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VISIT BY PRESIDENT PERVEZ MUSHARRAF TO INDIA, 16 – 18 APRIL 2005

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Summary

- 1.1 This brief analyses the Pakistani President's visit to India. It highlights the:-
- a) objectives of the visit for both the countries;
 - b) specific and overall achievements;
 - c) possible steps that both countries may take in their bilateral ties; and
 - d) implications of the visit for Asia

Objectives of the Visit

- 2.1 The relationship between India and Pakistan goes back a long way and they share much more than just a common border. The relationship can be viewed as “stop-go”, where instances of activities and excitement are followed by a prolonged period of stalemate, and even the eruption of violence.

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2.2 The stated reason for the recent visit by President Musharraf to India was to witness the cricket match between India and Pakistan. The visit, nonetheless, provided the opportunity for India and Pakistan to discuss and debate several important bilateral issues. These were the Line of Control (LoC); Siachen Glacier and Sir Creek; bilateral trade and economic cooperation; and cross border movement of people. Whilst the two sides agreed on the importance of addressing these four issues, their perspectives and viewpoints, and the desired outcomes, were not altogether similar.

Line of Control / Kashmir

2.3 The Indo-Pakistan border has witnessed violence on a regular basis. For India, the LoC should be recognised as the permanent international border. It has ruled out the possibility of redrawing the border. At the same time, it wants the de-escalation of troops along the LoC. There infiltration of terrorist groups from across the border has compelled India to deploy large numbers of troops to guard the border.

2.4 On the other hand, Pakistan has refused to recognise the heavily militarised LoC as the permanent international border. However, it does condemn cross border terrorism and is acquiescing to the emergence of a 'soft' border.

Siachen Glacier and Sir Creek

2.5 India is very keen on solving the Siachen issue. It wants to demilitarise the area and explore the possibility of utilising the natural resources available in the region. It is also keen on solving the issue of the boundary of Sir Creek, which has been a thorn on its side for years.

2.6 Similarly, Pakistan is open to discussing the Siachen issue and has directed the Defence Secretary to hold the necessary talks with its Indian counterpart in the future. Pakistan also took note of the Sir Creek issue and is hopeful that the matter regarding its boundary would be settled soon.

Bilateral Trade and Economic Cooperation

- 2.7 India is keen on Pakistan granting it the Most Favored Nation (MFN) status in its international trade for goods and services. The current list of Indian imports permitted is very limited. India is also keen to work with Pakistan in the energy sector and wants to partner Pakistan in setting up a gas pipeline to Iran and the Gulf.
- 2.8 Similarly, Pakistan realises the value of direct trade with India. For instance, most of its textile and clothing machinery comes from India, but routed through Europe. This makes the machinery expensive. However, it views high non-tariff barriers imposed by India on Pakistan's exports as an issue of concern in the economic relationship between the two neighbours.

Cross Border Movement of People

- 2.9 India and Pakistan are not dissimilar in their views on the issue of cross border movement of people.
- 2.10 The bus service between Srinagar and Muzzafrabad, initiated by India, is an important step in the right direction. India wants to increase the frequency of these buses to bridge the cultural gap and bring divided families on both sides together. At the same time, India wants to push for the movement of trucks across the border carrying goods and produce. India also believes that Pakistan can gain from the expertise that India has in the services sector. Pakistan too believes that cross border movement would act as a catalyst for the peace process.

Achievements – India's and Pakistan's Perspectives

- 3.1 India has agreed to set up a Joint Business Council (JBC) with Pakistan to look into the possibility of bilateral trade between the two countries. The idea of a JBC had been floated before also but no action had been taken then. This is a big step towards cementing strong economic ties. Pakistan should have no

complains in the idea of the JBC. It stands to gain much more than India, should bilateral trade between the two countries takes off.

- 3.2 This is the Pakistani president's second visit to India, the first being in 2001 when he met the then Indian Prime Minister meeting, Atal Bihari Vajpayee. The meeting with the Manmohan government has provided a fresh impetus to re-start discussions with its neighbors. India had stopped all bus and rail service to Pakistan after the 2001 attack on the Indian parliament by terrorists. Therefore, the recommencement of this service shows a positive beginning.
- 3.3 Pakistan also agreed to look into the matter of Siachen and Sir Creek and work out a feasible solution.
- 3.4 India has long wanted access to the oil in Iran and Gulf region but has been prevented from doing so because the pipeline would have to transit Pakistan. Pakistan has agreed that such a project would help generate revenue and trade and therefore it will consider this option.
- 3.5 India has agreed to handover Jinnah house to Pakistan, greatly enhancing the goodwill between the two countries. This beautiful house in Mumbai has been lying vacant from years. Many years ago, Pakistan had offered to buy this house or to be allowed to set up the Consulate here, a request that India turned down.
- 3.6 President Musharraf also spoke to Kashmir leaders in Delhi and convinced them that they will not be left out of the talks in the peace process. He met the leaders of both the parties and told them that "Kashmir" was the central issue and will be addressed in accordance with the wishes of the people of Kashmir.

Overall Achievement

- 4.1 For an informal visit to watch a cricket match, several important issues were discussed. And a joint statement was released, with both sides promising to not retract on the peace process.

- 4.2 There is much optimism resulting from the visit by President Musharraf. However, this belief that we shall see progress must be juxtaposed with visits in the past. It has been the trend in both countries that visits and meetings by incumbent governments create much euphoria. This eventually dies down and the two countries enter into a period of stalemate or tension.
- 4.3 While this visit gave an opportunity for the two countries to build bridges, the reality remains that the crux of the matter would be the Kashmir issue. Whether both countries are able to tread on this path smoothly, remains to be seen.

The Road Ahead

- 5.1 Both India and Pakistan need to take advantage of this opportunity and build on it. The Defence secretaries of both the countries should meet in the near future to work out an amicable solution for Sir Creek and Siachen
- 5.2 Both countries need to build up their infrastructure to give a push to the free flow of trade. Without the supporting infrastructure to any increase in trade in goods and services will be difficult to sustain.
- 5.3 India and Pakistan need to look at issues of trade facilitation like cost and time of transportation, customs reforms, etc. This is very essential for the free movement of goods and people.
- 5.4 India and Pakistan should not forget to involve the people of Kashmir in working out the peace process. The peace process is essentially about them and the politics at Delhi and Islamabad should not overshadow it.
- 5.5 With the formation of the South Asian Free Trade Agreement (SAFTA) tariffs would naturally going to decrease. This would promote trade.
- 5.6 The definition of 'soft border' needs to be stated and clarified by both nations. A free movement of people across border without a check or requirement for

visa would not be conducive. Therefore, what exactly a 'soft' border entails should be specified.

Significance to Asia

- 6.1 There is no denying that peace between these two nations would help greatly to enhance security in the region, especially because both the countries are nuclear powers. Good will among these two countries is also good for the process of regional integration in South Asia as well as the larger Asian region.
- 6.2 India's turbulent relationship with Pakistan takes up a lot of resources of the Indian economy in terms of money, deployment of soldiers, policy making etc. With peace in this region, India can focus on the other countries in Asia, particularly Southeast Asia to build maritime and economic links.
- 6.2 Peace between Pakistan and India is also good in order to avoid spillover of ethnic conflicts to countries like Malaysia and Indonesia, which have predominantly Muslim population. It would also set a good example to these Muslim-dominated countries and ensure a balance of power in the region.
- 6.3 The South Asian region can become a safer and more stable region for investment and bilateral ties. Countries like India have expertise in software and a generous flow of Foreign Direct Investment can boost trade relations between South Asia and Southeast Asia. Trade within the SAARC region can also take a quantum leap if Pakistan and India resolve their dispute.

Conclusion

- 7.1 It is very difficult to elucidate absolute economic gains that might result from an emerging Indo-Pakistan alliance. The relationship is still extremely sensitive because of geo-political, religious and ethnic reasons. Nevertheless, a positive step has been taken by Musharraf's visit and key issues have been

raised. However, all these discussions and promises would be pure rhetoric if no results are seen in the recent future.
