

WASHINGTON AND ISLAMABAD TO RESTART THE STRATEGIC DIALOGUE

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On Wednesday, October 23, 2013, the US President Barack Obama will meet with the Pakistani Prime Minister Nawaz Sharif to review bilateral relations between their two countries. Several issues are expected to be addressed during the important meeting, which should mark a new beginning after years of strained relations. Already in August, Secretary of State John Kerry announced the restart of a high-level strategic dialogue between the two nations during his trip to Pakistan.

Washington and Islamabad have reached breaking points in past years due to a series of events that have seriously threatened to put to an end to their alliance. In January 2011, the CIA contractor Raymond Davis was arrested by Pakistani authorities after having shot and killed two Pakistanis in Lahore. In May 2011, US Navy Seals killed Osama Bin Laden in a covert operation without any notification to the Pakistani authorities. In November 2011, a US air strike that mistakenly killed 24 Pakistani soldiers at the Salala checkpoint in Mohmand agency. As reprisal, Pakistan closed its supply routes to Afghanistan, which were reopened only seven months after formal apologies from former Secretary of State Hillary Clinton. Last but not least, Pakistan has always publicly denounced the US's drone campaign against terrorists as an open violation of its sovereignty. At the same time, Washington has blamed Islamabad for not doing enough to crack down Taliban and associated groups in tribal areas.

The Wednesday meeting comes therefore as good news. In fact, both Pakistan and the US still need each other. On the one hand, Washington needs to stabilize Pakistan before the 2014 withdrawal of its military contingent from Afghanistan. On the other hand, Pakistan needs Washington's financial aid for both military upgrades and civilian development projects.

In this regard, President Obama has recently requested that Congress resumes the US security assistance to Pakistan that was interrupted in 2011 following the closure of supply routes. The security assistance for Fiscal Year (FY) 2014 is projected to be at \$ 305 million, a 35 percent drop with respect to the 2012 FY. The security assistance is aimed at building Pakistan's security forces' capabilities in counter-terrorism and counter-insurgency. These are aimed at improving the security conditions in the country's western provinces bordering Afghanistan. In particular, Washington will seek to enhance Pakistan's capabilities in maritime security. In addition, the US will provide F16 fighter jets for precision strikes, as well as night vision and communication tools.

Security assistance is not, however, the only financial aid that Washington is providing to Pakistan. Indeed, an additional \$ 857 million of civilian assistance is also likely to be granted for the FY 2014, hence setting the total amount of the US financial assistance to Pakistan to \$ 1.162 billion. The civilian assistance has also dropped by 14 percent with respect to the previous allocation, due to budgetary constraints. However, with respect to the security assistance, financial aid for civilian projects has never stopped flowing. The civilian aid fund has been used to improve the living conditions of the Pakistani population through structural investment in education, energy and economic growth.

With this in mind, civilian assistance could be partially used to finance the construction of the Diamer-Basha dam in Gilgit-Baltistan, along the contested border with India. The project, started in October 2011, will take decades to complete and it is currently suffering massive funding shortfalls. With a foreseen cost of \$ 15 billion, the dam should provide 4,500 megawatts of electricity through hydropower. This would mean providing electricity to about 60 million people, hence partially solving one of Pakistan's main issues: energy shortage. In addition, the dam would provide

both drinkable water and irrigation water to millions of Pakistanis. Consequently, the project is considered to be of such strategic importance to Pakistani authorities that Pakistani officials have been lobbying the US Congress hard to have financial aid unlocked. In July 2013, the US ambassador to Pakistan, Richard Olson, stated that Washington approved a \$ 20 million fund for a feasibility study.

The Diamer-Basha dam project will also be the occasion for talks about India. Considering that Pakistan needs India's No Objection Certificate (NOC), as requested by the World Bank to access its funding, the Diamer-Basha dam project could represent the right occasion for improving bilateral relations. Prime Minister Sharif has already manifested his intent to improve relations with both India and Afghanistan, although what definitive steps will be taken are yet to be seen. Last month, Indian Prime Minister Manmohan Singh met with Prime Minister Sharif at the UN General Assembly and both stated their intentions to work together to limit border incidents along the Line of Control in Kashmir. Nevertheless, Prime Minister Sharif remained quite unhappy when Singh labeled Pakistan as "an epicenter of terrorism" during his talks with President Obama.

Another important issue to be tackled during the Obama-Sharif meeting is drone strikes. Despite the fact that Pakistan has secretly agreed on the strikes, given its unwillingness to crack down on Taliban and Haqqani network in the FATA areas and in North Waziristan in particular, Islamabad has always denounced them in public as an open violation of its sovereignty. The public stance was necessary not to undermine the stability of the government, considering Pakistani public opinion is totally against the US drones strikes. Prime Minister Sharif will once again ask to stop the strikes, which have already been limited for months. Although it is unlikely that President Obama will agree to a complete halt of the drone campaign, a compromise solution involving joint counter-insurgency operations could be discussed.

In conclusion, the Obama-Sharif meeting is expected to be an important one considering the issues at stake. Although no particular surprise can be expected, the meeting is of extreme political relevance because the two parties are showing a willingness to restart a strategic dialogue that was abruptly interrupted in 2011. Affected by Talib insurgency, Baloch separatists, inter-religious violence, an energy

shortage, conflicting civil-military relations and disputed claims over Kashmir with India, Pakistan remains a strategic player in the region; a nuclear power too important to allow to sink in its own chaos.

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