influence they have in Central Asia, Pakistan would continue to confront problems in terms of expanding its engagement in Central Asia.

¹⁷ "President Musharraf's Address at SCO Summit," http://www.presidentofpakistan.gov.pk/FilesSpeeches/ForeignVisits/6152006103647PMAddress_SCO_Summit.pdf.