



Reviewing Indo-Pak Bilateral Relations

Quarterly Monitoring Brief

December 2013 – March 2014

The India Pakistan relationship was dominated by three vectors during the quarter under review. After months of ceasefire violations and media rhetoric, easing tensions along a volatile Line of Control (LoC), sustained discussions on improving bilateral trade, and the impact of the upcoming Indian election on New Delhi's policy towards Islamabad dominated discourse on the bilateral front.

The first major breakthrough after nine months of heavy gunfire exchanges and loss of lives came in the form of the belated meeting between Director Generals of Military Operations (DGMOs). The meeting, agreed on by Prime Ministers Nawaz Sharif and Manmohan Singh on the sidelines of the UN General Assembly session in September 2013, had been tasked by the two premiers to suggest effective measures to restore stability along the LoC, but had fallen prey to bureaucratic red-tape on both format and timing.

When the DGMOs finally met for the first time in 14 years, swift agreement was reached on restoring the ceasefire along the LoC. This was followed up with two subsequent military-to-military meetings, including a five day session between Pakistan Rangers and Indian Border Security Force (BSF) officials, and a flag staff meeting at the Poonch-Rawalakot sector in Kashmir. Discussions focused on reinstating the ceasefire, reducing smuggling and efficiently managing inadvertent border crossings. As a result, only one incident of firing along the LoC was recorded up till March 2014. Another measure of improving cross-border confidence came in March 2014 when the BSF handed over two Pakistanis who had inadvertently crossed the border.

Agreed to as part of previous Confidence Building Measures (CBMs), military-to-military meetings had waned in the run-up to 2013. However, their subsequent effectiveness in curbing ceasefire violations and restoring stability along a volatile LoC is a testament to their necessity.

Another significant vector during the reporting period was trade. Economic cooperation between India and Pakistan dominated the discourse till March 2014. The debate surrounding Pakistan granting Most Favored Nation (MFN) status to India commanded extensive media space. Bilateral trade between the two neighbors has continued to suffer due to prohibitive non-tariff barriers despite India having granted Pakistan MFN status in 1996.

In March 2014, Pakistan announced that India was being considered for Non-Discriminate Market Access (NDMA) instead of MFN status, accompanied by a revision of non-tariff barriers. The announcement was received as welcome development in economic and policy circles. Despite Pakistan's demand that NDMA would be conditional on reduction of duties on textile imports from Pakistan and positive reciprocal revision of non-tariff barriers, expectations of a breakthrough in the trade deadlock were high.

Yet, till the end of March, no breakthrough had been achieved despite multiple meetings between chambers of commerce and trade federations from the two countries. Similarly,

despite official talks between commerce secretaries, followed by a meeting of the commerce ministers, New Delhi and Islamabad were unable to reach agreement on trade liberalization.

Pakistan announced a delay in granting NDMA to India due to a lack of consensus amongst stakeholders. An additional statement by a government spokesperson indicated that Pakistan would now sign the trade liberalization agreement with the new government in Delhi following Lok Sabha elections.

Lack of progress in granting NDMA was not the only hurdle in trade liberalization. In Kashmir, a Pakistani driver was arrested on the allegation of smuggling narcotics into Indian administered Kashmir. As a result, cross LoC trade came to a halt and Pakistan suspended the cross-LoC bus service. The service remained inoperational for two weeks, while trade remained suspended for 26 days.

India proposed an incident specific meeting of the Joint Working Group on Trans-LoC CBMs to resolve suspension of the bus service and trade but the meeting could not be organized due to scheduling issues. It was eventually held in March 2014, after the suspension of trade and transport services was lifted through negotiations between Islamabad and Delhi.

The third major vector shaping India Pakistan relations during the reporting period was the upcoming Indian election. With election fever running high, Prime Minister Manmohan Singh was criticized by rival parties for being too soft on Pakistan. In December 2013, Pakistan extended an invitation to Mr. Singh to visit Pakistan - while the invitation was accepted, the visit did not take place.

India's less than warm response to Pakistan's overtures is seen by many in Islamabad as indicative of a strategic unwillingness to improve bilateral relations, and specifically, resume the composite dialogue. India has engaged in incident and issue specific meetings when a problem arises, such as the suspension of cross-LoC trade, and despite repeated requests from Pakistan, has shown disinterest in resumption of composite dialogue.

The reporting quarter ended days before polling began in India's five week staggered elections. Unlike Pakistan's general election in 2013, in which India did not feature heavily in the run up to polling, Pakistan has come to play a prominent role in India's election campaigns, with leaders' nationalism being judged by their stance on Pakistan. The BJP has been the most virulent in attacking opposing parties for being too soft on Pakistan.

India's election will take place from April 7th to May 12th, with the results scheduled to be announced on the 16th of May. Progress in bilateral relations in the coming quarter, April-June 2014, is unlikely due to the elections and the subsequent formation of government. The following quarterly monitoring brief will report on Pakistan's role and prominence in the elections, in addition to bilateral actions, statements and initiatives.

Islamabad's decision to grant Indian goods Non Discriminate Market Access is likely to remain on hold until after the elections in India.

Despite progress on restoring the ceasefire along the LoC, scant progress on trade liberalization and increasing election rhetoric on Pakistan are likely to dominate the India Pakistan bilateral discourse during the coming quarter.

Media Reports

Kashmir

<p>17/19-01-2014 Cross LoC trade in Kashmir came to a halt after a Pakistani driver was detained for allegedly smuggling narcotics worth 1 billion rupees. Pakistan claimed diplomatic immunity for the arrested driver and Pakistani authorities refused access to the 49 other drivers who wanted to return to Pakistan, until the accused driver was released. The matter was referred to the Ministry of External affairs by Indian Kashmiri authorities, so that the issue could be resolved between Delhi and Islamabad. Pakistan additionally suspended the Srinagar-Muzzafarabad and Rawalakot-Poonch bus services (Peace Caravan). Pakistan's High Commissioner to India was summoned with regard to the suspension of the Peace Caravan bus service.</p>	<p>Hindustan Times Express Tribune Dawn The Nation The Times of India India Today</p>
<p>26-01-2014 An Indian army official said that Pakistani troops resorted to unprovoked firing on Kamran post in Uri Sector in Indian Kashmir, in violation of the ceasefire. The incident occurred on India's 65th Republic Day.</p>	<p>Hindustan Times</p>
<p>29-01-2014 India proposed a meeting of the Joint Working Group on Trans-LoC CBMs to resolve the suspension of trade in Kashmir, clarifying that the meeting would be incident specific, and would not mark the resumption of dialogue.</p>	<p>Dawn</p>
<p>03-02-2014 The Cross LoC bus service, the Peace Caravan, resumed after a two week break caused by the detention of a bus driver on charges of narcotic smuggling.</p>	<p>The Hindu The Times of India The Nation</p>
<p>06-02-2014 PM Nawaz Sharif invited India for a comprehensive, sustained and peaceful dialogue on Kashmir, and expressed his government's willingness to consider any proposal for the establishment of peace, during his address to the Azad Kashmir Legislative Assembly and Kashmir Council.</p>	<p>The Times of India Daily Times</p>
<p>13-02-2014 Trade across the LoC in Kashmir resumed after 26 days, as 76 trucks crossed the LoC. The Pakistani driver accused of smuggling narcotics remained in the custody of Indian authorities.</p>	<p>The Nation India Today</p>
<p>19-02-2014 Officials decided to resume intra-Kashmir trade across the Uri-Chakothi crossing point from the 20th of February, amidst a demonstration against the detention of a Pakistani driver in Indian Kashmir over drug-trafficking charges. Police baton charged the demonstrators and arrested six protestors for rioting and creating "law and order problem".</p>	<p>Dawn Hindustan Times</p>

<p>03-03-2014 A meeting of the Pakistan-India Joint Working Group on Cross LoC Confidence Building Measures (CBMs) commenced in Delhi, to streamline and improve the modalities of trade in Kashmir, in light of its recent suspension due to narcotics smuggling. As the group convened after a gap of one and half years, it also reviewed the current state of CBMs and generated recommendations to strengthen them further. India proposed issuing multiple entry visas to make cross LoC travel easier for the people of Kashmir, and repeated its proposal for a bus service from Kargil to Skardu which had been previously rejected by Pakistan.</p>	<p>The Nation Express Tribune Hindustan Times</p>
<p>Economic Relations</p>	
<p>16-01-2014 Pakistan and India's Commerce Secretaries met in New Delhi, ahead of the ministerial level talks, to discuss trade liberalization and the granting of MFN status to India.</p>	<p>Dawn</p>
<p>18-01-2014 Pakistan and India agreed to expand movement of trade traffic across their main border crossing, Wagah-Attari, to 24 hours, at a ministerial meeting between the Commerce and Industry Ministers, on the margins of the SAARC business conclave. The ministers also approved a liberalized visa policy for businessmen to boost two-way trade.</p>	<p>Express Tribune</p>
<p>31-01-2014 The Indian High Commission in Islamabad hosted business persons from around the country for a workshop on "Business Visa Facilitation for Bilateral Trade Promotion".</p>	<p>Express Tribune</p>
<p>07-02-2014 While addressing the business community of Pakistan at a conference titled '<i>India-Pakistan Relations: Trends and Prospects</i>', India's High Commissioner to Pakistan, TCA Raghavan said that India and Pakistan are soon going to open bank branches in each other's countries. He reiterated his country's willingness to provide all possible support to businessmen from Pakistan. He further stated that bilateral relations between the two countries would not normalize until trade flourishes.</p>	<p>The News Express Tribune</p>
<p>12-02-2014 A 200 member delegation of businessmen from the Federation of Indian Micro and Small & Medium Enterprises (FIMSE) arrived in Lahore to attend the 'India Show' being held at Lahore International Expo. A 15 member delegation from FIMSE held an interactive session with their counterparts at the Lahore Chamber of Commerce and pledged to work hand-in-hand to pave the way for enhanced trade activities.</p>	<p>The Nation Pakistan Observer</p>

<p>13-02-2014 The Karachi Chamber of Commerce and Industry (KCCI) and the Federation of Indian Micro and Small & Medium Enterprises (FIMSE) signed a memorandum of Understanding (MoU) for facilitating business communities and promoting small and medium enterprises in both countries. The MoU is aimed at strengthening ties and encouraging the exchange of information between the two organizations.</p>	<p>The News Pakistan Observer</p>
<p>15-02-2014 CM Punjab Shahbaz Sharif and Indian High Commissioner to Pakistan, TCA Raghavan, addressed a senior delegation of the Federation of Indian Chamber of Commerce and Industry. CM Sharif said that Pakistan and India have to come forward in economic, trade, industry and agriculture sectors and there is a need to promote mutual trade between the two countries. The members of the Indian delegation and participants of the meeting gave proposals for the promotion of bilateral trade and economic relations between India and Pakistan.</p>	<p>The Nation</p>
<p>16-02-2014 The 3rd meeting of the Pakistan India Joint Business Forum (PIJBF) concluded in Lahore, facilitated by the Pakistan Business Council (PBC) and the Confederation of Indian Industry (CII), who have been appointed as secretariats by their respective governments. Industry specific and general recommendations were formulated, identifying areas of potential cooperation, as well as outlining specific steps to bolster bilateral trade.</p>	<p>The Nation Daily Times</p>
<p>17-02-2014 Addressing the Rawalpindi Chamber of Commerce, India's High Commissioner to Pakistan TCA Raghavan said trade has increased and bilateral trade volume has reached the figure of \$2.5 billion but there are many other opportunities to further enhance bilateral trade relations. He also discussed visa regimes and the newly instated polio vaccination requirement for entry into the country.</p>	<p>The Nation</p>
<p>05-03-2014 A five member delegation from Pakistan's Water and Power Ministry arrived in Delhi to hold two-day technical talks about the import of 5000 MW of electricity from India.</p>	<p>The Nation</p>
<p>06-03-2014 Federal Minister for Commerce Khurram Dastagir Khan said that India is no longer being considered for the 'Most Favored Nation' status, and 'Non-Discriminate Market Access' for India is now being assessed. He stated that India needs to reduce tax rates on Pakistani textile imports as agreed and added that the federal cabinet will approve the status as soon as a positive response to Pakistani reservations is received from India.</p>	<p>The Nation Hindustan Times</p>

<p>16-03-2014 Prime Minister Nawaz Sharif's Assistant Maftah Ismael stated that India is ready to remove restrictions on Pakistani textile products, which would increase Pakistan's textile exports to India threefold, adding that India will ease the ban on 160 Pakistani products and has agreed to grant Pakistani items access to local markets.</p>	<p>The News</p>
<p>24-03-2014 Prime Minister Nawaz Sharif said that granting of Most Favored Nation status to India had been postponed due to a lack of consensus, adding that he had directed his team to consult all stakeholders to facilitate the process.</p>	<p>Dawn</p>
<p>25-03-2014 Federal Minister for Commerce Khurram Dastagir Khan announced that an agreement had been reached with India to purchase electricity, adding that trade talks with India have been put on hold and would resume after the election in India.</p>	<p>Hindustan Times Pakistan Today</p>
<p>27-03-2014 The Confederation of Indian Industry (CII), in collaboration with the Rawalpindi Chamber of Commerce organized a five day exhibition titled 'Made in Pakistan', showcasing apparel among other materials in Chandigarh.</p>	<p>Hindustan Times</p>
<p>30-03-2014 An electronic data interchange system was installed at the Integrated Check Post at Attari with a view to facilitate and enable round the clock trade with Pakistan.</p>	<p>Hindustan Times</p>
<p>Bilateral Relations</p>	
<p style="background-color: #000080; color: white; padding: 2px;"> </p>	
<p>12/14-12-2013 Pakistan proposed a new roadmap for resuming dialogue with India, in a letter from PM Nawaz Sharif to PM Manmohan Singh; Mr. Sharif also extended another invitation to Mr. Singh to visit Islamabad. The letter was shared by Mr. Tariq Fatemi, Special Assistant on Foreign Affairs who accompanied Punjab CM Shahbaz Sharif on his visit to India. During the visit, Punjab CM Sharif and his counterpart, Mr. Prakash Badal issued a joint statement, agreeing to reduce trade barriers for the promotion of business, and committing to pursue policies for easy access to religious sites for people from both sides of the border.</p>	<p>The Times of India Dawn</p>
<p>24-12-2013 Pakistan and India's Director Generals Military Operations (DGMOs) met for the first time in 14 years at Wagah/Attari border, as part of ongoing efforts to ease border tensions. They discussed ceasefire violations at the LoC and infiltrations.</p>	<p>The Times of India The Nation</p>

<p>28-12-2013 During a meeting of the Pakistan Rangers and the Indian Border Security Force, both countries agreed to exchange inadvertent border crossers. They also agreed on zero tolerance for smuggling, and using communication channels with greater efficiency to control violations along the border.</p>	<p>The Times of India Express Tribune The Hindu Pakistan Today</p>
<p>02-01-2014 Pakistan and India exchanged lists of their nuclear assets, as a part of their 1988 pact that bars them from attacking each other's nuclear installations.</p>	<p>Dawn</p>
<p>05-01-2014 Prime Minister Nawaz Sharif's Advisor on National Security and Foreign Affairs, Sartaj Aziz, issued a statement confirming that back channel talks with India were underway, aimed at discussing unresolved issues like Kashmir, Sir Creek and Siachen. However, he clarified that no breakthroughs are expected until after the Indian election.</p>	<p>The Times of India Pakistan Today</p>
<p>07-01-2014 CM Shahbaz Sharif and Indian High Commissioner TCA Raghavan agreed to devise a roadmap to explore opportunities of bilateral trade between India and Pakistan, at a meeting.</p>	<p>Express Tribune</p>
<p>18-01-2014 A brigadier level flag meeting was held at the Poonch-Rawalakot crossing point on the LoC. Military officials from both sides agreed to further strengthen the ceasefire.</p>	<p>Express Tribune</p>
<p>29-01-2014 Addressing a delegation of Pakistani media, Minister of External Affairs Salman Khurshid stated that India and Pakistan should abandon old attitudes, and explore new measures to resolve all outstanding issues, including Kashmir.</p>	<p>The News The Indian Express The Pakistan Observer</p>
<p>03-02-2014 India is set to ease visa restrictions for visitors from 180 countries, excluding Pakistan. Citizens from these 180 countries will no longer need to queue for hours outside Indian consulates, and will be able to obtain visas within three days by applying online. This service is not available for visitors from Pakistan. It was reported on the same day that India rejected a request from a group of 150 pilgrims from Pakistan to visit a shrine in Agra, to attend the urs of Hafiz Abdullah Shah.</p>	<p>Express Tribune Pakistan Today</p>
<p>03-02-2014 Prime Minister Nawaz Sharif reiterated Pakistan's willingness to resolve all outstanding issues with India through dialogue, as peace is vital to revive the economy.</p>	<p>The Hindu</p>
<p>07-02-2014 India's Minister of State for External Affairs, Preneet Kaur, released a</p>	<p>The News</p>

<p>statement about India's willingness to hold talks with Pakistan on all outstanding issues through peaceful bilateral dialogue, in an environment free from terror and violence.</p>	
<p>21-02-2014 Advisor to the Prime Minister on National Security and Foreign Affairs, Sartaj Aziz, met the Indian Minister of External Affairs, Salman Khursheed on the sidelines of the SAARC Council of Ministers meeting to review progress in bilateral relations since the prime ministers met in New York in September. They expressed satisfaction over the scheduling of meetings and agreed to continue efforts to improve relations and address concerns in a constructive manner. Mr. Aziz additionally assured his counterpart that Pakistan is moving expeditiously with the trial of the seven persons accused of involvement in the 2008 Mumbai attacks, and that an outcome is expected in a couple of months.</p>	<p>The Nation Daily Times</p>
<p>27-02-2014 The Indian Border Security Force released 20 Pakistani prisoners, including 18 fishermen, as a good will gesture. The prisoners were handed over to Rangers officials at the Wagah joint check post.</p>	<p>The Nation</p>
<p>11-03-2014 The Indian High Commission in Pakistan made it mandatory for travelers from Pakistan to ensure Oral Polio Vaccination at least four weeks prior to travel to India. The High Commission clarified that vaccination certificates will be required for entry into India, and must be carried throughout their stay.</p>	<p>Pakistan Today</p>
<p>15/18-03-2014 12 Pakistani fishermen were arrested by the Indian Navy near Khajar Creek in Thatta District. The Indian High Commissioner to Pakistan was called to the Foreign Office in Islamabad, where DG South Asia and SAARC registered a formal protest, and demanded that the fishermen and their boat be released immediately.</p>	<p>Express Tribune The Nation The Times of India The Hindu</p>
<p>29-03-2014 The Indian Border Security Force (BSF) handed over two Pakistanis who had inadvertently crossed the border to the Pakistan Rangers, as agreed upon during a meeting between the BSF and Rangers in December.</p>	<p>The Business Standard</p>
<p>31-03-2014 20 fishermen were arrested by the Pakistan Maritime Security Agency in Kutch; the Gujrat Fishermen Association maintained that the men were fishing in Indian waters.</p>	<p>The Times of India</p>
<p>Track II Diplomacy</p>	
<p>02-2014 A Track II India Pakistan dialogue was held in Colombo, Sri Lanka, under the Pugwash Conferences on Science and World Affairs.</p>	

<p>17-02-2014 Water experts from India and Pakistan discussed trans-boundary water management and the responsibilities of upper and lower riparian states at a roundtable co-organized by Jinnah Institute and Centre for Dialogue and Reconciliation in Bangalore.</p>	
<p>18-02-2014 The 13th round of Chaopraya Dialogue, organized by the Jinnah Institute and the Australia India Institute concluded in Bangkok. Senior delegates from the two countries deconstructed the recent flare-ups along the LoC, discussed mechanisms to strengthen the ceasefire, the roles and aspirations of the two countries in Afghanistan and prospects for greater strategic stability and nuclear non-proliferation.</p>	<p>Greater Kashmir The News The Nation Express Tribune</p>
<p>15-03-2014 Foreign policy and military experts from India and Pakistan met in India for the two-day Delhi Dialogue organized by the Jinnah Institute and the Centre for Dialogue and Reconciliation. The delegations discussed bilateral relations, Afghanistan, Kashmir, Trade and Energy and agreed upon a joint set of recommendations to improve relations and trade between the two neighbors.</p>	<p>Daily Times The Nation The News</p>
<p>Media & Culture</p>	
<p>20-12-2013 The Lahore High Court restrained the federal film board from issuing certificates for the exhibition of Indian films in Pakistan.</p>	<p>The Times of India</p>
<p>17-02-2014 According to a survey published by the Pakistan Institute of Legislative Development and Transparency (PILDAT) and the Centre for the Study of Developing Societies, 33% of Pakistanis think India is a friendly country while only 11% of Indians say Pakistan is a friendly country.</p>	<p>Express Tribune</p>
<p>23-02-2014 A 13 member delegation of journalists from Kolkatta, India, concluded their tour of Punjab at a dinner hosted by the Punjab CM Shahbaz Sharif. The delegation thanked the Punjab government for the hospitality shown to them throughout their tour, and lauded development projects undertaken in Punjab.</p>	<p>Pakistan Observer</p>
<p>24-03-2014 Members of rightwing Shiv Sena party protested against the participation of Pakistani artists in the Sindh Sufi Festival held the Indira Gandhi National Centre.</p>	<p>The News</p>

