[Nasim Zehra](https://www.thenews.com.pk/writer/nasim-zehra)

April 5, 2021

**Trade with India: The facts**

Indian and Pakistani national flags flutter as Indian Border Security Force (BSF) personnel (L) and Pakistani Rangers (R) allow a Pakistani truck to cross over to India at the Wagah Border India on February 24, 2010. AFP

On Pakistan's India policy the latest controversy to surface is related to the question of trade. Between March 30 and April 2, several announcements were made by the government which inevitably raised several questions: has Pakistan flip-flopped again on a key policy matter? Which stakeholder on foreign policy forced the final decision? Is the prime minister confused? Is the prime minister not getting the space to take independent decisions on a key policy issue like India? Is the government's decision-making process proceeding in isolated pockets or, worse, in silos? Perhaps some of these are perennial questions related to Pakistan's decision-making process, especially where it involves foreign policy and national security matters.

Which is why it would be important to look at the handling of the trade with India question over the last 100 hours with reference to what exactly the facts were.

Fact 1: Weeks before the discussion at the ECC, the commerce minister raised the question of importing cotton from India within a specific time frame given the shortage of cotton in Pakistan. The commerce minister conveyed the same in writing to the prime minister who advised the commerce minister in writing to raise it in the ECC after the Senate elections. The commerce minister was to take his recommendations and argue his case in the ECC, which is the usual constitutionally defined practice.

Fact 2: The minister of industries, Hammad Azhar, before becoming the finance minister had suggested that sugar be imported from India, which as an important matter had to be first cleared by the commerce ministry before taking it to any forum. When the industries minister's recommendation in writing came to the commerce minister, he presented his own recommendation and the industries minister's note to the prime minister.

Fact 3: Before this ECC meeting, the general thrust of the government – which included the prime minister, his national security division and the army chief – regarding relations with India was that, while Kashmir remains important, Pakistan has to recognise that geo-economics is now a central if not the predominant pillar of its security; that dialogue and not war is the way to settle outstanding bilateral problems with India; that regions develop not countries; and that Pakistan is seeking peace with all its neighbours and accordingly will encourage trade with all its neighbours.

Several meetings on national security, with import from all security stakeholders and often organised by the national security division, conveyed to ministers dealing with trade commerce and economy etc that economics is central to Pakistan’s security. Hence, this is the general atmosphere specifically on policy matters against the backdrop of which the commerce and industries ministers took their recommendations to the ECC. The prime minister did not stop them from raising the question of trade with India. He let them argue their case on merit, and against the backdrop of Pakistan's ostensibly evolving policy on India following the February 21 Pakistan-India LOC ceasefire.

Fact 4: On March 30, at the ECC meeting which was chaired by Hammad Azhar as the new finance minister, the issue of importing cotton yarn and sugar was brought up in the committee. The commerce minister presented his recommendations and his case for import of cotton yarn plus sugar, as recommended by the industries minister. The question of import from India was discussed from an economic point of view and the case was made for the same to be presented at the next cabinet meeting. According to not only the constitution but Supreme Court judgments, all government decisions must be cleared by the cabinet. At the ECC, while there was agreement that recommendations for importing sugar and cotton yarn from India will be made at the cabinet, apparently the planning minister clearly stated that there were politically important political dimensions to the question which had not been discussed.

Fact 5: Contrary to the usual practice of not holding a presser after an ECC meeting, the new finance minister held a press conference in which he announced that the Pakistan government had decided to open import off sugar and cotton from India for the benefit of the public and the SMEs. The minister did not clearly state that the ECC recommendation was to be taken up by the cabinet where a final decision would be made.

Fact 6: On April 1, the cabinet was informed by the prime minister that the ECC had recommended trade with India. The minutes of the ECC’s March 30 meeting had not been presented to the cabinet. However, it is believed that Foreign Minister Shah Mahmud Qureshi, Minister for Human Rights and Minister for Interior Sheikh Rashid opposed the ECC’s recommendation. The commerce and finance ministers both recalled their interaction with the prime minister regarding importing sugar and cotton yarn from India. The prime minister concluded the topic at the cabinet meeting by deciding to hold a smaller meeting the following day to finalise the policy on the ECC-recommended trade with India. At the cabinet meeting, however, for all purposes the decision against opening any trade with India seemed to have been taken.

Fact 7: On April 2, the prime minister chaired a special meeting on the question of trade with India. The foreign minister, the planning minister, the finance minister, the human rights minister, the food and security minister and the prime minister’s SAPMs on commerce and on national security participated in this meeting. The decision was clear: no trade or any other business with India unless India reverses its August 5, 2019 decision on Occupied Kashmir. It was also announced that the commerce minister will explore alternative sources of importing cotton, given the acute shortage of cotton in Pakistan currently, so as to respond to the demands of the SMEs.

After this April 2 decision of no trade with India until India reverses its August 5, 2019 step, Pakistan's India policy is now crystal clear. Irrespective of the new openings after February 21, it is all work in progress. No final decisions have yet been made despite a fairly high level backchannel that currently continues between Pakistani and Indian officials. This decision is also a clear signal to the Kashmiris that it cannot be business as usual with India until India ends state terrorism against the Kashmiris and concedes to the legitimate demands of the people of Kashmir.

In terms of the decision-making process, it appears that this was generally in line with the usual decision-making process. According to the constitution, all economy-related matters must be discussed threadbare at the ECC and subsequently brought to the cabinet for final approval. Also, from a general common sense perspective, the prime minister at the cabinet would get input from different ministers and then arrive at a final decision.

Two issues, however, are significant regarding decision-making. One, that the business of communication has to be viewed more than just communicating at will without thinking through the issue. ECC decisions are all work-in-progress, until approved by the cabinet and hence must be accordingly conveyed to the press and beyond.

Two, and more importantly, there are several components in Pakistan's current decision-making setup that are exploring and pursuing the question of Pakistan's relations with India. Three are important: the Pakistan Foreign Office, the national security division and the backchannel. The Pakistan Foreign Office with its historical memory, looking at matters traditionally and holistically, remains a key stakeholder in the question of Pakistan’s relations with India. The National Security Division headed by Moeed Yusuf, his young and competent multi-disciplinary team and with input from the armed forces is a new and dynamic policymaking unit. There is also the backchannel at work where India's input is received by Pakistan and is conveyed to the prime minister in an unadulterated manner. It is critical that the prime minister ensures greater interaction of all three components.

Meanwhile, over the last approximately 100 hours, Pakistan’s policymakers should have realized that geo-economics operates within a context and no matter how peace-loving Pakistan is and wants to be, there are issues that must be addressed. Pakistan does not want war but equally Pakistan does not have the option to walk away from complex situations with simplistic decisions.

The writer is a senior journalist.

Email: nasimzehra@gmail.com

Twitter: @nasimzehra