

Elizabeth Threlkeld:

... and Deputy Chief Commissioner here in Washington, in addition to many other postings around the world. We're fortunate to have him with us today. I think this is really a timely event. We've just seen the Biden administration come into office, and there's been a positive trajectory in the U.S.-Pakistan relationship, particularly over the past couple of years, due in large part to cooperation on the situation in Afghanistan, and in working together to come to a negotiated political settlement there.

Elizabeth Threlkeld:

Pakistan has also seen improvements in terms of its own internal security situation, and recently has been calling for greater economic cooperation and connectivity throughout the region. That said, I think it's safe to say there are some potential storm clouds on the horizon as we look towards the future. Regionally, certainly the looming troop withdrawal deadline from Afghanistan, the continuing violence there could put a strain on the relationship going forward, or at least raise some questions in terms of how Afghanistan might continue to shape U.S.-Pakistan relations.

Elizabeth Threlkeld:

More broadly as well we see deepening relationships between Pakistan and China, and U.S. and India in turn amidst increasing geopolitical competition in the region. Internally within Pakistan, I think it's safe to say that policy makers here in Washington are paying close attention to both the recent acquittal of Omar Sheikh, and his co-defendants in the case of the murder of Daniel Pearl, the Wall Street Journal journalist, as well as the test of the Shaheen-III missile on the inauguration day.

Elizabeth Threlkeld:

A lot to unpack there, but hopefully as well some signs of progress going forward or future directions we'll be able to identify. Before I turn it over to the ambassador, just a few housekeeping notes really quick. The ambassador is going to offer some opening remarks, and then my colleague and South Asia program director, Dr. Sameer Lalwani, will respond as a discussant, and raise some questions that the ambassador will then be able to respond to.

Elizabeth Threlkeld:

Finally, we will open it up to a Q&A with the audience. Please submit your questions through the Q&A function at the bottom of the screen. We'll be glad to go through those, and get to as many as possible in the time we have with the ambassador today. Without further ado I'll turn it over to Ambassador Khan. Many thanks for joining us sir.

Ambassador Khan:

Thank you very much Elizabeth. Good morning to you Sameer, good morning to you also, and through you, to all the participants in this conversation. I am thankful to Stimson for organizing this, I would say, a very timely conversation, you're right. This is frankly I think my first public conversation in Washington D.C. after the inauguration of the new administration. To talk about Pakistan-U.S relations with the new administration is I think an important, and timely conversation to have.

Ambassador Khan:

Really, I think for the Biden administration, in a way it has taken over at a, I would say difficult time, because basically it's a new administration, but an administration that has individuals led by the

president himself, who brings a lot of experience of foreign policy, a lot of experience and understanding of our region, of individual countries in our region. So you have a new team, but old hands.

Ambassador Khan:

Similarly, they are also coming in at a time ... They've been out of office for about four years. But in these four years I think a lot has changed in United States domestically, a lot has changed internationally, and a lot has changed regionally also. Under ordinary circumstances, I think any new administration would have spent the time between 3rd November until January 20 to come to grips with the new realities on the ground, in terms of determining and reflecting on the position, and policies that they're going to adopt.

Ambassador Khan:

I think this has been an extraordinary situation, we had a contested election here, not a very smooth transition either. Followed by the second impeachment, a raging pandemic, and economy under stress. Clearly, the new administration has its hand full, and will have to be clearly inwardly focused for a group which essentially brings foreign policy as its biggest strength. I'm sure they will be balancing one with the other as they settle down.

Ambassador Khan:

As the new administration starts to determine its policy priorities, and the direction of relationship with individual countries I think Biden team will have to bring up to speed, bring themselves up to speed with the developments in the region in particular. I'd leave the U.S. domestic situation, and the international situation. I'd come directly to the region which I think will have a bearing on our bilateral relationship.

Ambassador Khan:

When we talk about the relationship in the region, of course Pakistan is a first element in that equation, where I think the situation has tremendously changed. The Biden administration would basically have to deal with a new and transformed Pakistan. A Pakistan, something that you also alluded to in your opening remarks, I think we did launch over the last five, six years, a very successful and determined counter-terrorism effort in Pakistan.

Ambassador Khan:

The result of that effort is very clearly visible in terms of remarkably improved domestic security situation. Not only that, but also on our border with Afghanistan. I think the change will be better appreciated by those who have experienced, and seen the situation in the past. The president Biden team definitely will be in a better position to appreciate what has changed on the ground, as compared to anyone else who have not seen that before.

Ambassador Khan:

I say this, because I've been part of these conversations with the Obama administration, where a number of senior officials in the new administration also held very important and key positions. Going back to the travel agencies, the way we have cleared all those agencies, building up of the fence, integrating FATA into mainstream Pakistan, going after these terrorists, and proscribed entities in Pakistan. I think that's the first reality that they will have to realize, recognize, and appreciate, I think.

Ambassador Khan:

The second I think important one is Pakistan's readiness to invest in peace, and engagement and dialogue in the region. Clearly, that applies to both our east and western neighbors. I'll come to each one of them later on, but this stems from the prime minister's commitment, that the primary focus of governance, and primary focus of his government should be to provide a better life, and livelihood, and prosperity to the people of Pakistan.

Ambassador Khan:

For that, having peace within and peace around Pakistan is absolutely essential. That is what has driven our policy choices vis-a-vis our neighbors. In that context, Pakistan also very clearly and unconditionally supported the Afghan peace process. I think that is another reality there. I think Afghanistan has emerged as a convergence, from being a point of contention in the bilateral relationship.

Ambassador Khan:

This convergence I believe is a result of better understanding, and respect for each other's position, rather than as an outcome or consequence of any coercive policies adopted by Washington. So, this is really something. Then also domestically, the new government of Prime Minister Imran Khan, which was a departure from the typical pattern that we had in Pakistan over the years also focused on a more accountable, more transparent, and more efficient government. Because linked to that really is the overall policy accountability also, in terms to a democratically elected government.

Ambassador Khan:

Similarly, the leadership, our institutions, be it the judiciary, be it the media, has also shown greater sensitivity, and more activism in terms of working to promote, protect, the rights of minorities in Pakistan, and to highlight them, as and when required. This is what has changed in Pakistan, something that the new administration will have to internalize in terms of trying to set the course, and direction of policy approach in its relations with Pakistan.

Ambassador Khan:

The second good story I would say, coming from the region is from Afghanistan, where we have a peace process in place. A process that was essentially started by the Obama administration. It didn't go too far unfortunately, but at least over the last four years, or particularly over the last two years, we have a conversation track, we have a peace process, and that peace process has produced three I think important outcomes. First is the U.S.-Taliban agreement.

Ambassador Khan:

Despite all the challenges, difficulties that the interlocutors faced in the process, the parties were able to come to a conclusion. The second is the start of the Intra-Afghan negotiation process. Frankly, we will never see peace in Afghanistan, unless and until all the Afghan groups are able to sit across the table, and get to a comprehensive understanding amongst themselves.

Ambassador Khan:

Many people had predicted that these parties will never sit face to face under the same roof. Not that they actually came to discuss things amongst themselves, but they have also agreed on this agreement on rules, and procedures. I think another understated, and less referred reality is that in the last one year there hasn't been even a single American casualty in Afghanistan, which obviously is also an outcome of the peace process.

Ambassador Khan:

Not just that, but we also saw, although ceasefire, and violence remains a challenge, and there has been, to be fair, escalation in violence, but there have been occasions where the ceasefire though limited one, was agreed to, on more than one occasion between the parties. Parties were able to actually uphold that. Right now, there is obviously a lull in the process because everyone is waiting to hear from the administration.

Ambassador Khan:

What we have heard so far from the administration in terms of its commitment to continue with the peace process, in terms of retaining Ambassador Khalilzad which also marks the continuity in the process, I think these are indeed welcome developments, because Pakistan has continuously and consistently maintained that there is no military solution. And that the only way out is through dialogue.

Ambassador Khan:

Today, more than ever before, Afghanistan is a point of convergence as I mentioned earlier, because a peaceful, stable Afghanistan is in Pakistan's interest. And we are like other key players and stakeholders in the process want to bring the Afghan conflict to a responsible, and to achieve a secure and inclusive political settlement.

Ambassador Khan:

The third story from the region, unfortunately is not a good one, where things too have changed, but changed unfortunately for worse. I'm talking about India. Because when the new administration sits in that role of making determinations, they would find India having changed in many ways over the last, four, five years. India's unilateral actions in Kashmir, in violation of their commitment to the people of Kashmir, in violation of their commitments made to the UN security council, in violation of the bilateral commitments that they had, and agreements that they had with Pakistan.

Ambassador Khan:

Unfortunately the BJP government has been at war with its own minorities. We have seen Cow vigilantism, we have seen lynchings, while the president of the United States was there, the citizenship amendment act, and a number of other steps taken that basically I think has clearly undermined India's image and standing.

Ambassador Khan:

This becomes ever more relevant for an administration that has actually consistently maintained that they would want to pursue a value based foreign policy. For us, India, the escalation on the line of control, the atrocities and violations being committed in Kashmir, in absence of any dialogue with India frankly poses a threat to peace and security in the region.

Ambassador Khan:

What has also changed, and I think this is something that the new administration would also see as an objective of the situation, I mean, the DisinfoLab revelations from Europe, and this is not what we are saying. The Arnab Goswami episode from India, and the dossier that we have shared of what unfortunately India is doing to undermine Pakistan economically, and in terms of security, is going to be in many ways an eyeopener for the new administration.

Ambassador Khan:

I think as they settle down, and as they look at all these relationships, I believe all these changes, developments, I think will have to be factored in by the new administration. We are looking forward to engaging. The foreign minister had a telephone conversation with Secretary Blinken, similarly President and Prime Minister have also exchanged letters.

Ambassador Khan:

We have also had communications with the national security advisor with our leadership. The initial conversations have already taken place. We look forward to building on these conversations to have a formal dialogue with the administration. I'll just stop here. I know you will have a lot to comment on. I'm ready for a conversation from here on.

Elizabeth:

Thank you so much Mr. Ambassador. I will turn it now over to Sameer for some discussant remarks.

Sameer Lalwani:

Thank you Mr. Ambassador. I just wanted to thank you for joining today, for taking this opportunity to have a frank and open conversation. I think this is part of a healthy rebuilding of the U.S.-Pakistan relationship. I couldn't help but notice that many of your points that you made were quite consistent with the National Security Advisor Moeed Yusuf comments maybe about a month ago when he gave a talk to the Wilson Center, which tells me that there is clearly great consistency and coordination to speak highly of the foreign policy process going on in the new administration.

Sameer Lalwani:

I thought I'd pick up on some of those points a little bit, and try to push a little bit on some of the issues you raised. The first one I thought was a really good one. That's the transformed Pakistan. I think is consistent with Moeed Yusuf's point about trying to sort of build Pakistan but not to be a repository for military relationships, the military base, but geo-economic facing. I take your point that the counter-terrorism successes over the last five, seven, frankly over a decade, the successes ought to be paying dividends.

Sameer Lalwani:

Pakistan is much safer than it was five, 10 years ago. It's probably more open to foreign travel, tourism, and frankly towards domestic commerce. I do think one challenge that comes up consistently from the U.S. stand is that while there is a push from Pakistan for this greater economic engagement, it strikes me that much of this is not something that the U.S. government can fast track, or authorize, or really direct.

Sameer Lalwani:

This is a B2B problem, not a G2G problem in some ways. Maybe the G2G process can help stimulate it, right? But then it's a very indirect process of government creating a certain business environment to attract another business environment to create incentives for the other government to have a greater stake in the relationship.

Sameer Lalwani:

Here I guess the question I'm angling at, one of the questions that I want to put on the table is, what reforms has Pakistan made, or is in the process of making that would make it a more attractive environment for this building of the business and economic relationship? Just looking through some recent reports, it still seems though that Pakistan has a comparative disadvantage, particularly compared to a lot of the peers in South Asia and southeast Asia. It still has low rating in terms of ease of doing business, transparency and clarity, in terms of a single-entry point for investors, higher overall average tax rates, they have to be paid in advance, owners requirements, performances, and numbers on corporate boards in Pakistan.

Sameer Lalwani:

I'm drawing this list from a state department report. These are publicly known things. They come up in IMF reports regularly, poor IP protection, which is a concern that's raised by USTR, corruption, rule of law.

Sameer Lalwani:

These are challenges that I think are in some ways a greater inhibitor of the kind of economic relationship that you and others have anticipated. I'd be curious to know, what steps are being taken to remedy that so we can have this broader base, or coherent and sustainable relationship?

Sameer Lalwani:

The second area that I want to pick up on from your point is its readiness to invest in peace. That's a great phrase. I think you're talking about this with regards to Afghanistan in particular. It certainly has become a greater point of convergence over the last two years in the United States. I'd start by asking, what is Pakistan's willingness to double their investment in this point of convergence?

Sameer Lalwani:

The reason I ask that is because as you noted yourself, the peace process has come under some duress in recent months, it's far from complete. There is a lot of pessimism about what's about to unfold in the next few months. Taliban has escalated violence. There is some belief that there is a bad based effort to wait out the timetable for withdrawal.

Sameer Lalwani:

This is unfortunate, because it's a situation where for a long time U.S. and Pakistan were at loggerheads over the ideal end state in Afghanistan. I think there has to be a convergence where we both agree the Taliban will have to be in some power sharing arrangement in the future. The question is, what is the process? Is it a peaceful peace process that's advised by the terms and spirit of an agreement, or is it through essentially a renewed military campaign that forces Afghan government capitulation, and the withdrawal of the United States forces, and NATO forces?

Sameer Lalwani:

In that scenario I can see how the Taliban would be empowered, and this might be in Pakistan's foreign policy interest at some degree, but I do also worry that this could have a negative effect on the previous point you're making about the economic turnover, and transformation in Pakistan.

Sameer Lalwani:

In that scenario where Afghanistan is essentially taken over by the Taliban, or taken over by force. I think the international community is far less going to provide aid to Kabul, there is far less appetite for international investors to reap a peace dividend, they'll be far more leery of an environment.

Sameer Lalwani:

In the absence of that I think we see a resumption of some sort of illicit economies, warlord politics, narco-trafficking, political violence, all the instabilities of the 90s that gave Pakistan great concern, and great headaches in terms of its own stability. I guess that's a long way of asking, given the scenario we're faced today, and given the idea that's been put on the table about the possibility of a postponement of withdrawal, potentially a six month or something of withdrawal. So that the peace process can actually have a chance of succeeding, where does Pakistan stand on that?

Sameer Lalwani:

The last question I want to ask you is one you didn't raise, but I will just put it out to you in any case, because I think it's one that certainly was noticed in Washington. For a long time, one of the central challenges for the U.S.-Pakistan relationship has been Pakistan's nuclear program. It certainly went on from the 80s and 1990s, until the test in 1998. Pakistan is a sovereign country, it's an independent country that's made its choices about what was best needed for its security. I think ultimately, while there were tensions during that process no one can begrudge Pakistan for making the choices that it made that deemed as its own national interest and national security interest.

Sameer Lalwani:

It was noticed that Shaheen-III test took place on the day of the Biden administration's inauguration. Concerning the missile it's a medium range ballistic missile that can range Israel. This missile had not been tested since March of 2015, so there was quite a low for a period of time, and then conspicuously it was tested the day of the inauguration. It's noteworthy for the United States standpoint, because this is a missile that is believed to be able to range Israel.

Sameer Lalwani:

Israel is a very close, and important partner of the United States. At a period of time when Pakistan and United States are trying to rebuild the relationship, putting Israel, or letting everyone know that they're rattling Israel's cage, I think it's certainly going to get noticed by Congress. The U.S. Congress has to play some role in the reset of a U.S.-Pakistan relationship. I guess, what is the strategy? What is the signal that was trying to be sent here? And who is it directed to?

Sameer Lalwani:

It seems, like some other events that transpired in January might set the relationship off on the wrong foot. Those are my bigger picture questions. Again, thank you for your time and your candor. I look forward to hearing more of your thoughts here.

Elizabeth:

It looks like you're on mute Mr. Ambassador.

Ambassador Khan:

Now, can you hear me?

Elizabeth:

We're good. Thanks.

Ambassador Khan:

Thank you very much. I think that was a very comprehensive, I would say insightful critique of what I have just presented. Now, coming back to your first observation in terms of the economic and investment relationship being essentially a B2B thing, rather than a G2G thing. I think you're absolutely right. We do recognize that. Pakistan, the U.S. corporate footprint in Pakistan is much bigger than most other countries historically.

Ambassador Khan:

I mean, we often have a lot of comparisons with China, which is only a very recent player on the broader economic side. It has been U.S. not just the footprint, the footprint has stayed on and grown. Over the years, if you look at the U.S. companies operating out of Pakistan, and if you look at their profits and rate of return, which is almost three to four times that of their global average.

Ambassador Khan:

Even when things were really going very bad in terms of the security situation in Pakistan, these companies continue to do business, and continue to expand their investments in Pakistan. Now, where does the government come in. For instance, I give you one very simple example, travel advisory.

Ambassador Khan:

Clearly, and I can share with you the numbers, and statistics, for instance, in 2014, Karachi was at number six in terms of the cumulative security standings. These are not our numbers. these are numbers given out by credible international organizations that deal with terrorist index, terrorism index, with peace and security index in various cities of the world.

Ambassador Khan:

In 2019, this moved down to 54, which means the situation improved by almost 48 notches. Karachi, and Islamabad today, and particularly Islamabad, as per that index, is one of the safest cities in the wider neighborhood. Yet, the travel advisories on Pakistan, and that's not just the United States, but some of the other governments also, have not revised, which basically becomes a major disincentive for businesses interested in investing in Pakistan, because if you cannot go and feel, and deal with your partners, and business in your business dealings, then you don't want to do business with such places.

Ambassador Khan:

That has been a major handicap for Pakistan. That's where the U.S. government, that's where the U.S. system can basically help facilitate. The second part is for us to do things that we must do to facilitate business. For instance, ease of doing business. Ease of doing business. We have over the last two years, moved up by about 38 notches, from 147 to 108.

Ambassador Khan:

This is something that the prime minister had personally committed that unless and until you make it easier for foreign businesses to come, and engage in Pakistan, it will be very difficult to hold and retain them. The third point where the government can help ... When I say government, I mean both Pakistani

government and the U.S. government, is to basically address the challenges faced by the businesses as they conduct their business for instance in Pakistan.

Ambassador Khan:

I can tell you, I have been working overtime with U.S. businesses in terms of communicating and conveying their challenges, and their concerns to the policy community, policy making people in Pakistan, to have them addressed and resolved ASAP. We have been successful, and you need to go back and ask the U.S.-Pakistan business council, and some of the other businesses that are operating out of Pakistan.

Ambassador Khan:

Really, I think it is the willingness, and that also reflects ... During these COVID times, there have been at least six instances where the entire leadership, the economic leadership from Pakistan, I mean, the minister for finance, minister for commerce, minister for economic affairs division, minister for industries, all sitting together, chairman FBR, sitting together, and talking directly to the U.S. companies, to basically communicate our seriousness that we attach to the U.S. business presence in Pakistan, our readiness to address their concerns.

Ambassador Khan:

I'm not saying that there are no concerns, you are absolutely right, there are concerns, but I can also tell you that we are committed to address those concerns, we will do our part as government, but we are also encouraging ... I have myself actually brought together the Pakistan Business Council with DFC, the Development Finance Corporation, to basically identify B2B projects, to be underwritten by the government of United States and supported by the government of Pakistan.

Ambassador Khan:

All of those processes are going on, good returns, improved security, the potential that Pakistan has as a growing market, with a population of 220,000,000, a growing middle class with extending purchasing power, and access to China, access to India. Being the bread basket for the Middle East. We have been historically the bread basket for entire united India. These are all areas where the agricultural sector, technology sector, energy sector, offers real gains, and real potential for win-win collaboration for Pakistan. That's where we would like to work.

Ambassador Khan:

Now, in terms of what Pakistan could do to double our investments in terms of the end state, building up on the convergence that we have on Afghanistan. I think the peace-pro Pakistan has repeatedly said, conveyed its commitment, and determination to support the peace process. We do it in our own interest. I think that's why it is important that United States should be talking, not just to Pakistan but all other stakeholders in the region.

Ambassador Khan:

Instead of telling them what to do, it is important to basically exchange views and to learn from each other, because clearly Afghanistan's peace process has made progress, but there is still a long, long way to go. That requires that instead of opening or reopening what has been already achieved, it is important to focus on what is there being negotiated?

Ambassador Khan:

By that I mean the intra-Afghan negotiation process. I think that's where everyone needs to basically come out in support of the intra-Afghan dialogue process. I hear a lot about the ... I have read a lot of commentary also on the extension in the withdrawal deadline. Really, I think first of all it is important for United States, because if that is an agreement between the United States and Taliban, I think the first party that needs to be consulted is Taliban.

Ambassador Khan:

That's where this process should start. Then comes in the other key stakeholders in the region. I'm sure if there is a strong justification, and reasoning for having that extension for logistical or other reasons, parties have overcome difficulties before in terms of reaching common ground. This can also be done.

Ambassador Khan:

To present this as a *Fait Accompli*, I think will only create difficulty. It's really also a question of the credibility of the United States as an interlocutor. I don't know if you have seen the statement that the Taliban leadership has issued. I think United States ... I have not heard it from the U.S. official reporters, so its basically commentary coming out in the media. So far as the U.S. administration is concerned, what we have heard is that they support the peace process. That they are doing their own internal consultations, and that once they have their own internal clarity they will come out and take the partners and allies into confidence.

Ambassador Khan:

I would not really go by what is being said in the public space, but I do want to point out because there is a lot being said, and written about the peace agreement. It's really not a question of looking backwards. I think it's very important to look forwards.

Ambassador Khan:

Looking forward means the ability of all the key parties, players and stakeholders to make the intra-Afghan negotiation process successful. For that, I think building and retaining trust between the key interlocutors is very important. By, basically going back on a commitment, I don't think it will build trust.

Ambassador Khan:

If that is required or needed, I think this is something that should be done within the framework of the peace process, rather than being negotiated through the media. That's what I would say on that.

Ambassador Khan:

Lastly, you spoke about Pakistan's nuclear test, and Pakistan's nuclear program. Sameer, I think you know that, and all others in this city are well aware of what is the purpose of Pakistan's nuclear program, and the deterrence that we seek is region-specific. I don't think any U.S. ally or anyone else needs to be either worried or concerned about what we do. Pakistan has over the years shown restraint and responsibility, and has also basically complied with the safety and security protocols.

Ambassador Khan:

The timing may have been simply a sheer coincidence. I don't think that there was any intention of sending any message to anyone here in Washington D.C. but Pakistan's program, I would again say has only a regional context, and it should not be seen with concern by anyone else.

Elizabeth:

Great. Thanks so much Mr. Ambassador for addressing those points. As promised we will open it up to audience Q&A now. I see a number of questions have already come in. We encourage those of you who have joined us today to please continue putting those in the Q&A function. Our team are sorting through them.

Elizabeth:

I think what I'm going to try to do is group together several questions, because there are some recurring themes that have come out in those that we've received so far. To do that a bit in part but also Mr. Ambassador, a follow up a point that you made on the trade and connectivity side just now.

Elizabeth:

I was quite frankly surprised and gratified to hear you mention not just Pakistan's continuity with the rest of South Asia, and central Asia as well, which has been a key focus of messaging from Pakistan, but also India specifically, as a gateway to the broader South Asia region. It brought to mind for me reports from the World Bank a couple of years ago that was just highlighting the missing trade volumes that in fact could be there were some sort of formal trade links to intensify between India and Pakistan. Something along the lines of a 15 fold increase in current trade levels could be anticipated, and something along the lines of \$67 billion in trade per year.

Elizabeth:

Given that, I wonder if you could just expand a bit on any potential for an opening in trade between India and Pakistan going forward, if that is something that Pakistan is in fact seeking, in addition to the northern group that we've heard quite a bit about in terms of connectivity with Central Asia.

Ambassador Khan:

Really, I think when we speak of peace in Afghanistan, our desire to see peace in Afghanistan, it is actually essentially driven by our desire to seek wider connectivity with the Central Asian region, the West Asia, and also to build our trade relationship with Afghanistan itself. This continued conflict over the years has really I think undermined Pakistan and Afghanistan's integration with the wider region.

Ambassador Khan:

Pakistan is one of those I would say blessed countries, where we are sandwiched between two of the world's largest economies. Acting as a transit hub is one of our strong points. Then for that reason we see a lot of potential for connectivity and infrastructure building on our western side, as well as on the eastern side.

Ambassador Khan:

Now, the problem really is ... I mean, if you go back to something that our prime minister said, I think even a few days before taking over as prime minister, was, directed at Prime Minister Modi, that our

two countries, you take one step, I will take two. Instead of fighting each other, we should be fighting poverty.

Ambassador Khan:

Then we have made repeated gestures, and overtures for peace and dialogue. Really, today I think this is month of February. You would remember in 2019 February, Pulwama happened. If you go back to what we said back then, we had challenged the Indian narrative on there being a terrorist camp that they claimed that they attacked. We challenged their narrative on the existence of 300 terrorists being there. We maintained back then that this is all being done by a government which has gained political violence over a extended period of time by punching Pakistan.

Ambassador Khan:

So they want to do it because Prime Minister Modi wants to go to elections. Fine, he went to elections, he won, still prime minister made that overture of dialogue and peace, and then they went in and they did the August 5 action, unilateral action, followed by a series of other actions.

Ambassador Khan:

Now, the thing is, that in that backdrop, I don't know if Pakistan can engage in any relationship with India, let alone building a trade relationship. Really for us to have a normal trade relationship, for us to have a normal political relationship, it is really important that India first of all reverses those unilateral actions that it has taken, and resumes dialogue with the intention of resolving the dispute, not just Kashmir, all of the disputes.

Ambassador Khan:

Then we work for addressing our economic, trade and investment challenges. I agree with you, the potential is enormous. Potential is really enormous for trade. We benefit the entire region, and that's why I believe that a peaceful South Asia serves the interest of everyone, and a peaceful South Asia is in the best interest of the United States also.

Ambassador Khan:

But how to realize that is really a challenge, and we would expect the new administration, because I think one important historic role that United States has played off and on during the last 70 years is to act as a crisis manager, and tension diffuser in South Asia. United States with its increased and stronger relationship with India I think is in a better position.

Ambassador Khan:

We are not asking U.S. to take a partisan position, but I think by maintaining a certain objectivity and neutrality, United States will be in a better position to play a more creative and constructive role, in bringing the two countries closer together, to vote towards the resolution of those disputes in South Asia.

Elizabeth:

Right. To follow up on that as we focus on other changes across the region, a question has come in from a number of folks that I think can combine into one. Curiosity in terms of what changing relationships potentially between U.S. and Iran, if we are to see a thawing of ties under the Biden administration? As

well as the U.S and Saudi Arabia? And some of our other gulf partners? What those changes in Middle East could mean for the U.S.-Pakistan relationship and Pakistan's perspective on these issues?

Ambassador Khan:

Clearly, Pakistan has over the years maintained very strong and cordial ties with both Iran and Saudi Arabia, and I don't know if you are aware that I am in Washington D.C, also we represent the Iranian interest, and we have been doing that over the last 40 years. This only reflects the trust and confidence that Pakistan enjoys, and while doing this we also have had very, very close relationship with Saudi Arabia as well.

Ambassador Khan:

I think any movement towards a peaceful resolution of all issues, if it is JCPOA, and United States comes to the table, and the conversation resumes, and it leads to the resolution of that issue, I think this is something that Pakistan has publicly supported, and we will continue to support. Clearly, I think the relationship between United States, and Saudi Arabia again I think it's an important relationship, and if there are differences, I'm sure the two countries will be able to find the common ground.

Ambassador Khan:

For us, for Pakistan, we really don't ... This is not something that applies to Iran, Saudi Arabia, I think it applies to Kabul, it applies to India, it applies to Beijing. We really want to have a standalone relationship with the United States. We would like, because I think Pakistan in its own right is a very significant country. We are an Indian Ocean Littoral State, we are an Ocean Rim Country, we are connected with Central Asia, West Asia, we're a major player in the Islamic world.

Ambassador Khan:

All other relationships can complement our partnership with the United States, but we would not really want to see our relationship through any other prism, or the ups and downs in any third country relationship, while Pakistan will continue to do whatever it can, to act as a bridge wherever we can. I mean, we have in the past also tried to mediate between Iran and Saudi Arabia.

Ambassador Khan:

We have also tried to act as a go-between even United States, and the other countries in the Middle East. But that is out of our own good intention. We will wherever we can would like to be a factor of peace, and stability and a force for good. We will not let the ups and downs in third country relationship affect our own bilateral relationship with the United States.

Elizabeth:

Another regional country that we've received a lot of questions on, as you'll imagine is China. Particularly in the context that I outlined at the outset with increasing great power competition, and I think it's safe to say concern, in Washington, over deepening ties between Pakistan and China. I wonder how you think that Pakistan is going to be able to maintain its relationships with both?

Elizabeth:

Pakistan has been clear that it doesn't want to be forced to choose a side, but going forward in the Biden administration, what will Pakistan be looking for from the U.S. in terms of messaging on China? And what will Pakistan's approach be going forward to manage both of those important relationships?

Ambassador Khan:

Elizabeth, I think now that's really not just a question for Pakistan. I think that is as much a question for United States, as it is for a number of other countries across the globe, because what you are asking me about is whether Pakistan would want to be part of one or the other so-called block or hard alliance.

Ambassador Khan:

I think that's where in my view, and I have said this before also a number of times. I think the world has moved on. The age of hard alliances is over. I think it is almost an anachronism now, because countries don't just trade and invest with their partner, and their allies, they also do it with their competitors. Look at your trade volume with China, and look at China and Japan, look at India-China.

Ambassador Khan:

I don't see that changing any time soon between those countries. Therefore, for countries like Pakistan, I think we have over the years historically, in fact, literally acted as a bridge between United States and China, because this year in July we will be celebrating the 50 years of famous Dr. Kissinger's visit from Islamabad to Beijing.

Ambassador Khan:

I agree, I think China is a new reality, and it is being seen as a challenge in Washington D.C. We also hear that the new administration has, while indicating that they would like to compete, have also stated that they would like to cooperate wherever they can cooperate with China. I think we feel that this is an important development, the president has authorized a policy review. We wait to hear and see what comes out of that review.

Ambassador Khan:

So far as South Asia is concerned, and particularly Afghanistan and Pakistan, frankly we would want our part of the world as the arena for cooperation, rather than an area of competition and confrontation. I think particularly in Afghanistan, I think it serves the U.S. interest, it serves Pakistan's interest, it serves China's interest, and it serves the interest of all of the immediate neighbors to have collaboration and cooperation.

Ambassador Khan:

We would like to have that extended I think in the wider South Asian region also, because a peaceful cooperative big-power relationship in South Asia I think works to the advantage of every country. We will not like to be tested frankly. To the extent that we can, we would like to maintain good relationships. Let me say this to you, and I think a very important manifestation of what Pakistan wants to do, and what Pakistan could potentially do, was this naval Aman exercise that we had in Karachi concluded only two days ago.

Ambassador Khan:

I mean, this was very unusual and extraordinary that navies from United States, navy from Russia, navy from China, they were part of this 42-nation exercise that Pakistan convened. I hear people often speculate about the militarization of Pakistani ports, and then Pakistan being overly indebted to China really. I think Cargill has only recently made investments of over 200,000,000 in Port Qasim with acquiring a certain terminal.

Ambassador Khan:

ExxonMobil has made investments in the energy gas pipeline. There are refineries being set up by countries that are very close to United States. It really reflects the openness and transparency that Pakistan wishes to have. That's why, instead of just being critical, I think United States should come forward in terms of taking concrete measures and steps. For that, for instance CPEC, we hear a lot of criticism. Please, I mean, these special economic zones are there. You tell us where you want to invest, and I will make sure that every single one of those investments is facilitated all the way.

Ambassador Khan:

There are no exclusions. I think all these signs are clearly designed to convey one message to the policy makers. I'm saying this publicly on the record, that for us, Pakistan-U.S. relationship is an important relationship. It has been, and it remains a consequential relationship. We don't want to throw it away, and we want to work basically expand, and create new anchors, business and investment as I said. Corruption is something our prime minister has publicly taken a position. Your president is also interested in that. This is another area.

Ambassador Khan:

Climate change is yet another area where agriculture has been the golden period in our bilateral relationship. Energy, we are net importer, and user, and consumer. United States today is a net exporter and potential exporter of energy. These are the convergencies, and we are in a region where we have the largest consumers of energy in the next 20, 30 years. These are areas where we would like to work with the United States.

Elizabeth:

Thanks Mr. Ambassador. I wanted to check, Sameer, if you may want to weigh in very briefly, and then we can get back to the Q&A.

Sameer Lalwani:

Yes. Mr. Ambassador, I just wanted to add something ... I thought you made important statements about the prospects for a convergence. One area that I do see as an opportunity for Pakistan in particular, is not only expressing particularly as an economic convergence, or climate change, but also the foundation under which all this is underpinned, which is about the rule based order.

Sameer Lalwani:

I think this is something that this administration that's coming in has put on the table as a very important part of the architecture of rebuilding the international system and partnerships. It's not simply about, can we have more capitalist transactions in the country? It's about affirming the basic bedrock principles of the system that allow for prosperity, and development and growth, including things that were stated for example, in the U.S.' recent statement about the Quad meeting today upholding freedom of navigation, territorial integrity, peaceful settlement of disputes overflight rights.

Sameer Lalwani:

Those are areas it seems that if Pakistan were to be able to affirm in public manners, or in bilateral manners, would be nice. I think that would send a very powerful signal to lawmakers in Washington, to policy makers around the world, that it's not simply about a narrow economic relationship, but about affirming principles for a system, and value, as you pointed out. That also I think would help signal some differentiation from other actors in the world that might not affirm those values.

Ambassador Khan:

Again, it's really the consistency of positions that a country would take. We have been consistent in terms of supporting ... Then that is what has actually enabled us to maintain these relationships, even simultaneously with countries that were not necessarily on the same page. Of course, it is the natural interest that rights, the choices, and priorities that countries make, but Pakistan is all for upholding the fundamental freedoms of having a due process and freedom of navigation.

Ambassador Khan:

Again, it becomes political, and it becomes controversial, because in some situations, countries would want to apply this in a very selective way. I don't want to get into that discussion or debate, but I think our stance, and our position has been consistent in terms of our immediate dealing, and in our immediate neighborhood, we are ready to uphold that.

Elizabeth:

Thanks Mr. Ambassador. Following up on that China question, we've also seen some questions coming in from the Q&A, specifically on the situation in Xinjiang in western China. The new Secretary of State, Secretary Blinken referred to this as a genocide in an interview with NPR a couple of days back. I know that Pakistan has not been very forward leaning in terms of its response on this issue, framing it as a bilateral conversation.

Elizabeth:

I wonder going forward, what Pakistan's view of the situation in Xinjiang is? And is there a chance that that could become a difficult friction point in the U.S.-Pakistan relationship?

Ambassador Khan:

Again, I would say that we would not want the third country issues to become, because I often see in our conversations here, the Xinjiang situation being conflated with the situation in Kashmir. Frankly, there is absolutely no comparison between the two situations, because one, Kashmir is a disputed territory and area. Pakistan has a right to speak up. It is not just Pakistan that recognizes that as a dispute, it is United States also that recognizes this as a dispute.

Ambassador Khan:

When it comes to third country situations, we always exercise care and caution, even when we have issues, we try to communicate them through private channels. Particularly, when United States is saying one thing, and China or another country is saying something different. There is apparently a huge gap between the two positions. So, it is not really for Pakistan to come out and take a position for or against that issue.

Ambassador Khan:

As I said, that we have a relationship where we discuss the whole range of issues. There are certain issues that we discuss publicly, and there are certain issues that we don't discuss publicly, but that does not necessarily mean that that issue is not a part of the bilateral conversation.

Elizabeth:

I wonder if I can pick up on something that we referenced earlier a little bit more specifically to fold in a couple of questions that we received. That's on the Indo-Pacific strategy. We saw the outgoing Trump administration released the previously classified version of the strategy document, and looking through that it was notable, the fact that Pakistan itself was not mentioned as part of the strategy. Obviously, that was the previous administration, we're all waiting to see what the new Biden administration strategy will look like within the Indo-Pacific. I wonder if you foresee any potential role for Pakistan in that framework? And perhaps more broadly if Pakistan might be interested going forward in joining some of the regional trade investments frameworks that have emerged like RCEP for example.

Ambassador Khan:

I think first of all my understanding is that ... Just to remind you, I was ambassador in Japan before coming to Washington D.C. so, this has been also a subject of great interest in Tokyo as well. Clearly over the last several years, the concept is frankly still evolving. I don't think that it has reached a point, or a stage where you have structures in place to which other countries can sign on too.

Ambassador Khan:

Pakistan is all for economic collaboration, and cooperation, and as I said, that drives our outreach in the region, and we are ready to talk to every country that can help advance Pakistan's desire to give better and improved living standards to our people. RCEP, if you asked me personally, I have been a supporter of Pakistan actually, being part of the regional comprehensive economic partnership. We would like actually to also have an important trade relationship even with the Middle Eastern countries, because Pakistan is uniquely placed as a bridge between Middle East, West Asia, and the east Asia, and Central Asia.

Ambassador Khan:

We can, and we're a huge country. As many trade arrangements as we can join, I would personally like Pakistan to join. The IP strategy really, I think Elizabeth if you look at that document, and I say this out of my experience from Tokyo, the manner in which this document that has been released is laid out, and we wait to see how the Biden administration looks at it, and what policy direction they take on the Indo-Pacific strategy.

Ambassador Khan:

In the form and shape that it has come out, I think any country as I said before, if you put it in a way that it sounds like giving countries to choose between one or the other, I think it will make things difficult for any country to sign on to a coalition which is clearly designed to exclude one or the other country. Pakistan is all for inclusive international cooperation, and we will be happy and principal to join any effort.

Ambassador Khan:

That's why as I said, we were ready to have ... Japan has a huge corporate footprint in Pakistan also in addition to that of United States. So, we would like trilateral cooperation, where three countries can come, and then work in Pakistan. Then Pakistan going out and aligning, and joining other countries. As long as it is inclusive, it is open, and it is transparent.

Elizabeth:

One more question on that wider region, because we focus in a little bit more specifically on the bilateral relationship in our last few minutes. I wanted to follow up on a country we haven't discussed very much today, which is Russia. I think safe to say as the Biden administration comes into office, U.S.-Russia relations are headed for a more difficult path.

Elizabeth:

Simultaneously we've seen an increase in outreach between Pakistan and Russia, particularly on security fronts. You mentioned some military exercises that have taken place, but that also includes potential weapons purchases going forward. I wonder if Pakistan is at all concerned about the potential for caps or sanctions, the sanctions that were put in place by Congress for large financial transactions with Russia, whether that might be something on the horizon that Pakistan is tracking, and how Pakistan could view that potential.

Ambassador Khan:

We are still not there. I think that is a question that perhaps should be addressed to my Indian counterpart in Washington D.C., because I think they have made more acquisitions from Russia than we do. We have a developing relationship with Russia, and again I think in this relationship also the economic content is growing bigger, rather than the security part of it, because Pakistan still conventionally relies more on the U.S. equipment.

Ambassador Khan:

That's why I think while we would want to basically build new anchors for the relationship, that does not necessarily mean that we want to basically disregard or move away. We want a balanced relationship where security and economic pillars provide the stability to the relationship, and United States has been a major supplier, and it still is, because our equipment is mostly sourced from United States. Russia, while we have a good relationship with Russia, I don't think it is anywhere near to where the United States is when it comes to military supplies and equipment.

Elizabeth:

Great. Following up on the military front, we've received a couple of questions, specifically on what you anticipate from the U.S.-Pakistan mil to mil relationship going forward? Obviously under the Trump administration we saw a reduction in military assistance to Pakistan. Although recently there has been some reinstatement of the IMET support. Looking forward under the Biden administration, what do you expect going forward on the mil to mil front?

Ambassador Khan:

I think the security cooperation has been a very important part of our bilateral relationship throughout, and it has provided support, and stability to the relationship. Unfortunately, during the past four years, we haven't had as many defense and mil to mil related engagements, particularly in terms of those

institutional structured dialogues that we used to have. Then dialogues that were there in place for more than 40 years.

Ambassador Khan:

I think one of the things ... That was perhaps more peculiar or specific to the Trump administration, which was not interested in a more institutionalized structured dialogue. So, we would like to see where the Biden administration stands on these dialogue processes and engagements. In fact, just about 13 days before the trump administration left the office, we had our first and only defense dialogue with United States in Islamabad. In a way, we have, or Trump administration resumed the defense dialogue with Pakistan before leaving office, based on the lessons that they had learned.

Ambassador Khan:

I think we would like to basically resume the whole range of conversations. I just don't mean one particular aspect of the relationship. We would like to engage with the United States on the whole range of issues in a structured institutional way.

Elizabeth:

Great. Thanks for that. Also on the domestic fronts, we've received a number of questions that are focused on the recent decision by Pakistan supreme court to release Omar Sheikh and his co-accused in the murder of Daniel Pearl. Obviously there are a number of different factors in that case. The U.S. has noted Pakistan's efforts in for example not releasing those four yet, but nonetheless it did occupy a great deal at least of the U.S. readout of that initial call between our two secretaries of state and foreign ministers.

Elizabeth:

I wonder how you see Pakistan dealing with that situation going forward, and managing the potential fallouts at a delicate time in the relationship with Washington, particularly given the attention that this case has received, and is likely to receive on Capitol Hill.

Ambassador Khan:

No. I think in terms of the readouts that have come out, I think Daniel Pearl's case, I've been in touch myself with the Pearl family. This has been an unfortunate case. The government of Pakistan, and I think this is something that most readouts did acknowledge, that the government of Pakistan really went out of its way to basically make sure that the family is facilitated in presenting as effective a prosecution case, and that the government side also mounts a very robust prosecution case in the Daniel Pearl matter.

Ambassador Khan:

That determination is reflected by the fact that over the last 18 years this case has been going on. Obviously, the Pakistan's Supreme Court will decide based on the legal merits of the case. Then that is something that I, you, or no one else can do anything, or commit to anything. What we can commit to is that we will continue to avail all legal remedies to pursue the case, and bring it to a logical conclusion.

Ambassador Khan:

Now, what happens next is something that I can't really speculate about, but you can have my word that we will continue to prosecute that case, and do it vigorously consistent with our laws. Then, what happens next is something that we will see once we have the decision of the supreme court in the review petition that the Sindh government has filed, and in which the federal government in an unprecedented gesture has pleaded itself as a party. This is something that we'll be following and tracking very closely.

Elizabeth:

I'm sure many here in this town, and around the world will be watching that with great interest. Something that likely as an investor here in Washington you have a better read on than most is the extent to which, particularly under this new administration, given everything that the U.S. itself is facing, you alluded to many of these domestic challenges in your remarks, COVID, the impacts of the broader economic challenges that that has created, the fissures that we've seen within our own country, the need for reinvestment here at home. It really was striking going through the campaign season in this fall, and seeing how relatively and frequently foreign policy came up in presidential debates for example.

Elizabeth:

I wonder for your thoughts as the U.S. perhaps turns inward, or at least is distracted by a number of different challenges on the home front, how are you messaging back to Islamabad in terms of how to manage that different approach, or that different focus? Such that the U.S. that is more invested in ensuring that we're strong in home is not taken as any sort of abandonment of the region or anything along those lines? How do you think a potential refocus in the intention of the Biden administration might play out in terms of the U.S.-Pakistan bilateral relationship?

Ambassador Khan:

That's a very interesting question, Elizabeth. Obviously that, because as I said, that we have clearly a message there in terms of our keenness to have an important and consequential relationship with United States. The Afghanistan remains an important conversation track between our two countries. The review process obviously is taking time and perhaps will take more time.

Ambassador Khan:

Then the Islamabad and others over there obviously feel that time is of the essence when it comes to some of these critical issues, because there are those who are ready to jump in to spoil the process. We have seen that onslaught here with the different players acting because of their different motivations. I think that's where it is important for our two countries to resume that conversation as soon as possible, because if you leave that gap, and given the criticality of where for instance the peace process is, the spoilers are going to take advantage of that.

Ambassador Khan:

That's the only thing that otherwise as I said, we appreciate the challenges that this administration is facing, and we will wait for them to put their house in order. Then to have clarity on issues to come up to speed, because I think that's very, very important. Particularly in the context of our region. As I said, there are good developments, and there are bad developments. I think they may take a little while to internalize that, and we certainly can wait. Issues that need immediate attention, I think should be addressed as quickly as possible. We hope to have those conversations sooner than later.

Elizabeth:

Thanks very much. I want to turn it back over to Sameer just briefly for some quick thoughts before we wrap up here.

Sameer Lalwani:

Thank you Mr. Ambassador. To your last point, I just wanted to add, I do think that while the administration was perhaps slower to get into the building so to speak, and getting operating earlier, I think it was pretty evident from the list of names of who were joining the administration, that is a very professional and experienced savvy group.

Sameer Lalwani:

I actually do think that they probably are already up to speed in regard to some of these issues. Even though we might have wished it differently, it seems to me that the issue is going to dominate the next few months, and perhaps even thereafter it's still Afghanistan, so long as there are U.S. troops, then blood and treasure on the line there, for better or worse that sucks up a lot of the oxygen.

Sameer Lalwani:

I think the next few months are probably going to be crucial to allow, that also will prove to be the gateway or not, to this broader relationship between the U.S. and Pakistan. In order to effectively put Afghanistan behind us, it seems like we still have to pass through that gateway for the near-term. Thank you again for your really thoughtful remarks. I'm going to turn it back to Elizabeth.

Elizabeth:

Great. Thanks so much, Sameer. Well, the time has flown by. I will commend you on being on the hot seat for this long. I think this is a rare opportunity, and a really helpful one to get to have a candid conversation about a range of issues that policy makers in Islamabad, and in Washington, are going to be facing over the coming years, to Sameer's point, it's quite right that the next several months in particular will be key in showing us, at least initially how that is likely to unfold.

Elizabeth:

Watch to keep track off, and I hope sir that you'll be kind enough to join us again for a follow-up conversation as things develop so we can get a sense of other relationship as it evolves, and ensure that we are keeping in touch and sharing ideas, because going forward that is going to be central to maintaining the relationship.

Elizabeth:

Thank you very much again for taking the time. Thank you to our audience, those here in Washington and those who stayed up late in South Asia, for joining us. It's been a pleasure to host Ambassador Khan here at the Stimson Center. We look forward to you all joining us again soon for a future event.