

Text of US ambassador's speech on

THANK you so much, Mr Zia, for your kind introduction. It is a pleasure to be with you, and with so many friends I see in the audience this evening. I am honored to be the latest in a line of speakers who, over the past 125 years, have discussed vital issues of the day with distinguished Gymkhana members here in Lahore.

I am always very happy to return to Lahore, which, I freely admit, is my favorite city in Pakistan. It is a city with a long and distinguished history, enriched with magnificent mosques, gardens, and palaces. They are all a vivid reminder of the cultural and intellectual achievements of successive generations of Lahoris.

Let me thus begin by telling you how pleased I am that the US government has decided to continue its contribution to the preservation of one of your most important Moghul monuments, the Wazir Khan Mosque. If you have visited the Mosque lately, you will have noticed that the north half of the bazaar area at the Mosque's entrance has been beautifully and carefully restored by craftsmen under the direction of the Punjab Department of Archaeology. This restoration was supported by the US Ambassador's Fund for Cultural Preservation, a grant program of the US Department of State, which enables conservators to preserve cultural sites in more than 90 countries around the world.

The Archaeology Department's work has been so outstanding, emulating the materials and techniques of centuries' old craftsmen, that I recommended that a completion grant be awarded to restore the south portion of the bazaar. Work will resume shortly. The Wazir Khan Mosque's bazaar was a place where the faithful could purchase copies of the Koran and other religious documents from calligraphers whose workshops were housed in the bazaar. I understand that the bazaar will once again house craftsmen who will produce and sell their work to worshippers and visitors alike. The US government is honored to be able to contribute to the preservation and restoration of this culturally significant and historically important complex.

Earlier today, I was pleased to announce another US government grant, this one for an exciting new program that will be administered by the non-government organization, CARE, under the stewardship of Ms. Seema Aziz. Starting next month, CARE will begin teaching English to 60 fifteen- and sixteen-year olds from underprivileged urban neighborhoods here in Lahore. The goal of this two-year program is to adequately prepare bright, disadvantaged students in written and spoken English so that they can gain admission to Pakistan's universities, thus permitting them to compete more effectively with more privileged students fortunate enough to have studied in English medium schools. As a former high school teacher myself, I take special interest in this new program, and am confident that its graduates will profit from access to higher education and then take their places in the country's workforce as it meets the challenges of this new century.

I wanted to take the opportunity this evening to review for you current US policy towards Pakistan — both in terms of its substantive priorities, but also with regard to the ever-expanding partnership between our two nations in numerous areas — like the ones I just mentioned in education and culture. This growing partnership underlines America's long-term commitment to the bilateral relationship, and to Pakistan's continued development.

A strong, long-lasting, and comprehensive bilateral relationship between the U.S. and Pakistan is in the foreign policy interests of both

ernment in its struggle against extremists with a comprehensive effort that extends from military aid to support for better education, so long as Pakistan's leaders remain willing to make difficult choices of their own.

In the past few months we have witnessed several developments that illustrate our commitment to broaden and deepen our bilateral ties. Among the most noteworthy was President Bush's decision to designate Pakistan as a major non-NATO ally. Pakistan thus joins other strong US allies like Japan, South Korea, and Australia in this privileged position. And in July, we signed an agreement with the Government of Pakistan that retires another \$495 million in debt owed to the US Government. This debt cancellation culminates an extraordinary period of debt relief and emergency financial assistance that included a \$600 million cash transfer in November 2001 for balance of payments and budget support, the August 2002 rescheduling of the entire stock of \$3 billion of bilateral official debt over 38 years, and the April 2003 elimination of \$1 billion in bilateral debt.

Foreign policy goals

Four broad areas constitute our foreign policy priorities towards Pakistan today:

- Continuing our common efforts in the global war on terrorism,
- Supporting ongoing efforts among the states in the region to enhance regional stability,
- Helping Pakistan to strengthen economic, social, and political development, and,
- Building bridges between our two nations' peoples in order to foster greater mutual understanding between us.

With regard to the *global war on terrorism*, Pakistan has, since September 2001, become one of the United States' most important partners in fighting this most challenging of wars. We are working more closely and cooperatively than ever before with the government of Pakistan to neutralize the remnants of al Qa'ida and other terrorist elements, which continue to operate in the region. The recent capture of several al Qa'ida operatives in Pakistan marks the latest chapter in Pakistan's significant contribution to our collective efforts to destroy terrorist organizations. The significant information that has emerged from their detention has contributed to hampering al Qa'ida's operations further, to the benefit of both our nations.

In addition, Pakistani military forces have engaged in major combat to capture or kill foreign militants who are hiding in the mountainous, historically off-limits tribal areas of the Pakistan-Afghanistan border. There have been significant successes in South Waziristan, rendering large areas inhospitable to terrorists. We hope that these efforts, taken in coordination with Afghan and US forces in Afghanistan, will continue so that the entire border between Pakistan and Afghanistan is secure.

✓The US appreciates the sacrifice that has been made by Pakistani forces in these areas and grieves with those family members who have lost sons, husbands, and fathers in these efforts.

Recent assassination attempts on Pakistan's civilian and military leaders, as well as sectarian violence that continues to take the lives of innocent Pakistanis point to the need to tackle violence and extremism within Pakistan. We welcome the recent arrests of leaders of banned extremist organizations as an indication of the government's resolve in fighting terrorism within Pakistan.

The second of our major goals vis-à-vis Pakistan and its neighbors is to support their efforts to enhance regional stability. The non-

ored the history of this region.

With Pakistan and Afghanistan, we are working with both sides to help secure the porous border areas. Our goal is to help prevent violent or criminal elements from moving across undetected or from finding safe-haven, particularly in remote, inaccessible areas. To this end, we have established a tripartite military commission among Pakistan, Afghanistan, and coalition military and diplomatic officials to help coordinate security operations along the border, and to improve their effectiveness in achieving our shared goals of halting cross-border criminal or terrorist movements. We are also working with the Pakistan Ministry of Interior to expand border security capabilities.

But much of the work in reducing tensions must be undertaken by Pakistan and Afghanistan bilaterally. That is why we welcome the recent exchanges between Pakistani and Afghan Ministers of Finance and Foreign Affairs to work on issues of common concern. And we certainly look forward to the visit in a few days of President Karzai to Islamabad.

With regard to Pakistan and India, the United States welcomes the recent agreement between India and Pakistan to pursue a wide-ranging composite dialogue with the objective of reaching a peaceful settlement on all bilateral issues, including Kashmir. We are encouraged by the confidence-building measures agreed upon in recent months, and hope they will be implemented quickly. Talks on Kashmir are very much a part of the composite dialogue. These talks will not be easy: they will no doubt entail going beyond the long-standing positions of both sides. But a succession of governments in India and Pakistan have acknowledged — at Simla, at Lahore, and at Islamabad last January — that a resolution of this issue must come through peaceful negotiations. Ending violence in Kashmir remains a key part of furthering this process. For our part, we will continue to look for ways to encourage peace in Kashmir, in order to support a process that will lead to a solution acceptable to Pakistan, India, and to the people of Kashmir.

Given the geo-strategic realities of South Asia, we are also focused on preventing actions that would undermine the world's critical interest in stopping the spread of weapons of mass destruction. Thus, we are working to discourage an open ended nuclear and missile arms race in the region, to prevent further nuclear testing, and to block proliferation to other countries. Our actions with both India and Pakistan are consistent with our obligations under the NPT and with our commitment to the Nuclear Suppliers Group. We are working with both governments to strengthen non-proliferation export controls. In Pakistan, the Government has introduced a bill into Parliament that, if enacted, would significantly strengthen Pakistan's existing export control regime. This is important, especially in the wake of the A.Q. Khan case. The public exposure of A.Q. Khan's activities and investigations by various governments have disrupted his black market proliferation network. That network's dismantlement must be complete and irreversible.

A third priority area in which we are involved is helping Pakistan to strengthen its economic, social, political, and democratic development. We are currently undertaking a broad ranging multi-billion dollar, multi-year assistance program that should contribute to the economic and social development of Pakistan. This program, which I will detail in a moment, includes development assistance, balance-of-payment support, and some trade and investment support.

Pakistan's commitment to the further

take their places in the country's workforce as it meets the challenges of this new century.

I wanted to take the opportunity this evening to review for you current US policy towards Pakistan — both in terms of its substantive priorities, but also with regard to the ever-expanding partnership between our two nations in numerous areas — like the ones I just mentioned in education and culture. This growing partnership underlines America's long-term commitment to the bilateral relationship, and to Pakistan's continued development.

A strong, long-lasting, and comprehensive bilateral relationship between the U.S. and Pakistan is in the foreign policy interests of both nations. It is strongly supported by President Bush and Secretary Powell, by Republicans and Democrats in the US Congress, and most recently by the bi-partisan 9/11 Commission. Let me note for you the recommendation of the 9/11 Commission that concludes the report's section on Pakistan:

If Musharraf stands for enlightened moderation in a fight for his life and for the life of his country, the United States should be willing to make hard choices too, and make the difficult long-term commitment to the future of Pakistan. Sustaining the current scale of aid to Pakistan, the United States should support Pakistan's gov-

been made by Pakistani forces in these areas and grieves with those family members who have lost sons, husbands, and fathers in these efforts.

Recent assassination attempts on Pakistan's civilian and military leaders, as well as sectarian violence that continues to take the lives of innocent Pakistanis point to the need to tackle violence and extremism within Pakistan. We welcome the recent arrests of leaders of banned extremist organizations as an indication of the government's resolve in fighting terrorism within Pakistan.

The second of our major goals vis-à-vis Pakistan and its neighbors is to support their efforts to *enhance regional stability*. The population of this region is vast, but so is the amount of weaponry that exists — including enough nuclear weapons to wreak untold devastation over the sub-continent. Yet this is also the region of the world with perhaps the highest level of untapped human and economic potential anywhere — potential that, if fully exploited, could change the international economic and social landscape in fundamental ways. For this to happen, regional political and military stability must be ensured. The trends today are positive: Pakistan is working with Afghanistan and India to overcome the historical tensions and distrust that have col-

lateral activities and investigations by various governments have disrupted his black market proliferation network. That network's dismantlement must be complete and irreversible.

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Pakistan's commitment to the further advancement of democracy and human rights is central to its efforts to build a stable, positive future for its people. America wants to see strong Pakistani democratic institutions and practices, including a National Assembly, Senate, and Provincial Assemblies that play a vigorous and positive role in governance and an independent judiciary that promotes the rule of law. We also would like to see Pakistan's civil society play an active role in governance. Democratic institutions are required if Pakistan is to thrive economically and to develop further into an enlightened and moderate Muslim state.

A fourth area of US interest is our desire to

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increase understanding between the people of the US and Pakistan. There is currently significant mistrust and lack of understanding between us; for our part, we are intent on working to reduce these gaps. As people coming from different cultures and historical experiences, we may not always agree with each other, but we must continue to strive to listen better and to attempt to understand the other's point of view. Just this month, we have instituted a once a month internet web chat to increase communication between Embassy officers and the Pakistani public. Our first web chat was about visa policy, and more than 350 Pakistanis logged in to obtain information about visa rules and regulations. We have also recently expanded the Voice of America's medium wave broadcasts to 12 hours a day, and begun FM broadcasting for the first time.

We are continuing to expand our cultural and exchange programs, one of the important ways in which we can build bridges among our citizens. In the past three years, through a myriad of educational, cultural, and visitor exchange programs, more than 400 Pakistanis have visited the US as guests of the US government. Although it is true that we have, for legitimate security reasons, tightened visa and entry procedures to the US, and while we are intent on enforcing laws with regard to the length and status of stay, the United States remains open to visitors from all nations - for education, for tourism, and for business. I fully recognize that some of you have been inconvenienced by our tightened visa and entry regulations, but we are working hard to streamline our procedures. As Secretary of State Colin Powell recently wrote:

"The US has always welcomed visitors, as befits a nation of immigrants. While terrorists have done material harm to the US, they will never destroy the essential, embracing spirit of America. Please pardon the inconvenience while we are adjusting to new circumstances. But rest assured: in every sense, America is still open for business."

US Assistance to Pakistan

Let me turn now to our assistance programs to Pakistan today. They reflect our interest in all the policy goals I have discussed, and are, I believe, a testament to America's commitment to build a strong, deep, and long-term relationship between our two nations.

Since 9/11 and the resumption of an assistance relationship, the United States has provided a multi-billion dollar, multi-faceted assistance package to Pakistan. In this fiscal year 2004, the year ending at the end of September, the US Government has provided nearly \$400 million dollars in grant assistance to Pakistan. This includes: \$200 million in Economic Support Funds that has eased Pakistan's debt burden, \$75 million in social and economic development assistance, \$75 million in foreign military finance to help support Pakistan's military and security preparedness, and \$31 million to enhance the effectiveness of Pakistan's efforts in border security, law enforcement development, and counter-narcotics.

As you are all well aware, President Bush has made a commitment to Pakistan to seek a further \$3 billion in aid over five years - or \$600 million per year - beginning in fiscal year 2005. We expect half this amount - \$300 million a year - will be for economic and development assistance, while an equal amount will go towards security and military aid. For the first of these five years, President Bush requested an additional \$100 million for a total of approximately \$700 million in 2005. This request, subject to Congressional approval, includes:

- \$200 million in budget support

girls and boys of Pakistan. Just within the last year, we have trained 2,500 Pakistani teachers both here and in the United States; introduced early childhood education programs in more than 200 schools; provided classroom materials and playground equipment; refurbished 1,200 schools; and established 100 literacy centers for out of school youth and adults. We are helping District Education Officers in Sindh and Balochistan improve planning, budgeting, and management. We are also rebuilding and furnishing 130 schools in FATA. We will expand these programs in the coming year.

And, while we have given particular focus to Sindh and Balochistan, the two regions with the poorest social and economic indicators, we are also active here in Punjab. We are collaborating with the Lahore-based NGO Bunyad, which has established 100 literacy centers in the province. And working with the Higher Education Commission, we are providing merit and need-based scholarships for 1000 Pakistani students to study business and agriculture in eleven of the best universities in the country, including three in Punjab. Here is Lahore, we also continue to take pride in LUMS, a center of excellence that was established with a founding grant from USAID.

Improving health care services, especially for women and children, is also a key USAID objective. Thousands of rural women now receive reproductive health services that they could not obtain before. A new \$53 million program will establish model maternal and child health services in ten districts. This program will be part of a national effort led by the Ministry of Health. USAID is also helping to decrease the spread of polio: this year, USAID's contribution of \$2.1 million will fund door-to-door immunization campaigns, aiming at eliminating polio from Pakistan. In Punjab, we're working to improve services in four districts: Rawalpindi, Jhelum, Khanwal and DG Khan. We have signed agreements with six Punjab NGOs to implement HIV/AIDS awareness and prevention programs, and support Key Social Marketing and Green Star networks to make safe and affordable family planning available to all.

Good governance has a critical role to play in reducing poverty and we are supporting several of the Government's initiatives. This year, USAID awarded grants in 11 Districts (four of which are here in Punjab) that have brought communities, local governments, and the private sector together to address local concerns, such as water sanitation, small irrigation channels and access roads. A Self-Help program has already awarded 5 small grants to Punjab communities with great ideas on how to improve the quality of life within their towns and villages. Another important area is legislative strengthening. Pakistani NGOs are now working with national and provincial legislators to build strong relations between legislative bodies and civil society in order to improve policy analysis and decision-making. Here in Punjab, we are working through PILDAT [Pakistan Institute for Legislative Development and Transparency] to train all members of the Legislative Assembly in developing systems for improving access to information and bringing public views into the legislative process.

The fourth area of USAID assistance is creating economic opportunities and jobs for the poor. USAID is providing micro-credit and microfinance services to help create economic activity in particularly disadvantaged areas, especially in Sindh and Balochistan. In Punjab, USAID is supporting three NGOs to provide credit to entrepreneurs, including the Center of

importance that trade and foreign investment play in economic development. For this reason, U. S. Government agencies, including our Export Import Bank and our Overseas Private Investment Corporation, are providing hundreds of millions of dollars in credit facilities, insurance, loans, and loan guarantees in order to support the importation of American products and the extension of credits by American banks to finance projects and companies in Pakistan.

We also have a growing array of security assistance programs. After 9/11, we initiated a \$73 million program to help Pakistan secure its border with Afghanistan against trafficking in weapons, drugs, and other contraband and infiltration by terrorists. For the Ministry of Interior we have provided an aviation wing of ten helicopters and 3 fixed wing aircraft, over 1,000 vehicles, communications equipment, and assisted in the construction of border outposts. Related training and technical assistance also are being provided. We are expanding programs in the Federal Administered Tribal Areas (FATA) with \$24 million for construction of roads to provide law enforcement access and promote economic development in currently inaccessible areas, and \$1.5 million for training, equipment, and outpost construction.

We continue to provide Pakistan with counter-narcotics and law enforcement assistance. Our counter-narcotics program focuses on sustaining Pakistan's considerable success in opium crop reduction, which has declined substantially over the past 10 years with the help of alternative crops, aggressive eradication, road building, irrigation, and potable water programs. Our law enforcement assistance program provides an array of training, technical assistance, and some commodities to enhance law enforcement capabilities. Next year, we will increase our aid in these areas to approximately \$40 million.

We are assisting Pakistan's counter-terrorism capabilities by providing innovative technologies and equipment, including a standardized fingerprint system. We are also helping to train and equip federal and provincial units responsible for counter terrorism investigations and operations.

In military assistance, Foreign Military Financing (FMF) grant money is used to purchase US military equipment, maintenance, and training. We are continuing to increase our levels of military assistance: \$75 million in FY02, \$225 million in FY03, \$75 million in FY04 plus an additional \$235 million for the delivery of 26 Bell 412 helicopters, and a projected \$300 million per year for the next five years.

IMET, the International Military Education and Training, was resumed in November 2001 following a 10-year hiatus. Through this program, over the past three years, over 600 Pakistani officers and soldiers have attended US military schools, training courses, and US-sponsored exercises that, in addition to the training, also strengthens interoperability and cultural understanding. Pakistan is now one of the largest recipients of US military training support of any country in the world: in the next fiscal year, we will dedicate \$2 million to this program. In addition, there are currently 12 young Pakistani military officers attending US war colleges and military academies.

These are some of the important programs currently being implemented by the US in close partnership with a myriad of Pakistani government and non-government organizations. The amounts of aid are impressive, as are the breadth of areas included. The United States and Pakistan are developing multi-year programs that testify to a mutual commitment to a strong and enduring bilateral relationship.

Today, Pakistan and the United States are

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\$600 million per year — beginning in fiscal year 2005. We expect half this amount — \$300 million a year — will be for economic and development assistance, while an equal amount will go towards security and military aid. For the first of these five years, President Bush requested an additional \$100 million for a total of approximately \$700 million in 2005. This request, subject to Congressional approval, includes:

- \$200 million in budget support
- \$150 million for various USAID development programs, and,
- approximately \$50 million to enhance border security, law enforcement development, counter-narcotics, and non-proliferation.
- \$300 million in military and security aid
- \$2 million for military education and training

Let me highlight our USAID development programs, which are focused in four sectors — education, health, governance, and micro-finance.

Our flagship is the five-year, \$100 million education program with the Ministry of Education to provide quality education for the

developing systems for improving access to information and bringing public views into the legislative process.

The fourth area of USAID assistance is creating economic opportunities and jobs for the poor. USAID is providing micro-credit and microfinance services to help create economic activity in particularly disadvantaged areas, especially in Sindh and Balochistan. In Punjab, USAID is supporting three NGOs to provide credit to entrepreneurs, including the Center of Women's Development in urban Lahore, the Rural Community Development Society, and the Punjab Rural Support Program. The goal of these programs is to support those entrepreneurs who have "outgrown" traditional micro-credit, and whose businesses require larger loans. To date, cumulative disbursements amount to 2.85 million rupees for 56 entrepreneurs. We are also helping small and medium enterprises develop better business strategies so they can increase profits and create employment.

It is important to recall, however, that economic prosperity does not come from direct assistance alone. We also recognize the vital

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Today, Pakistan and the United States are working together on some commonly shared goals: fighting the destructive scourge of violence and terror, establishing peace and security in this critical part of the globe; enhancing economic growth, social development and democratic governance; and, increasing mutual understanding between our people. Each of our nations defines these goals as important to its own national interests. It is the convergence today of these interests that renders our partnership particularly strong and vital.

It was a pleasure sharing these thoughts with you this evening, and I look forward now to taking your questions. ■