
Pakistan-EU Relations

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Focus

Pakistan-EU Relations

Sanam Noor

Over the years, Pakistan and the European Union (EU) have evolved their political and commercial ties, becoming increasingly important partners for each other. The 48-year history of diplomatic relations between the two is full of ups and downs, signalling a slow but gradual progression of relations between a developing country and what now has become the world's biggest economic bloc.

From a broader perspective, the EU's policy and its interests vis-à-vis Pakistan can be analyzed in the light of the 27-nation bloc's overall objectives in the Asian or, more particularly, South Asian region. Pakistan's role in the fight against terrorism and weapons of mass destruction, assisting in disarmament efforts, facilitating the reconstruction process in Afghanistan, continuation of dialogue with India, and promotion of human right, democratization and a tolerant society are the major areas of the EU's engagement with Pakistan. On the other hand, Pakistan's main interests in Europe include 'political support on issues of importance, including the Kashmir dispute, market access, defence equipment, transfer of technology, and protecting our community's interests (living in the European states).'¹

The EU's first five-year Country Strategy Paper (CSP) on Pakistan, which was adopted in 2002, identified the following major objectives:

- Improvement of human development, especially education
- Trade links and commercial cooperation
- Eradication of child labour
- Support of financial sector reforms
- Promotion of democracy and human rights, and fight against drugs
- Aid to uprooted people
- Conflict resolution efforts.²

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¹ Khurshid Mehmood Kasuri, 'Pakistan's foreign policy,' *Pakistan Horizon*, vol. 58, no. 3, July 2005, p. 52.

² The EU's 'Country Strategy Paper (CSP) 2002-2006', http://ec.europa.eu/external_relations/pakistan

In 2007, the EU adopted another five-year CSP, which covers the time period 2007-13, and is centred on poverty alleviation efforts and to helping Pakistan follow a sustainable growth path.³ Recognizing that the 'long-standing conflict in neighbouring Afghanistan has had deep impact on economic and social development in the less developed and less secure western provinces' of Pakistan, the EU outlined rural development and natural resource management in NWFP and Balochistan as the 'first focal point' in the Paper.⁴ Education and human resources development is the second focal area which is seen as a critical ingredient for developing a well-trained workforce and creating a moderate and stable Pakistan. Apart from these, the following have been outlined as the other major areas:

- Trade development and economic cooperation
- Democratization and human rights
- Support to non-state actors and thematic budget lines
- Governance and security

Diplomatic relations: Background

It was on 2 August 1962 that the six European Common Market (ECM) countries, during their Ministerial Meeting in Brussels, proposed the signing of trade agreements with Pakistan, India and Sri Lanka (then Ceylon), in case Britain joined the Common Market.⁵ It was a time when the European Economic Community (EEC) and its plans for European integration were seen with apprehension and scepticism both within and outside Europe.

First, Pakistan expressed its disappointment over the proviso of Britain's joining the Common Market. It was concerned about its economic stakes, as Britain had agreed to abolish Commonwealth trade preferences enjoyed by Pakistan and other countries. Not only Pakistan, but also India and Sri Lanka expressed their deep concern and fear that their balance of payments deficit would increase as a result.

Nonetheless, Pakistan started negotiations with the EEC member countries at the highest level and sought to conclude trade agreements, and until that, special preferences for its trading items.

³ CSP 2007-2013, pp. 19-25, <http://delpak.ec>

⁴ *Ibid.*, p. 19.

⁵ *Dawn* (Karachi), 3 August 1962.

In 1976, the first Commercial Cooperation Agreement was signed between the EEC and Pakistan, followed in 1986 by a Commercial and Cooperation Agreement valid for five years. In the 1980s, the Commission launched a mix of infrastructure and development projects which focused on development of roads, bridges, rural electricity, livestock, education, vocational training and integrated rural development.⁶ The European Commission, which is the executive body of the EEC, opened its office in Islamabad in 1985. It was upgraded to the Delegation level with full diplomatic status in 1988. At the Lisbon summit in 1992, the instrument of 'Political Dialogue' was instituted between Pakistan and now the EU. During the 1990s, the European Commission streamlined and consolidated its portfolio and reoriented its activities towards policy-based social sector investment programmes, with greater emphasis on human development and environmental management in line with shifts in government policy.

In 1996, negotiations began on a third commercial agreement, the signing of which was intermittently postponed, first due to the nuclear tests conducted by Pakistan in 1998, then the 1999 Kargil crisis, and finally the military takeover in Pakistan in October 1999. These developments directly impinged upon the three prime interests of the EU in South Asia, namely nuclear proliferation, regional security and promotion of democracy. Consequently, the EU severed its ties with Pakistan, reminding it from time to time about its commitment to democracy, nuclear non-proliferation and improvement of ties with India.

September 11 marked a watershed in Pakistan-EU ties which was rightly described by an EU diplomat as the 'rejuvenation of relations' between Brussels and Islamabad. Soon after Pakistan's joining the anti-terror coalition, the EU began softening its stance on various issues and offered its assistance and cooperation in wide-ranging areas. In fact, Pakistan's current relationship with the EU is mainly influenced by its role as a partner in the war against terrorism. The EU describes Pakistan as a crucial country for its core strategic interests. The most important step after the revival of relations came in the shape of the conclusion of the Third Generation Agreement which was ratified by the European Parliament on 22 April 2004 and entered into force in September the same year. In order to enhance Pakistan's capacity on WTO related issues, a trade-related technical assistance programme was launched in 2004 to streamline procedures and processes for trade facilitation.

⁶ CSP 2007-2013, op. cit., p. 13.

Economic relations

Trade and economic cooperation

Economic ties undoubtedly form the most important aspect of relations between Pakistan and the EU. Within this sphere, there are again scores of issues which indicate the level of economic and commercial cooperation between the two.

Economic and commercial ties mainly involve trade links and financial aid to Pakistan. The EU is Pakistan's largest trading partner. In 2002, the EU accounted for 22 per cent of Pakistan's total trade, and the overall trade volume was worth 5.6 billion euros, with a trade surplus of 765 million euros in Pakistan's favour. Textile accounts for over 60 per cent of Pakistan's total exports to the EU, followed by leather products. In 2003, Pakistan's exports to the EU rose to 3 billion dollars as compared to 751.58 million dollars in the 2001-2002. EU imports from Pakistan grew to 3.4 billion euros in 2005.⁷

Significantly, with the adoption of CSP 2007-2013, a decision was taken by the two sides to revive the EU-Pakistan Joint Commission after it had remained inactive for ten years. This was seen by the EU as a 'first practical step' by the two sides towards strengthening of commercial, economic and development cooperation.⁸

Economic concessions after 9/11

In return for Pakistan's role in the war against terrorism and its shared responsibility in tackling the Afghan crisis, the EU announced a comprehensive package of trade preferences to Pakistan which included:

- Inclusion of Pakistan in the Generalized System of Preferences (GSP) regime for combating drug trafficking.
- Signing of an MoU under which Pakistan received a quota of 15 per cent increase for textiles and clothing.

Development aid

Since the establishment of formal commercial ties, development cooperation has occupied a central role in Pakistan-EU relations. Human development, as mentioned earlier, has been indicated as one of the EU's

⁷ <http://ec.europa.eu>

⁸ *Dawn*, 26 April 2007.

priority objectives towards Pakistan. From 1976 to 2002, the European Commission committed a total of 365 million euros in grants to Pakistan.

The amount of grants announced by the EU after 9/11 stand at 277 million euros which is very high compared to the previously committed amount. The aid is meant for wide-ranging schemes of social uplift from national to NGO-based programmes. But there is a great need for evolving a mechanism which ensures proper channelling and utilization of these monetary resources.

**EU's Sector-wise Funding in Pakistan
(2002-2006)**

Sector	Amount (million euros)
Education	59
Financial sector reform	50
Trade development	6
Prevention of child labour	5
Other activities (fight against terrorism and drugs)	5

Political dimension

In the political sphere, again there are different political, regional and international issues which form the basis of the level of cooperation and interest between Pakistan and the EU.

Democracy

The issue of revival of democracy in Pakistan forms an important component of EU-Pakistan ties. It is unfortunate that Pakistan has been struggling to develop a democratic set-up in the country from the very time of its inception. And this inability has long affected its profile in the international arena. The same issue led to a virtual freeze of diplomatic relations between Pakistan and the bloc for nearly two years in 1999-2000.

After 9/11, although the EU adopted flexibility on the issue, it kept reminding Islamabad about its commitment to return to civilian rule. And despite the flexibility, there are certain circles inside the EU which campaign against any concessions or lenience towards Pakistan, on the ground that the country has not been doing enough in ensuring a democratic system, which to them, runs counter to the main principles of democratic norms. The Third Generation Agreement also contains a clause on respect for human rights and democratic principles as an essential element which gives the EU 'a strong mandate to re-enforce the policy dialogue and projects in this area.'⁹

The EU's Election Observation Mission (EOM) monitored the October 2002 elections as well as the February 2008 elections in Pakistan. Led by Member of European Parliament Michael Gahler, the 2008 EOM concluded that despite significant problems with the electoral framework and a challenging environment, the elections were competitive and resulted in increased public confidence in the democratic process. 'These elections have clearly shown that the people of Pakistan stand for democracy and reject extremism...Europe is committed to building a strong and stable relation with the people of Pakistan. We stand ready to work with the Pakistani authorities, political parties, civil society and other stakeholders to strengthen rule of law and democratic institutions, as well as to improve the socio-economic conditions of the Pakistani people', remarked the President of the European Commission, Jose Manuel Barroso.¹⁰

On the issue of democracy, the need for greater understanding among EU circles has been emphasized by the Pakistani leadership, that a country like Pakistan needs to evolve a system of democratic norms. It is argued that given the 60-year history of political instability, it seems unlikely, if not impossible, that the country would be able to smoothly adopt the Western-based system of democracy. In this regard, the EU has been asked to facilitate the process of democratization and have a greater understanding of the peculiar realities in this country.

India-Pakistan relations and the Kashmir dispute

The growing global political role of the EU in different conflicts, such as the Middle East and Macedonia, has been a major development in recent years, particularly after September 11. Pakistan favours an increased involvement of the EU in the Kashmir conflict and towards its tense relations with India, whereas India is against any intermediary role to be

⁹ CSP 2007-2013, op. cit., p. 13.

¹⁰ <http://ec.europa.eu>

played by the EU or any other global player. The Kashmiri people themselves have made several appeals to the EU to work as an honest broker in the conflict. In October 2002, the European Parliament had adopted a resolution asking the EU Council and the Commission to offer their services as honest broker to resolve the dispute.

The EU has long been known to have a 'non-conformist' approach towards the conflict. The extent of financial ties, which Brussels enjoys with both New Delhi and Islamabad, gives it leverage to initiate a positive engagement on the issue. In conformity with the Pakistani stand to resolve the conflict in accordance with UN resolutions, the EU maintains that the 'best way' to solve the conflict is the application of relevant UN Security Council resolutions. On the other hand, in agreement with the Indian line on terrorism as a major irritant, the EU demands that Pakistan should end infiltration across Kashmir into Indian territory.

The role of the EU in defusing tensions between Pakistan and India during the past seven years is worth mentioning. It offered to play the role of a 'facilitator' but avoided that of an 'intermediary.' Not wanting to be entangled in India-Pakistan tensions, Brussels limited its role to urging restraint on both the countries. Overall, the EU has avoided annoying either of the two parties by adopting a position which reflects the stances of both the parties to the conflict.

The adoption of a report on Kashmir titled 'Kashmir: Present Situation and Future Prospects' by the European Parliament became a controversial issue between Islamabad and Brussels. The report, which was presented to the European Parliament's Foreign Affairs Committee (AFET) by rapporteur Baroness Emma Nicholson, a British MP and vice-chairperson of the AFET, was seen as favouring the Indian position on the Kashmir dispute. Its original draft, released in November 2006, brushed aside the demand for a plebiscite in Jammu and Kashmir, calling it 'wholly out of step' and censured Pakistan for human rights violations in Azad Jammu and Kashmir. Pakistan expressed serious reservations about the report at various levels and demanded that amendments be made in the draft.

Finally, the report was adopted in May 2007, with some changes in a move seen by many as a victory for Indian diplomacy on Kashmir. The report highlights stark differences on political, economic and human rights issues between the two parts of Kashmir, urges India to prevent custodial killings and fake encounters in Indian-held Kashmir, and recommends that both countries deepen their dialogue on the issue.

Nonetheless, the role the EU has played so far cannot be neglected. It can be viewed as a middle stage for a global power to engage in international conflicts whereby it formulates its own policy and begins a low-profile involvement in a conflict.

In diplomatic terms, the EU has become active after 9/11 and has asserted its role worldwide. But it is a dangerous practice for those exercising power and influence to choose to be isolationists in times of conflict, until devastating events like 9/11 occur. The West has realized that a lot can be done if the international community, especially regional blocs like the EU, work together to make the world safer, prosperous and peaceful without waiting for other 9/11s, instead of fighting their repercussions afterwards.

Javier Solana's visit to Pakistan

High-level visits have contributed to the improvement of relations between Pakistan and the EU. Apart from the EU platform, bilateral relations with EU member states, especially the UK, France, Germany and Belgium have helped to soften the bloc's stance on issues like trade concessions and Pakistan's role in the war against terrorism. In January 2005, Prime Minister Shaukat Aziz had visited EU headquarters in Brussels as the first-ever visit by a Pakistani head of government after Prime Minister Nawaz Sharif's visit to Brussels in 1998. In January 2007, Prime Minister Aziz again paid a visit to Brussels during which the Third Generation Agreement became operationalized.

Following the imposition of emergency rule in Pakistan on 3 November 2007, the EU reacted strongly and condemned the act as undemocratic, demanding that the Pakistan government should return to civilian rule. On 15 November, the European Parliament adopted a resolution which demanded 'unequivocally that an end be put to the state of emergency' and expressed solidarity with the lawyers' community. Expressing concern over the detention of lawyers, political leaders, journalists and human rights activists, it asked for release of lawyers and others protesting against the sacking of Chief Justice Iftikhar Chaudhry. The assassination of Benazir Bhutto further deteriorated the security situation in the country which raised an alarm in European capitals. Brussels, like the US and the international community, deemed the assassination as a serious setback to the democratic process but kept pressing the government not to delay the scheduled elections.

In January this year, President Musharraf embarked on a four-nation tour to Europe and visited Belgium, the UK, France and Switzerland in a bid to woo Europe's support for the Pakistan government after the long

spate of violence and political chaos that crippled the country's law and order system as well as its economy. During his meeting with EU High Representative for Common Foreign and Security Policy Javier Solana in Brussels, President Musharraf urged the West to be patient about the issue of democracy but the EU dignitary was unequivocal in linking the bloc's future engagement with Pakistan to the holding of fair polls in the country. 'Our message is clear. It is that the elections have to be fair, free and secure... Our reaction on cooperation and the level of engagement will be in view of the result of the process', he declared while addressing a joint press briefing with President Musharraf.¹¹

The holding of elections was welcomed by the EU Presidency, currently held by Slovenia, which termed the election of Prime Minister Syed Yousuf Raza Gilani as an important step in the development of democracy, stability and security in Pakistan.¹²

In an expression of approval and support for the newly elected government in Pakistan, Javier Solana paid a two-day official visit to Pakistan from 21-22 April. The visit coincided with British Foreign Secretary David Miliband's talks with the new leadership of Pakistan which was seen as a signal of 'renewed European interest in Pakistan following the end of military rule.'¹³ Javier Solana arrived in Pakistan after his day-long visit to Afghanistan—another important area of the EU's relations with Pakistan.

During the visit, Javier Solana held meetings with President Musharraf, Prime Minister Gilani, Foreign Minister Makhdoom Shah Mehmood Qureshi, Pakistan People's Party (PPP) Co-chairman Asif Ali Zardari, Pakistan Muslim League-Nawaz (PML-N) Chairman Nawaz Sharif and Awami National Party (ANP) Chairman Asfandyar Wali Khan. During the course of the discussions, all important issues were covered by the two sides, including the new government set-up, trade and economic relations, militancy in the tribal areas, the situation in Afghanistan and Pakistan's peace process with India. Javier Solana emphasized upon the need for Pakistan to move forward to the path of reform and continued efforts to strengthen the rule of law. 'My visit takes place at a very important and encouraging time for your country following the turmoil it has recently been through', he commented.¹⁴ He praised Pakistan's role and contribution to stability of the region,

¹¹ *The Nation* (Lahore), 22 January 2008.

¹² *Dawn*, 26 March 2008.

¹³ *Ibid.*, 22 April 2008.

¹⁴ *Ibid.*

especially on the front of counter-terrorism. 'We look forward to developing a comprehensive relationship with Pakistan, to developing our political dialogue and our economic, trade and development cooperation', he declared.

The Pakistan side sought Javier Solana's support for the conclusion of a free trade agreement (FTA) between Pakistan and the EU. Pakistan has been arguing that its access to the European market should be improved in view of the duty-free import regime granted to Bangladesh and the FTA being negotiated with India. In his talks with the High Representative, Prime Minister Gilani called on all EU member states to extend assistance to Pakistan in implementing its multi-pronged strategy to counter extremism which stemmed from economic deprivation and disparity. He said that Pakistan attached great importance to its relations with the EU and wanted to further increase cooperation in all fields. He appreciated the role of EOM during the February elections and its valuable observations made in the final report.

On the question of Pakistan's peace talks with the tribal militants and Pakistan based Taliban, Javier Solana expressed support for the reconciliation 'in a manner that it is under the umbrella of rule of the country and the Constitution.'¹⁵ However, he opposed any talks with al Qaeda militants, saying it was out of question.

The EU High Representative's visit to Pakistan was viewed as an illustration of a stronger and more comprehensive relationship between Islamabad and Brussels. It was also significant in view of a joint study group's results on the impact of the EU's trade with Pakistan which is due to be released later this year and will determine the new trade policy of the bloc towards Pakistan. Amid indications of more sustained cooperation with Europe which would also lessen Pakistan's reliance on the US, it is important for both to translate their policy pronouncements into cooperative actions, particularly in the areas of security, trade and economy. As Shadaba Islam concludes: 'Both the EU and Pakistan are looking to each other with more interest than at any time in the recent past. The challenge for the two sides is to move from goodwill to effective, result-oriented cooperation.'¹⁶

¹⁵ *Dawn*, 23 April 2008.

¹⁶ Shadaba Islam, 'EU's new focus on Pakistan', *Dawn*, 26 April 2008.