The EU and Democracy Building in Pakistan

Dr Nadia M. Abbasi, Research Fellow,
Institute of Strategic Studies, Islamabad, Pakistan
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Abstract

In February 2008, Pakistan re-embarked on the process of democratization by electing a popular government after eight years of military rule under General Pervez Musharraf. The return to a democratic set-up still faces a number of challenges in the political, economic and security realms. Institution-building is still required in Pakistan to enable the smooth running of a democratic system. Pakistan's geographic position makes it an important part of the fight against global terrorism.

The European Union (EU) is Pakistan's biggest trading partner and has been active in reinvigorating the democratic process and strengthening the social and economic fabric of Pakistan through its development and aid policies. The EU’s engagement with Pakistan is mainly based on aid and assistance rather than as part of the EU security strategy: it is a donor-recipient relationship.

There is no doubt that the fragile democracy in Pakistan requires the support and assistance of international actors. The new government must take immediate steps to strengthen the legal system, develop a new economic model, build state institutions and overcome the menace of terrorism and extremism. The EU’s multi-track approach could be very effective in this scenario.

In view of the complexity of the task that Pakistan faces today, this paper: (a) outlines the areas of cooperation and the direction of EU policy towards Pakistan in the recent years; (b) provides an insight into how the EU is perceived in Pakistan and why it needs to play such a role; (c) discusses the nature of the current difficulties faced by Pakistan; and (d) emphasizes the importance of stability and democracy in Pakistan to the region and the international community. The paper identifies recommendations for areas of cooperation and courses of action that can be adopted by the EU in order to enhance and strengthen democracy in Pakistan.

1 This paper was written in early 2009 for International IDEA.
Summary of Recommendations

• The relationship between Pakistan and the EU needs to change from a donor-recipient relationship.

• More investment is needed in Pakistan in the fields of agriculture and industry.

• The EU can play a role in involving various political parties in dialogue.

• The EU should continue to support the civil rights movement of lawyers in Pakistan for the restoration of a free and fair judicial system;

• Economic concessions, such as the GSP plus and other mechanisms, can be effective in the short term, but raising the level of trade relations and providing greater market access through free trade agreements is key. Generating employment and reducing poverty in Pakistan needs to be the main objective.

• The EU should establish a summit-level dialogue with Pakistan and make Pakistan a strategic partner in order to cooperate in greater detail on subjects of bilateral economic and security interest.

• As part of the NATO force in Afghanistan, the EU can help convince the United States to adopt a coordinated strategy and respect the territorial sovereignty of Pakistan in order to thwart the extremists who have been thriving because of these issues.

• The EU should establish an inter-faith dialogue involving extremist elements in Pakistani society as part of an international exchange to increase understanding.

• The EU should establish and use EU aid development offices to conduct programmes as well as channelling EU aid through international and local non-governmental organizations (NGOs).

• Pakistan and the EU must work jointly on the eradication of illegal drugs from Afghanistan.

• Increased cooperation on capacity-building institutions is an area of bilateral interest. The judiciary and the police should be an important part of this institution-building.

• Foreign Direct Investment from EU member states would help Pakistan to gain economic strength and create a jobs market in Pakistan.

• The EU should work to persuade the Pakistani Government to bring structural change and reform to the feudal system.

• EU development aid to Pakistan should not just focus on the Afghan border area but also target major cities.

• Special economic opportunity zones should be established in the tribal areas.

• The EU needs to adopt a regional aid policy towards South Asia as it has done in regions such as Central Asia and North Africa.
1. Introduction: Why the European Union?

Pakistan’s civilian leaders want to consolidate its fragile democratic institutions, ensure good governance and continue the struggle against religious extremism and violence. They need the assistance of the USA and the EU to achieve these goals. Anti-US sentiment, especially in the tribal areas, means that there is more space and opportunity for the EU to play an effective role in keeping Pakistan stable and secure and ensuring a democratic system of governance.

The EU is perceived as a donor and an important trading partner in most third countries, and this is also the perception in Pakistan. It is also seen as pursuing a policy of promoting human rights and democratic reform. The EU has received credit among the Pakistani population for its support of the lawyers’ movement. The EU also played a positive role in the rehabilitation of the victims of the recent earthquake.

The EU has transformed itself from an economic union to one that encompasses all aspects of unity in the past two decades, successfully building institutions and holding its 27 member states together. There is obviously much to learn from this institution-building for Pakistan.

A free trade agreement between the EU and Pakistan could give Pakistan’s economy a much-needed boost while providing the EU with leverage to help influence domestic policies. There is a need for the EU to develop a strategy for engagement that is both proactive and multifaceted, encouraging and strengthening civilian leaders and non-governmental organizations (NGOs) while also engaging with the military. The border between Pakistan and Afghanistan is so fluid that the problems of the two countries cannot be treated as separate issues. A huge influx of aid and vocational training is needed in the Federally Administered Tribal Regions (FATA) and the North West Frontier Province (NWFP) in order to challenge extremism.

Second, anti-US sentiment in Pakistan presents an opportunity for the EU to play a key role in promoting a more open and stable society. The US approach in Pakistan is neither making friends nor preventing new recruits from crossing the border to kill US and other North Atlantic Treaty Organization (NATO) troops. Every time the USA launches an air attack into Pakistan from Afghanistan, it further destabilizes the Pakistani state (Kaplan 2008). The Europeans have not undertaken such action. The publication of the Danish cartoons and the activities of Dutch filmmakers have had negative repercussions throughout the Muslim world, and specifically in Pakistan, and some extremist elements have successful tried to make capital from them, as can be seen from the suicide bombing at the Danish Embassy in June 2008. However, the EU is mainly perceived as a peacebuilder in this part of the world.

Third, the EU enjoys substantial political influence in international affairs. Most of its members are in NATO and thus play a significant role in international security and stability in different regions of the world. NATO’s expanded security role and especially its presence in Afghanistan gives the EU has an important stake in the stability and security of the South Asian region. Fourth, the EU a sizeable migrant Pakistani
and Muslim community, and is part of the Friends of Pakistan forum, which was established to support the Government of Pakistan in its efforts to consolidate democracy. Finally, the EU is looking for a foreign policy role and its engagement in Afghanistan is a test for that role. Pakistan has to be dealt with in this scenario and needs to be stabilized in order to achieve any success in Afghanistan. The heart of the European strategy should thus be to save Pakistan, a country with functioning institutions and a largely moderate population, from going the way of Afghanistan.

This is both a good time and a good opportunity for the EU to improve its relations with Pakistan. Pakistan is in dire need of such support from international actors not only for its role in the fight against terrorism, but also for its own survival. The new US Administration seems to be changing its strategy towards Pakistan in order to achieve a better outcome in Afghanistan. The EU is a close ally of the USA and most EU member states are part of the NATO-led ISAF force in Afghanistan. They therefore need to work in close cooperation to support Pakistan.

2. EU Policy Towards Pakistan

EU policy towards Pakistan is governed by a Third Generation Agreement (TGA), which was ratified in September 2004. The TGA is a non-preferential agreement and has no financing protocol. EU policy towards Pakistan is typical of EU policy towards third countries. Its main focus is on development aid rather than trade and political issues. Military rule restrained the growth of bilateral relations because the EU insists on dealing with democratic governments and on respect for human rights. Although there was some flexibility on these issues, a lot of time has been lost. Today, the EU is Pakistan’s largest trading partner and leading investor.

The EU recognizes the sacrifices made by Pakistan in the fight against terrorism, and the urgency of the security and economic dilemma facing Pakistan (European Council, 2008b). The first EC-Pakistan Joint commission held under the TGA in Islamabad in May 2007 established a foundation for advancing EU-Pakistan relations through a structured dialogue process. Sub-groups were formed to discuss trade, development cooperation, science and technology, alternative energy, good governance, human rights and migration issues.

The EU uses the European Initiative for Democracy and Human Rights (EIDHR) to support the activities of civil society organizations working for human rights and democracy in third countries. For the EU, promotion of the democratic process implies good governance, strengthening civil society and developing a democratic electoral process. In 2002–2006, the EIDHR financial allocation to micro-projects in Pakistan was EUR 2,715,000 (European Commission 2007). Some of these micro-projects are in the education field.

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2 The Friends of Pakistan forum was launched on 26 September 2008 by the foreign ministers of Australia, Canada, China, France, Germany, Italy, Japan and Turkey as well as representatives of the EU and the United Nations meeting under the co-chairmanship of President Zardari of the Islamic Republic of Pakistan and the Foreign Ministers of the United Arab Emirates, the United Kingdom and the United States.
The EU mainly imports textiles and clothing with a current value of EUR 3.5 billion. An anti-dumping dispute over bed linen from Pakistan has long strained relations. Another trade-related issue that strained relations is the EU’s special tariff concession scheme, known as “GSP plus” from which Pakistan has been excluded. GSP plus gives some countries duty free access to EU markets. As a result of its exclusion, Pakistani products face higher tariffs than those of other South Asian countries. Bangladesh uses the GSP plus scheme to export its products and India is negotiating a free trade agreement. The Pakistani government has been pursuing a free trade agreement with the EU but there is reluctance on the EU’s side. In December 2008, the EU External Affairs Commissioner, Benita Ferrero-Waldner, said that no decision would be taken until 2009.

Source: Deutsche Welle 2008

The most substantial contribution of the EU to establishing and supporting democracy in Pakistan was the sending of EU election observers to monitor the elections held in February 2008. The positive and constructive role played by the EU through the deployment of its EOM contributed to the general acceptance of the results in difficult circumstances, and resulted in increased public confidence in democracy in Pakistan. The Council of the European Union welcomed the transition to new governments at the federal and the provincial levels as well as the initial steps taken to restore judicial independence (Council of the European Union, 2008).

On the development cooperation side, the EU has spent some EUR 500 million on aid to Pakistan since 1976, according to the European Commission, and has quadrupled its funding for the 2007–2010 period, with EUR 50 million earmarked so far. The money is directed at boosting EU programmes in the fields of education, trade and farming in Pakistan’s north-west, a tribal area that borders Afghanistan. (EU Business, 2008).

In Pakistan, there is a need to establish the specific linkage between development and security. The tribal areas and other areas where extremists have been able to sustain militancy and conduct suicide bombings and other terrorist activities are poverty stricken.
areas that have not been developed by the government over the years. EU development assistance to Pakistan or in the North West Frontier Province or the tribal areas should take the form of economic development to provide sustainable, workable and long-term solutions. Nor should this development aid be focused only on the border areas. The most effective way to broaden the relationship is an expansion in bilateral trade – nothing can be more helpful than providing market access in enabling Pakistan to achieve its goal of lifting millions out of poverty and keeping the economy on a sustainable trajectory of stability and growth. A free trade agreement would be a most effective mechanism.

The EU can help to save Pakistan from becoming another Afghanistan. This is important for the stability of Pakistan but also because Pakistan falling into the hands of extremists and militants would have a domino effect in the region and globally. The situation in Pakistan, in both the political and the economic spheres, is deteriorating to an extent that could potentially have seriously destabilizing consequences. The EU is in a different position to that of the USA. Anti-US feeling and militancy are now receiving more support from the public. Increasing troop numbers in Afghanistan and continuing US drone attacks in the tribal belt of Pakistan will strengthen these phenomena.

3. The Importance of Stability in Pakistan

Pakistan’s strategic geographic location is an important factor in its foreign and domestic policy. It is located at the crossroads of the Middle East, Central Asia and the rest of the Asia-Pacific region. All the important trade routs of the world pass through Pakistan. Since the events of 11 September 2001, Pakistan has assumed the role of a frontline state in the global fight against terrorism, of which the EU and its member states are an important part. This role has not been easy for Pakistan and it continues to pay a price for being on the frontline, in the form of extremism in society, loss of its civil society and the destruction of its democratic infrastructure. The related poverty continues to fuel extremism.

Box 3. Pakistan and the New World Order

In 1979, Pakistan took the crucial decision to confront the Soviet Union militarily in Afghanistan on its own. The USA and other Western powers moved in to support only after the Pakistan-sponsored Afghan resistance began to yield results. This prevented the Soviet Union from making a swift move to the shores of the Arabian Sea. New dynamics were set in motion by the Pak-Afghan victory over the Soviet Union in Afghanistan. Other factors contributed to the break-up of the Soviet Union but it was certainly precipitated by defeat in Afghanistan. The demise of the Soviet Union in 1991 left the USA as the sole superpower in the world. The Soviet-led Warsaw Pact was dissolved, giving NATO complete military ascendancy over Europe. The Berlin wall dividing the German nation was demolished enabling Europe to gradually evolve the European Union of today. These events took place when the Soviet Union had been considerably weakened less than two years after its humiliating withdrawal from Afghanistan. That withdrawal was made possible only by the struggle of the Afghan Mujahideen put together by Pakistan (Khan: 2009). In a sense, Pakistan was instrumental in bringing about the new world order.
There are a number of issues that are currently of concern to Pakistan, affect its democratic credentials and could potentially destabilize the country and the region as a whole. These issues may be grouped into mainly economic challenges, terrorism, political challenges and the question of the lawyers’ movement.

**Economic Challenges**

From the outset, the democratic government inherited enormous challenges on the economic and security fronts. The economy was under immense pressure when it took office. Increasing oil and commodity prices added to the woes and the trade deficit soared to over USD 15 billion. Between May 2007 and May 2008, food prices rose by 28 per cent and wholesale fuel prices by 46 per cent. Stock market and investor confidence have been badly affected and there has been a flight of capital. Foreign exchange reserves were rapidly depleted and the rupee depreciated to a record low. The international financial crisis has further aggravated the situation. The growing vulnerability of Pakistan’s external account and the decline in its reserves led to a downgrading of Pakistan’s sovereign credit ratings. Financial assistance has already come in the form of an International Monetary Fund rescue package of USD 7.6bn. Japan is likely to host a Friends of Pakistan donor conference in April 2009 (Lamont and Bokhari, 2009).

Pakistan has paid a huge human, social and economic cost in the fight against terrorism. There have been around 5000 acts of terrorism in the past three years, resulting in the deaths of thousands of people. It is estimated that Pakistan’s economy suffers to the tune of USD $6 billion a year. Budgetary allocations for anti-terrorist activities and security measures negatively affect development initiatives. Pakistan’s participation in the anti-terrorist campaign has led to massive unemployment and displacement of people in the affected regions, which in turn is responsible for weakening the fabric of Pakistani society.

Pakistan faces a looming energy crisis and industries suffer as a result of electricity breakdowns. Investment is needed to deal with the energy crisis, which has taken a toll on the economy of Pakistan. Technological know-how as well as investment in this sector, specifically in clean energy using wind and solar power, would assist both Pakistan and in combating climate change.

**Terrorism**

The war in Afghanistan has spilled over the border, with the ‘Talibanization’ of large swathes of Pakistan largely bereft of economic development. Making matters worse, every time the USA launches an air attack into Pakistan from Afghanistan, it further destabilizes the Pakistani state by inflaming militancy and anti-Americanism (Kaplan, 2008). Events in Afghanistan have always had some impact on NWFP in general and FATA in particular, but today the extent of the damage extends beyond the tribal belt to the city centres of Pakistan. The US approach of viewing and portraying the Pakistan Government and its military as a hired gun to be used to further US interests worked against the Pakistan Government and the previous US Administration.

The attacks in Mumbai, India, increased the pressure when links were established between the perpetrators and terrorist organizations in Pakistan. Despite the extension of cooperation with Indian authorities on the issue, the incident has dented relations
with India and derailed the India-Pakistan peace process. The world needs to know that terrorism is not the problem of a single country and that Pakistan is not equipped to deal with it on this scale. The weak economy and poverty in Pakistan as well as a shrinking job market means that terrorist organizations are able to attract the youth of Pakistan for their own objectives. The world must act to strengthen Pakistan's economy and democracy, help it to build a civil society and provide Pakistan with the law enforcement and counterterrorism capacities to enable it to fight terrorism effectively.

**Political Challenges**

In the political realm, public hopes were pinned on the two major political parties, the PPP and the PML-N, to rid Pakistan of dictatorship and bring peace and economic harmony as well as civil rights and liberties to the people. Unfortunately, since the reason for their joint action has been removed, there has been infighting between the parties. The history of Pakistan has been a long cycle of civilians gaining power through democratic elections, only to mishandle the affairs of state, ruin the economy and sink into the marshes of personal corruption. The army then steps in for a period of military rule before the country goes back to elections again. This pattern has to be avoided in future.

The party in power, at the time of writing, has not abolished the extra presidential powers that were available to Musharraf – and President Zardari is unlikely to give them up. The issue of the restoration of the Supreme Court judges is still unresolved and the economy is in a shambles with a heightened energy crisis and high inflation. The only issue that seems to be making progress is the issue of establishing a dialogue with extremists instead of using military force. This has happened in the Swat valley. Some argue that events in the Swat Valley showed that Pakistan was moving towards a theocracy. US attacks and Pakistan Army operations have led to half the local populace leaving the area. Unfortunately, the USA has enmeshed all elements of terrorism, militancy and extremism in one basket and tried to bomb them away – a strategy that has worked against the USA and the rest of the world.

Despite the turmoil that Pakistan has experienced in 2008, there is still real potential to bring sustainable democratic development to Pakistan. This is not because any elected civilian government can rapidly replace military rule, but because the military, in contrast to many perceptions, is willing to share power with a civilian government.

**4. Recommendations**

This section makes some specific recommendations on improving Pakistan-EU relations. These are actions that can be undertaken by the EU in order to help direct Pakistani society and polity towards a democratic path.

The donor recipient relationship between Pakistan and EU needs to change. This will give a new impetus to the relationship and create a better environment for working with the EU.
Exchange programmes for Pakistani students, researchers, technicians and media personnel will help to educate the youth in these fields and to direct the youth of Pakistan towards a democratic way of life. Providing a special Pakistan window in the EU’s Erasmus mundus scholarship programme, especially in the social sciences and humanities, would be a good start. Exchange programmes for lawyers and parliamentarians could also be effective mechanisms.

The EU should invest more in Pakistan’s agriculture and industry. The energy sector in Pakistan is in dire need of investment and can only reach its optimal level if there is investment in the alternative energy sector, specifically in wind and solar energy. The EU should also increase its cooperation in the fields of science and technology.

The EU can play a role in persuading the various political parties to engage in dialogue. It must also continue to support the civil rights movement and the lawyers in Pakistan in the campaign for the restoration of a free and fair judicial system. An independent judicial system can ensure that political and social victimization do not take place in society.

Economic concessions such as GSP plus can be effective in the short term, but raising the level of trade relations and providing greater market access through free trade agreements is the key to improving the economy. Generating employment and reducing poverty in Pakistan must be the main objective.

The EU needs to establish a summit-level dialogue with Pakistan and to make Pakistan a strategic partner in detailed cooperation over matters of bilateral economic and security interest. There is hope that the EU troika visit to Pakistan in March 2009 will assist with this process.

The domestic decision-making of the democratic government on issues related to extremist elements, specifically in the tribal areas, should be supported rather than criticized by the EU in order to restore the lost sense of sovereignty. Extremist elements will become unpopular once the local population is economically and socially empowered. For example, Muttahida Majlis-e-Amal came to power in the 2002 general elections in the NWFP but was wiped out in the 2008 general elections and replaced by the secular Awami Nationalist party (ANP). Unfortunately, the ANP has been unable to deliver because of the rise of the Taliban in the region and the continued US attacks in the area, which the ANP had promised the electorate that it would stop.

The EU, as part of the NATO force in Afghanistan, should help to convince the USA to adopt a coordinated strategy and refrain from cross-border attacks, thereby respecting the territorial sovereignty of Pakistan and thwarting the extremists – who have been thriving because of these issues.

The EU can be instrumental in establishing an inter-faith dialogue involving extremist elements in Pakistani society as part of an international exchange that aims to increase understanding.

Instead of channelling EU aid money through international and local NGOs, it would be a better idea to establish and use EU aid development offices to conduct the programmes. Although there has been a history of corruption with development
aid money provided by the EU, there is still room for channelling some of the money through local government in order to improve its standing. At the same time the amount of money allocated for such purposes should be increased (European Commission 2008).

Sustained militancy on Pakistan’s side of the border with Afghanistan is also the result of the drug money coming from Afghanistan. Pakistan and Europe need to work jointly on the eradication of illegal drugs in Afghanistan because the end product ends up on the streets of Pakistan and Europe and the money earned from the drug trade is used to promote militant activities in Pakistan.

Increased cooperation on the capacity-building of institutions is another area of bilateral interest. The judiciary and the police should be an important part of this support for institution-building. It would be helpful for law enforcement officers such as policemen to be trained in Europe or undertake diplomas from there. The police service is unable to cope, which means that the military often has to become involved in investigations. The law enforcement agencies need to be better equipped. The police are not even able to handle simple cases because of the immense corruption at all levels and the time spent on political victimization of the opposition.

Encouraging Foreign Direct Investment from EU member states would help Pakistan gain economic strength and create jobs in Pakistan. International investment in Pakistan has been affected for the past eight years not only by Pakistan’s proximity to the war-ravaged Afghanistan and its role as a frontline state in the fight against terrorism, but also due to the lack of democracy in the country. There is a need to understand that furthering the democratic credentials of Pakistan is directly related to economic well-being. The youth are encouraged to join militant organizations partly because of the financial incentives that they offer.

While providing economic incentives, the EU needs to encourage the present democratic government in Pakistan to pursue policies to bring about structural changes and reform to existing feudal systems in Pakistan.

Increasingly, terrorism is not confined to Pakistan’s remote border areas – it has also taken root in the cities. The present increase in EU aid is targeted towards the Pak-Afghan border area, but it is not only these areas that should be the focus of EU aid and projects, but also the larger cities such as Karachi, Multan and Quetta which are becoming safe havens for Al Qaeda and extremists. Viable long-term plans need to be adopted in order to free FATA from the clutches of extremist elements, as well as poverty, illiteracy, unemployment, ignorance, exploitation and a lack of medical and other facilities. These are some of the root causes of terrorism and religious fanaticism in the cities of Pakistan.

The EU should insist that the government establish the much talked about special economic opportunity zones in the tribal areas, in order to bring resources for the socio-economic benefit of people at the grassroots level and to bring them into the mainstream of national life.

The EU needs to adopt a regional aid policy towards South Asia as it has done in other regions. Bringing countries into the democratic fold requires multilateral programmes.
5. Conclusions

The international community has made the mistake of ignoring extremist elements that were the remnants of the Afghan war against the Soviets once before. If these elements are allowed to flourish and expand at the behest of anti-Americanism or anti-West sentiment, there is a fear that a new generation of suicide bombers and extremist elements will come into being and aspire to take over weaker countries such as Pakistan. Pakistan must become a success story rather than a failed state. A consensus must be built in the international community that there is no way that Afghanistan can be rescued without stabilizing Pakistan, and that the stability of Pakistan is dependent on a democratic system which urgently needs support from its partners.

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About the Author

Dr Nadia M. Abbasi is a Research Fellow at the Institute of Strategic Studies, Islamabad, Pakistan. She works on various issues related to the EU and specifically on EU policy towards South Asia and issues of integration and identity in the EU. She also focuses on the EU policy towards the war on terror in Afghanistan and Pakistan. Nadia Abbasi is presently based in Copenhagen, Denmark.