

# PAKISTAN-INDIA Relations

*An Indian Narrative*

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Printed in Pakistan

Published: January 2011

ISBN: 978-969-558-194-0

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Published by



Pakistan Institute of Legislative Development and Transparency - PILDAT

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## PREFACE

**Pakistan-India Relations: An Indian Narrative**, provides a succinct summary of various developments in the Pakistan-India Relations viewed from the Indian perspective.

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Islamabad  
January 2011



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## The Composite Dialogue Process

The Islamabad meeting between then Indian Prime Minister Atal Bihari Vajpayee and then President of Pakistan General Pervez Musharraf in January 2004 resulted in an agreement to start a Composite Dialogue Process (CDP) to settle all outstanding issues between the two countries. It was set into motion later in June 2004. The Composite Dialogue Process consists of technical-level meetings, Joint Commission, and Eight Working Groups, which form the basis for the structured official dialogue between India Pakistan. The process began with the assurance given by Pakistan that it would not permit Pakistani territory to be used to support terrorism in any manner against India. This commitment finds mention in the joint press statement issued after Islamabad meeting.

### Issues

The CDP deals with following eight issues:

- i. Siachen
- ii. Sir Creek
- iii. Tulbal Navigation Project
- iv. Terrorism & Drug Trafficking
- v. Economic & Commercial Cooperation
- vi. Promotion of Friendly Exchanges
- vii. Peace & Security including Confidence Building Measures (CBMs)
- viii. Jammu & Kashmir

Each round of dialogue is initiated and reviewed by the Foreign Secretaries; the overall progress is reviewed at the Ministerial level. The fourth round was started in March 2007 and completed in August 2007. Apart from dialogue on the eight issues provided above, technical and expert level talks on Nuclear CBMs, Conventional CBMs, Cross Line of Control (LoC) CBMs, Cooperation between Coast Guards, Narcotics Control Agencies, Civil Aviation, etc., are also being held regularly.

The most significant achievement of the CDP has been the continuation of the ceasefire on the International Border (IB), LoC and Actual Ground Position Line (AGPL), which came into effect in November 2003. So far four rounds of the composite dialogue have been completed and the fifth round had just about started when Mumbai attacks (26/11) took place.

### Effects of the Mumbai Attacks

Prior to the suspension of the process following the

Mumbai attacks of 26/11, the process had acquired considerable strength and was gaining popularity in both the countries through the intensification and expansion of people-to-people interaction, as a result of the establishment of several transport linkages between the two countries and people-centric CBMs. The dialogue process did achieve some progress during 2008 and resulted in opening of cross-LoC trade and liberalizing travel.

The Joint Commission was revived after a gap of 16 years (the third session held in 1989) with the fourth session held on 4 October 2005 in Islamabad under the co-chairmanship of the two Foreign Ministers. It was decided then to set up Technical Level Working Groups on Agriculture, Health, Science & Technology, Information, Education, IT & Telecommunications, Environment and Tourism. The fifth meeting of the Joint Commission was held on February 21, 2007 in New Delhi.

## Terrorism

India has expressed serious concerns about the continued cross-border terrorism and has repeatedly reiterated the importance of Pakistan fulfilling its commitment outlined in the Joint Press Statement of January 6, 2004 against terrorism. The ceasefire of November 25, 2003 along the IB, LoC and the AGPL has largely held.

However terrorist attacks, including outside Jammu & Kashmir, have continued. There have been a number of terrorist attacks in Mumbai, Srinagar, Varanasi, Delhi and Bangalore. There is a strong perception in India that Pakistan has not taken any significant action to dismantle the infrastructure of support to terrorism, such as communications, launching pads, training camps, funding, etc. In the aftermath of the Mumbai attacks this perception has been further strengthened. Indian government conveyed its concerns to Pakistan on several occasions and expressed its expectation that Pakistan would act with purpose against the perpetrators of the Mumbai attack and unearth the wider conspiracy behind the attack.

Despite the pause in the CDP, the Indian government has expressed its willingness to start meaningful dialogue with Pakistan in the meeting of Prime Minister Dr. Manmohan Singh with President of Pakistan Mr. Asif Ali Zardari on the sidelines of the SCO-BRIC Summit in Yekaterinburg on June 16, 2009, and later in his meeting with the Prime Minister of Pakistan at Sharm-el-Sheikh on July 16, 2009.

on the sidelines of the NAM Summit. The Indian External Affairs Minister in his meetings with the Foreign Minister of Pakistan on the sidelines of G-8 Outreach meeting on June 26, 2009 in Trieste (Italy), and on the sidelines of UNGA in September 2009 in New York, also expressed this view. These meetings at the top level led to meeting at the Foreign Secretary's level in New Delhi, on February 25, 2010. The Indian government held that in spite of the fact that its core concerns remained unaddressed, there was a value in ensuring "communication between the two countries, to address the core concerns relating to terrorism directed against India, and pending humanitarian issues." The people to people contacts have also been allowed to take place in spite of the pause in the CDP.

#### **Joint Anti-Terrorism Mechanism**

It is worthwhile to note that a Joint Anti-Terrorism Mechanism (JATM) was put in place during the meeting of the Indian Prime Minister with Pakistani President Gen. Musharraf in Havana on September 16, 2006 to identify and implement counter-terrorism initiatives and investigations.

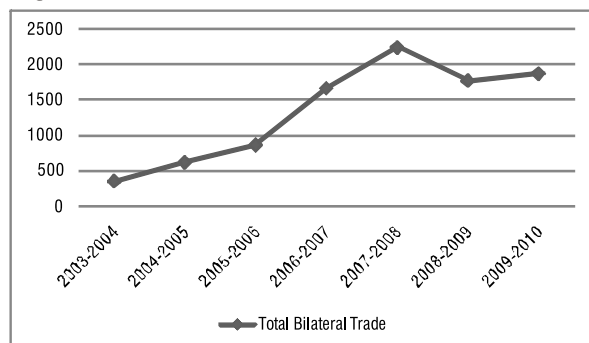
The first meeting of the mechanism took place on March 6, 2007 in Islamabad. This was in the backdrop of the terrorist bombings on suburban trains in Mumbai. The two sides agreed that specific information will be exchanged for:

- i. helping investigations on either side related to terrorist acts, and
- ii. prevention of violence and terrorist acts in the two countries

The second round of JATM was held in October 2007 in New Delhi to exchange further information. However, after the Mumbai attacks, these mechanisms have fallen into disuse. India has taken the position that Pakistan has to bring the perpetrators to justice to demonstrate its sincerity in cooperating on this issue.

#### **Trade**

**Figure 1: Pak-India Bilateral Trade**



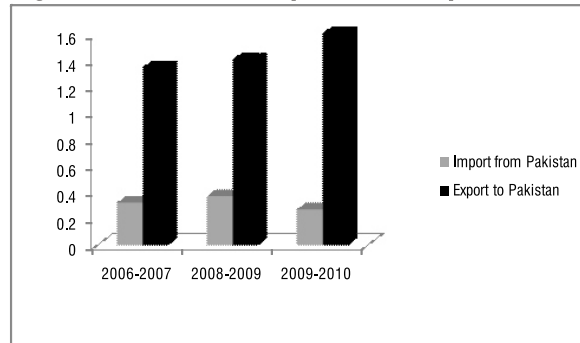
On the trade front, the volume of bilateral trade remains far below the real potential. The progress on the trade front has been rather slow and sluggish. Both countries agreed in August 2007 to allow each other's trucks to cross at Wagha/Attari border up to designated points on either side and the agreement was implemented with effect from October 1, 2007. Srinagar-Muzaffarabad as well as Poonch-Rawalakot truck service across the LoC for trade in agreed items started on October 21, 2008.

Total bilateral trade stood at US \$ 1.66 billion in the Financial Year (FY) 2006-2007 as compared to US \$ 859.33 million of FY 2005-2006, US \$ 616 million for 2004-2005 and US \$ 344.29 million in 2003-2004. In FY 2006-2007 India's export to Pakistan was valued at US \$ 1.34 billion and India's import at US \$ 0.32 billion. In FY 2007-2008, total bilateral trade stood at US \$ 2.24 billion. In FY 2008-2009 India's export to Pakistan was valued at US \$ 1.4 billion and India's import at US \$ 0.37 billion. There was thus a drop in the trade than the previous year. In FY 2009-2010 (November) India's export to Pakistan was valued at US \$ 1.6 billion and India's import at US \$ 0.27 billion. This shows that global recession as well as the pause in the peace process might have affected bilateral trade in adverse ways. However, it is still encouraging to find the trade continuing at the more or less usual pace. Moreover, the cross-LoC trade has reached a volume of US \$3 billion during 2008-2010.

Besides these, unofficial trade through third countries is also of significance which increases the transaction costs for end users in Pakistan. While India has accorded Most Favoured Nation (MFN) status to Pakistan, Pakistan continues to restrict items of import from India to a positive list of 1075 items.

On the South Asian Free Trade Area, Pakistan has refused

**Figure 2: Pak-India Imports and Exports**



to extend the negotiated tariff concessions to items outside the positive list to India thereby negating the letter and spirit of the agreement as exports are limited only to items on the positive list.

## Communication Links

The Delhi-Lahore bus service that was started on February 20, 1999 was stopped on January 1, 2002 after the attack on Parliament. The service resumed from July 11, 2003 following the re-establishment of transport links. The frequency of this service was increased from two to three trips per week in the meeting of India-Pakistan Standing Committee on Bus Services held on February 21, 2008.

During the Indian External Affairs Minister's visit to Pakistan from February 15-17, 2005, an agreement was reached to start a bus service between Amritsar and Lahore and to Nankana Sahib. It was also agreed to begin cross LoC transport services by way of bus service between Srinagar and Muzaffarabad. Following that:

- i. The Amritsar-Lahore weekly bus service commenced on January 24, 2006
- ii. Prime Minister Manmohan Singh flagged off the Amritsar-Nankana Sahib bus service on March 24, 2006
- iii. The Srinagar-Muzaffarabad bus service started on April 7, 2005
- iv. A second cross LOC service - Poonch-Rawalakot bus service - commenced on June 20, 2006
- v. The bi-weekly Delhi-Attari-Wagah-Lahore Samjhauta rail resumed service on January 14, 2004.
- vi. During the visit of President General Pervez Musharraf in April 2005, it was agreed to establish the Munabao-Khokrapar rail link. The link known as the 'Thar Express' commenced service from

February 18, 2006

With the signing of the Memorandum of Understanding (MoU) on February 15, 2008 to revise the Air Services Agreement between India and Pakistan, there is an increase of frequencies (each way) from 12 to 28, designated air lines from 1 to 3 and addition of Islamabad and Chennai to the existing four points of call, i.e., Mumbai, Delhi, Karachi, and Lahore.

During the Foreign Secretary level meeting in June 2004 the two Governments had agreed, in principle, to the re-opening of the Consulates General in Mumbai and Karachi. In April 2005, Pakistan High Commission had identified a plot of land in Santa Cruz to build their Consulate but have not been able to find a property to rent ad-interim so far. India is ready to open its Consulate in Karachi but Pakistan insisted on simultaneous opening of the both Consulates in Karachi and Mumbai. Pakistan's inability to locate suitable premises in Mumbai has delayed the re-opening of the consulates in both countries.

## Humanitarian Issues

Humanitarian issues related to prisoners and fishermen are given importance in bilateral discussions. There are presently 372 Indian fishermen, 342 boats and 199 (estimated) prisoners in Pakistani custody. According to official information there may also be about 73 Indian Missing Defence Personnel in Pakistan including 53 from the 1971 war while the Pakistan government has denied their presence.

There are no Pakistani Prisoners of War (POWs) in India. Indian Nationals in jails in Pakistan include many who have not been produced for Consular Access. During Indian Foreign Minister's visit to Pakistan in January 2007, a decision was taken to form a Judicial Committee on Prisoners to ensure humane treatment of prisoners; both sides have exchanged lists of retired judges comprising the committee and its first meeting was held on February 26, 2008. The committee made recommendations to the two Governments, which, inter alia, includes immediate release and consular access of fishermen and exchange of consolidated list of nationals in each others' jails on March 31, 2008.

India provided earthquake relief material to Pakistan announcing official assistance of US \$ 25 million. India also participated at the Ministerial level in Donors' Conferences in Geneva (October 2005) and Islamabad

(November 2005). The official assistance granted on emergency basis was about 1300 tonnes of relief material. Pakistan High Commission in Delhi was allowed to open a bank account to receive cash donations. Prompt over-flight clearances were accorded for relief planes and Pakistan's rescue helicopters were allowed to fly in the 'no-fly' zone close to the LoC.

Pakistan, however, showed hesitation in receiving aid, and declined the Indian offer of helicopters, medical teams, repair of telecom infrastructure and cross-LoC joint relief operations, on grounds that it had sensitivities with respect to Indian soldiers operating on Pakistani soil. An MOU was signed on July 11, 2006 to facilitate the utilisation of the assistance of US \$ 25 million offered by India. This is yet to be utilised by Pakistan, although the Pakistan High Commission is believed to be making efforts to do so. The Indian offer of US \$ 25 million also has run into similar problems.

## Kashmir

The bilateral talks on Kashmir continued and substantial progress was achieved. Cross-LoC travel was facilitated by both the countries and later cross-LoC trade was also encouraged by both the countries. This was done with a view to facilitate communication among the people of both parts of Jammu and Kashmir.

The back channel was fairly actively engaged in the process of looking for options to resolve the issue. This is borne out by revelations by the former Foreign Minister of Pakistan, as well as some reports in the media based on interviews with both Indian and Pakistani officials involved in the process. There were even reports that both the countries were making progress in their talks on issues like Sir Creek and Siachen. The pause in the CDP has led to a halt in these talks.

## Conclusion

On the whole, the CDP had resulted in creating a better environment for continuation of the talks. There was definitely a popular endorsement of the peace process. However, the Mumbai attacks demonstrated that the process is vulnerable to the machinations of the spoilers. In the coming days, it is hoped that the leadership of the two countries would re-start the process and bring peace and prosperity to their people.



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