



# BULLETIN

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## EU Aid to Pakistan: Crisis as a Window of Opportunity

by Patryk Kugiel

*Devastating floods in Pakistan bring risks of further destabilisation in the country and insecurity in Afghanistan. Significant humanitarian assistance from the EU, within the framework of larger long-term development aid, could prevent a deterioration of the situation. At the same time, the current crisis makes for a rare window of opportunity for the EU to influence reforms of the state. The EU should also use this new context to enhance its own political role on a regional level, offering its support to projects improving regional integration and overcoming bilateral conflicts among traditional rivals.*

**Bilateral Relations.** The EU is the biggest trading partner of Pakistan and EU donors provide the largest share of its development aid. Of the total of €352 million disbursed to Pakistan in 2008, only €42 million came from the European Commission, with the majority expended by the member states, mostly the UK (€204 mln), Germany (€61 mln) and the Netherlands (€22 mln). But in spite of “strategic dialogue” between the EU and Pakistan launched in 2009, bilateral relations remain devoid of substance and mutual trust. The EU is little known in Pakistan and viewed positively by only 10% of Pakistanis, with 30% critical. Similarly, also the big EU member states—the UK, France, Germany—are perceived unfavourably. On the other hand, Pakistan is seen in Europe mostly in the context of terrorism and its role in the conflict in Afghanistan. The end of the Musharraf regime in Pakistan in 2008 has contributed to improving bilateral relations, but a significant potential for cooperation remains untapped. The remarks made by British Prime Minister David Cameron during his visit to India last July about Pakistan’s “export of terrorism” not only sparked a diplomatic row, but also revealed a growing impatience of European leaders with Pakistan’s ambivalent policy towards extremism.

**Crisis Response.** Floods in Pakistan, which started in the last week of July, submerged nearly one fifth of its territory and affected around 20 million people, including 8 million in need of immediate assistance. The economic consequences of the disaster are far more severe than those of the 2005 earthquake, with the crisis certain to strengthen the army, which is delivering most of the humanitarian relief, while undermining the civilian government criticised as ineffective. As a result of the army’s preoccupation with humanitarian aid, its weaker military campaigns against the extremists are bound to give the latter time to regroup and rearm. Terrorist organisations could also gain in popularity, as some of them have links with religious charity organisations that run shelters and camps for the flood victims. The destruction of transport infrastructure and changed priorities of the Pakistani army mean that stabilisation in Afghanistan is going to be more difficult to attain, so the significance of the EU response to the crisis goes beyond the humanitarian aspect alone.

The EU’s first reaction—through the European Commission—to the Pakistani flood was the adoption on 31 July of a decision to allocate €30 million to humanitarian aid. A few days later (on 6 August), the EU Civil Protection Mechanism was activated in order to coordinate the forthcoming in-kind assistance from the EU member states and to monitor the situation on the ground. On 11 and 18 August, the EC adopted subsequent decisions to increase the level of aid by €10 and €30 million respectively. This brought the EC’s total humanitarian assistance to €70 million, but also left the 2010 budget line for humanitarian responses empty. On 11 August, EU High Representative Catherine Ashton asked the foreign ministers of the member states to enhance their help for Pakistan, and many countries scaled up their assistance accordingly: the UK offered €67 million, Germany €28

million and Sweden €15 million. Poland initially committed €50,000 through the International Red Cross, and an additional €400,000 has already been pledged. Total assistance from the EU and its member states has already exceeded €230 million, but Kristalina Georgieva, European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, who visited the affected areas of Pakistan on 24–25 August, has suggested that the future EU development aid to Pakistan might be increased in the light of the disaster.

The slow pace of European response in the first phase of the flooding provoked some criticism, especially from the UK and France. Nicolas Sarkozy called for a new, efficient European crisis response force based on the national capabilities of the member states. Although EU reaction to the crisis was in line with that of most other donors and managed better than its response to the Haiti earthquake earlier this year, there is still room for improvement, especially in strengthening the mechanisms of coordination between the member states and between commissioners, and in enhancing communication with the public.

**EU Options.** The EU has a broad set of tools to assist Pakistan's recovery. These include humanitarian relief, development aid, trade rules, debt cancellations and encouraging international support. The scale of the crisis and the importance of Pakistan for global security require optimal use of all these assets.

Firstly, appropriate and professional humanitarian relief is essential to save many lives and halt the mounting frustration and radicalisation of victims; otherwise, further destabilisation can be expected in the country. The EU's proper response to Pakistani needs can help change the negative approach of the population to the Western countries and safeguard one more victory in the ongoing war for hearts and minds.

Secondly, the EU needs a long-term aid plan for Pakistan after the crisis. The EU should prioritise its assistance to Pakistan and increase the current level of aid substantially in order to facilitate the reconstruction of the country severely damaged in the flooding. The EU together with the U.S., which last year pledged \$7.5 billion for the next five years, could prepare and launch a new Marshall Plan-style package for Pakistan and the entire region. The incoming conference of the Group of Friends of Democratic Pakistan to be organised by the EU in Brussels in October may be the right moment to discuss this initiative. Moreover, at their next meeting on 10–11 September, the EU foreign ministers will have to consider carefully the introduction of other forms of assistance, such as debt cancellations, Pakistan's inclusion in the generalized system of preferences (GSP+) scheme, or reduction of trade tariffs on some key Pakistani products, e.g. textiles (40% of exports). Only such comprehensive help would enable the EU to press the Pakistani authorities for decisive actions against all terrorist networks on its territory and for the launch of reforms essential for stability and development in the country. Other crucial measures could embrace strengthening Pakistani democracy and introducing civilian control over the army.

Finally, the EU can capitalise on the current situation to emerge as an important actor at the regional and global level. Sustained EU civilian engagement in Pakistan might be perceived as a European contribution to the stabilisation of Afghanistan. The EU cannot afford to continue ignoring disputes on Pakistan's borders with Afghanistan and India, including the important problem of Kashmir. New innovative proposals are essential to bring old conflicts to an end, and the EU has many assets to offer in this respect. Its best expertise in overcoming regional hostilities and pursuing regional cooperation and integration could be helpful in strengthening the South Asian Association for Regional Cooperation (SAARC), which is characterised by the lowest trade between its members among all regional organisations. European development aid could also support major regional infrastructure projects intended to bind South Asian nations together, such as the "peace pipeline" from Turkmenistan through Afghanistan and Pakistan to India.

**Conclusions.** The current crisis offers a rare window of opportunity for the EU to become an important global player and contribute to peace and stability in South Asia. This requires generosity and professionalism in response to this humanitarian catastrophe, but also courage and a visionary approach to regional conflicts and challenges. The EU has a role to play in this complex region and more chances to succeed than in the Middle East conflict. If the EU after the Lisbon Treaty intends to play a more important global role, this is the best opportunity to put this aspiration to a serious test.