**IRRI-KIIB  - Conference Address**

**"Dynamics of Pakistan's Foreign Policy in the new World Order"**

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Chaired by Karel de Gucht, Minister of Foreign Affairs Belgium.
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**Distinguished Guests,**

**Ladies and Gentlemen,**

**Preliminaries**

    It is a singular pleasure for me to visit your beautiful country. Belgium is truly the heart of Europe, not just in terms of geography, but also in terms of synthesis of cultures and common desire for a united Europe.

    We, in Pakistan, have a great approbation for the contribution of the Belgian people to the development of global trade and commerce, as we know it today. Your indelible imprints in the world of arts and culture also evoke much admiration. As Prime Minister, Belgium is the first country I visit in Europe. This amply demonstrates the importance Pakistan attaches to its relations with Belgium, which is a founding member of the European Union and an important country in the context of its role in the UN, Organization of Security and Cooperation in Europe (OSCE) and Organization for Economic Cooperation and Development (OECD). The warmth and affection with which my delegation and I have been received in Belgium truly reflect the ties of friendship between our two countries.

    I feel privileged to be in  this elegant, historical building, and to address such an august gathering of erudite thinkers and practitioners of the art of diplomacy and International Relations. I am grateful to the Royal Institute of International Relations, for making immaculate arrangements for this mutually productive interaction. This indeed is the most befitting setting for sharing my thoughts with you on the "Dynamics of Pakistan's Foreign Policy in the New World Order".

**The New World Order**

    At the turn of the 21st Century, the global order finds itself at the crossroads of a new era. Complex challenges the likes of which the world never experienced before beset us all. Bedazzling array of opportunities, the likes of which the previous generations could only dream of tap on our doors.

    For many analysts, the post Cold War era, though still in flux, is characterized by the emergence of a single world power, an unprecedented phenomenon since the fall of the Roman Empire. Nation states are responding to this situation in varied ways, engendering a whole new system of interstate relations. Parallel to this political perspective of the global order is the ever expanding economic dimension, which most dramatically manifests itself in the all-embracing phenomenon of Globalization, inexorably seeking to bring diverse, even divergent, socio-cultural, political and economic systems closer to one another. The information technology revolution has finally given wings to the primordial human desire to transcend the socio-political and cultural orders.

    As the perceived unipolarity and globalization, seemingly, bring the world towards greater integration, a new phenomenon has emerged, which threatens to tera asunder the nations into chaos and disintegration. This is the phenomenon of international terrorism, which has cast a dark shadow over humanity. With its roots in the era of decolonization, this phenomenon is the legacy of festering disputes, be it Palestine or Kashmir or the melting down of order in the heart of Africa.

    The paradox of post cold war realities has been described in a myriad of ways. SOme have painted scenarios of "the end of history". Others have portrayed the inevitability of in impending "clash of civilizations". Ther is a ubiquitous talk of a new world order taking shape. But what exactly is that New World Order? Views on this are so dissimilar that the concept itself has been rendered rahter controversioal. On th one hand, the term is being maligned as a conspiracy to put the world under the domination, if not subjugation, of a nation or a group of nations, on the other it is being heralded as the dawn of a new era of peace where the use of force will cease to be the determining factor in the international relations.

    We, in Pakistan, believe that soberd by the tumultuous experience of global wars and confrontations, the humanity is moving to a new order of peace and harmony between cultures and religions, where the collective will of humanity - manifestad through a reformed United Naitons - will ensure fair play and level playing field for inter state relations so that nations could focus their energies on development. The collective synergy thus produced could catalyze the march of mankind towards a better tomorrow. While we understand that such a cherished state of being would not come unchallenged we are ready to strive for this shared ideal, in tandem with our friends. The basic tenets of such a just order would be:

    i. A strong UN system
    ii. Peaceful resolution of disputes
    iii. Tolerance and understanding for other political and social systems, values and cultures
    iv. An equitable and just economic order

**Dynamics of Pakistan ’s Foreign Policy**

    I will now talk about the determinants and dynamics of Pakistan’s foreign policy. Allow me to begin with the guiding principle of foreign policy given to us by our founder Quaid-e-Azam Muhammad Ali Jinnah, who so eloquently and timelessly stated as far back as 1948:

    “Our foreign policy is one of friendliness and goodwill towards the nations of the world. We do not cherish aggressive designs against any country or nation. We believe in the principle of honesty and fair play in national and international dealings and are prepared to make our utmost contribution to the promotion of peace and prosperity among the nations of the world. Pakistan will never be found lacking in upholding the principles of the United Nations Charter.”

    As we all know a foreign policy does not develop in a vacuum. Its contours are shaped, amongst other things, by the geo-political realities.  Our unique geography lends us a distinct strategic importance. Pakistan transcends South, Central Asia and West Asia. We are ideally placed to be a force for peace in these regions. We also have the potential to become the inter-regional trading hub. Pakistan has positioned itself to offer trade and energy corridors to the Central Asian states. However, at the same time, our location places rather excessive demands on us in the domain of security.

    The quest for security has been the paramount objective of our external perspective. Pakistan’s regional security perspective is primarily shaped by the fundamental asymmetry that exists with India, especially in the area of defense capability. Indian conventional forces vastly outnumber Pakistan’s capabilities. In the spheres of air and naval power, the gap is even wider and growing further. India maintains the world’s fourth largest armed forces and is rapidly expanding, upgrading and modernizing them through indigenous production of military hardware and acquisition of force multipliers from outside, which is causing a serious imbalance in South Asia.

    Pakistan does not wish to enter into an arms race with India, nuclear or conventional. We believe such a race is neither economically sustainable nor morally tenable and would be destructive for the entire region. Pakistan and India need to employ their precious resources to address their developmental needs. To give a hopeful tomorrow to their peoples who remain mired in poverty the two neighbors need to invest on tools of development, not tools of destruction.

    We will continue to pursue a policy of restraint and responsibility in nuclear matters. India continues to reject the concept of Strategic Restraint in South Asia. We hope that they would eventually see the merit of this proposal.

    We are sincere in our efforts for peace in the region and we want peace with honour, dignity and sovereign equality, as is the right of all nations. But for durable peace and security in South Asia there has to be a balance of conventional and strategic capabilities.

    At the core of problems between Pakistan and India lies the Kashmir dispute. It has been the direct cause of several conflicts between the two countries. There can be no peace in South Asia unless this dispute is resolved, in accordance with the wishes of the people of Kashmir as prescribed in the United Nations Security Council Resolutions, which recognize the inalienable right of the people of Jammu and Kashmir to self-determination.

    Both countries hold widely divergent positions on Jammu and Kashmir. But a way forward has to be found. President Musharraf had proposed the four-step approach, which offers, in my view, the best possible formula for solution of the Kashmir issue. It includes resumption of a sustained dialogue process, acknowledgement of the centrality and the importance of the Kashmir dispute, elimination of elements unacceptable to Pakistan, India and the people of Kashmir, and finally working towards the achievement of best solution acceptable to the parties. This would be a win-win situation for all and would create the ambiance for a multidimensional movement towards normalization of relations.

    India has yet to reciprocate the suggestions made by Pakistan in all sincerity to meaningfully move towards a just and final settlement of the Jammu and Kashmir dispute. While the gestures for Confidence Building made by Pakistan have improved the atmospherics in the region, we are yet to detect any indication so far from India to address the Jammu and Kashmir issue seriously, substantively and purposefully. Any number of Confidence Building Measures (CMBs) would turn out to be futile, as long as there is no movement on this front. In fact, resolution of the issue of Kashmir itself would be the biggest CBM of all, which can usher us into an era of peace, stability and socio-economic progress, which the teeming millions of South Asia so direly crave for.

    The security situation in South Asia will remain tenuous unless we are able to resolve peacefully the core dispute.

    We deeply appreciate the interest that the EU has taken in core issue concerning South Asia. As a sincere friend, the EU wants to help two neighbors to resolve their disputes and we respect that. Last year the Foreign Affairs Committee of the European Parliament sent a delegation on a fact-finding mission to both sides of the LoC. We welcome the visit and the report subsequently submitted to the Committee. We also hope that the interest of the Parliament would continue in the subject in the future as well.

    Our approach to security and development in South Asia gives much weight to fostering cooperation for economic development in the region within the framework of South Asian Association for Regional Cooperation (SAARC). As Chairman of SAARC our contribution to this cause has been highly acclaimed.

    Pakistan is also reaching out to its wider Asian neighbourhood. We have joined the ASEAN Regional forum; are upgrading links with ASEAN and East Asia: seeking membership of  Shangai Cooperation Organization; and the Asia Europe Summit Meetings (ASEM).

**War Against Terror**

    In the turbulent times that we live in, the common threat of international terrorism also endangers our security. We have been playing a vital role in dismantling the nefarious structures of global terrorism. While this war may be over for some, we remain fully engaged in combating terrorism. Even as I speak, Armed Forces of Pakistan are fighting terrorists in the desolate mountains along the Afghan border.  Our contribution to the cause of exterminating the global terror has been recognized by the world. But it has come at a heavy price. We have lost many precious lives. We have suffered huge economic losses. The President of Pakistan and I have been targets of suicide assassination attempts.

    While we have not and will not falter in our resolve to fight terrorism, we believe that terrorism cannot be fought by force alone. The ultimate battle in this war will be fought in the hearts and minds of the people. We have to identify, and actively address, the root causes that inspire people to desperate acts of violence. Besides addressing the universal issue of ignorance, poverty and disease and ignorance, we have to address specific issues such as the festering wounds of Kashmir and Palestine to remove the misplaced need for asymmetric warfare.

    As a progressive Islamic state of 150 million, Pakistan has endeavored to promote peace and stability in the Islamic world and discourage the polarization between the world of Islam and the west. The President of Pakistan has propounded the concept of “Enlightened moderation” to the world, which envisages a two-pronged strategy – to curb militancy and terrorism, and establish constructive and cooperative relations between the Muslim countries and the West. The first precept of the concept calls on the Muslim countries to vigorously undertake internal reform of their societies, ensuring socio-political and economic progress of their populations. The West, on its part, should assist them in these endeavours through material resources, and help them in resolution of the disputes that have become breeding grounds of terrorism. This, in our view, may be the only way forward to prove the prophets of doom that predict a clash of civilization, misinformed and wrong.

**The Quest For  Economic Development**

    It has been said that the foreign policy of a state is an extension of its domestic policies. Nowhere is it truer than in the field of economic development. The quest for economic progress has been the keystone of not only our national policies, but also our external policy.

    At home the focused priority, sustained efforts and sound management has brought about an astounding economic turn-around, which has been admired internationally. After restoring the macro-economic balances we have put in place structural reforms that are streamlining the economy towards achieving a self-sustainable growth. Budget deficit has been brought down from 7% to 3%, Current Account deficit of over 4 billion dollars a year has been eliminated. Foreign exchange reserves have gone up 12 fold. Foreign Direct Investment has doubled to 1 billion dollar a year. Exports have risen from 7 billion dollars to over 12 billion dollars. Imports have grown from 8 billion dollars to around 15 billion dollars.

    Capital markets have shattered all records. For three years running our Stock Exchange has been one of the best performing markets in the world. The index has risen from 1400 to over 6000. Total market capitalization has multiplied many times over in dollar terms.

    The real economy has performed even better. In the last 4 years the real GNP growth rate has averaged 5.4 % as against 1.8 % in the years before. National savings have touched 20 % of the GDP while investments have averaged 19 % during this period. Interest rates have been brought down to less than half.  Inflation, which remained in double digits for a long time, has been reduced to around 3 %. Per capita GNP growth rate has averaged over 12 % in the last four years, as against 1.4 % in the 1990’s.

    This year we have outperformed most of our own estimates. GDP has risen by 6.4% against a target of 5.3 %. Industrial growth targeted at 7.8 % has reached 13.1 %. Similarly, we have exceeded the targets of exports and revenue collection.

    We want to build and strengthen commercial relations with all countries. More and more, the economic dimension of relations between nations is acquiring the central role in diplomacy. It is being understood that political and economic relations augment each other. In fact one cannot truly function without the other. We are proponent of a more equitable global trading system to go with the enlightened moderation. We feel that the rewards of globalization have so far not been shared fairly. The concept of “managed globalization” has been promoted by the developing countries for sometime now. This, in our view, is only possible if the current international trading climate that favours the developed economies is drastically overhauled.  The need to reverse the net capital flow from the developing to the developed world, which forces the poor to sink deeper into the quagmire of poverty, is not only essential, but also urgent.

    The realization of the Doha Development Agenda is something that we are all striving for. We hope that it helps us in alleviating the sufferings of the majority of the inhabitants of this planet.

**Perspective On Regional And International Issues**

    Afghanistan has been in constant turmoil for almost 25 years now, and a great source of instability in our neighborhood. With the Presidential elections now completed, President Karzai’s Government is in a better position to stamp its authority on the whole country.

    We have been firmly behind the Bonn Process, and would continue to support President Karzai’s Government in their quest for peace and reconstruction. A peaceful, prosperous, stable and strong Afghanistan is in our own interest. We are optimistic that Afghanistan will soon be firmly placed on the way to peace and development.

    The Middle East peace process has run into a roadblock. It is indeed a major cause of concern for us. We have been urging our friends on both sides of the Atlantic to pursue it with a renewed vigour. We hope that the proposed Conference, sponsored by the UK, would bring in the much-needed push and would jump-start the stalled process.

    Another cause of concern is the continued instability in Iraq. We are saddened by the ongoing violence and the loss of precious lives. We hope the interim government would be able to restore a semblance of normalcy and stability. We would fully support endeavours for peace and reconstruction in Iraq provided they incorporate the will of the Iraqi people.

    I would now like to share my thoughts about our special relationship with the European Union. The EU is our largest trading partner. It is also the largest source of foreign investment and development cooperation. There are deep-rooted linkages based on shared values and perceptions and a desire to work together for promoting peace and prosperity in our regions and the world at large. We have a political dialogue with the EU, which helps in bringing about yet greater understanding and coordination of our positions on major international issues. However, this dialogue needs to be upgraded to accurately reflect the actual magnitude of relations as well as the future promise.

    The Third Generation Agreement for Cooperation and development between Pakistan and the EU has recently entered into force. We hope that it would not only help institutionalize the relations further, but also help in broadening the scope of cooperation by helping explore new avenues of cooperation.

    Pakistan and the EU have also been cooperating closely in the fight against international terrorism and drug trafficking. In recognition of our cooperation in this area, the EU included Pakistan in the General System of Trade Preferences (GSP) in 2002. Now that a new trade regime termed GSP plus is being finalized, we hope to be included in the scheme so that our expanding trade relations do not suffer a set back and impact upon our capacity to fight terror and drugs.

**Conclusion**

    In conclusion, I would like to reiterate that our vision of the New World Order is a global dispensation of fair play, equity and shared democratic values, as per the collective will of the nations, where all nations could jointly strive for peace and development in the world.

    The guiding principles of our foreign policy is to safeguard our national interests of security and development, while at the same time contributing to creating an enabling global order in which the interests of other nations are also secure.

    You will agree that the two are in harmony with each other and mutually supportive.

    We hope that as we work together, to conquer the extraordinary challenges posed by our times, we are able to seize upon the unparalleled opportunities so as to leave a better tomorrow for our children.

    I thank you all and welcome any questions that you may have.