

# Overhauling economic diplomacy

The foreign office, which has no responsibility for managing the country's finances, deserves credit for kicking off this week's gathering of senior ambassadors with a special seminar on Pakistan's economic prospects as the emerging challenges in grappling with a globalised world stare the country right in its face. But Pakistan's all too pervasive 'baboo' culture, which obstructs prospects for reform and new thinking, once again came to cast an unpleasant shadow over the seminar, as senior officials from the so-called 'economic ministries', chose to stay away.

In an incisive presentation on Pakistan's economic outlook, it was left to Ambassador Munir Akram, Pakistan's senior most envoy to the UN in New York, to deliver a detailed lecture on the opportunities versus challenges faced by the country.

Unlike Pakistan's leading economic ministries, anxious for months to highlight the 'sub acha' (all is well) claim, Ambassador Akram carefully took his audience through not only articulating the opportunities but more vitally the challenges, ranging from the effects of internal insecurity, to the future of trading relations with India to the appalling state of human development. The absence of senior representatives from key economic ministries prompted Ambassador Riaz Khokhar, the foreign secretary and one of Pakistan's senior most diplomats to note his regret over the absence of officials such as the commerce secretary and chairman of the export promotion board.

At a time when Pakistan's future fortunes are set to be determined not only by the future of its much too dilapidated system of politics and the domestic economy, but also by its appreciation of the global environment, a case for the foreign office's lead role in charting out the way to the future cannot be underestimated.

Increasingly, many countries across the world are not only grabbing the idea of linking their diplomacy to tangible economic gains, but indeed working to meet that end.

Pipe smoking ambassadors and diplomats with a sharp appreciation of history and



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strategic affairs may well increasingly become a species of the past, as the more frequent wars become those fought in the realm of trade and economic disagreements.

The challenge faced by Pakistan in securing its economic interests would become all the more profound as the country confronts the difficult business of revamping parts of its internal environment while identifying new sources for economic gain globally. The need to become savvy within while being responsive to the outside world, however, must be underpinned by a combination of four equally compelling initiatives:

First, rather than to effectively push the foreign office into isolation on economic matters as a result of a non-cooperative attitude by the czars of the economic ministries, the role of Pakistan's foreign ministry needs to be bolstered on matters related to global trade, business and economic relations with the outside world. On matters related to foreign economic relations, the foreign office's leading rule must work as an essential first step towards preparing Pakistan to face its geo-economic challenges, beyond the geo-strategic ones. On the contrary, a push by different ministries to carve out a role for themselves on foreign economic relations, creates the danger of forming competing interests within the government.

Second, Pakistan's economic profile is bound to weaken unless backed by an aggressive push to begin embracing a long overlooked agenda for reforms as a necessary perquisite to make the country globally competitive. When Ambassador Munir Akram drew the attention of his audience towards Pakistan's unimpressive human development indicators, his words came as a powerful reminder of the unfinished agenda in undertaking long overdue reforms. In a country where poverty has grown at the highest level by comparison to any of its neighbours

during the past decade, there can be no substantial upturn unless the plight of

the many poor is first recognised and then accepted as a priority area for policy action. Instead, some of Pakistan's senior economic policy makers have taken it upon themselves to question the credentials of foreign agencies and foreign experts looking at the question of poverty, simply as a way to refute their argument. While Pakistan's history demonstrates many examples of times when adversity has been masked with a positive spin, the country's history also bears testimony to the complete futility of such an undertaking. Eventually, attempts to push below the carpet, all too glaring crisis situations, have always failed to improve Pakistan's outlook. Tackling the challenge of revamping Pakistan's economy must simply be about embracing a tough agenda for change rather than protecting the status quo.

Third, Pakistan's economic future cannot be divorced from its political outlook. A country, where political uncertainty has been unleashed as a consequence of the past year's political evolution, can simply not ignore the challenge of consolidating politics. Ultimately, Pakistan's best future outlook can only be assured if its politics begins to be actively run by mainstream political parties rather than those sponsored by its powerful establishment. For far too long, the Pakistani military's intervention in politics from time to time has only given reason to eventual uncertainty. Once again, Pakistan's politics are plagued by the latest spate of uncertainty which began with last year's presidential referendum. In the midst of the present day uncertainty, recent speculation over a new agreement to end the differences between the right wing MMA (Muttahida Majlis-e-Amal) and the ruling coalition, could work as a short term breather rather than a long term solution to the country's eventual discord. The political

groups which are left out in the cold would continue to agitate against the government, and in turn paving the way for a fresh sequence of uncertainty. The repeated bouts of uncertainty are set to discourage the emergence of long term certainty which is necessary to pave the way for larger investments — ideally with the prospect for creating employment opportunities.

Last but not the least, Pakistan's economic fortunes cannot be delinked from the state of its relations with the outside world, most notably its immediate neighbours. Ambassador Munir Akram's call, urging a serious consideration of forging trade ties with India, though an important matter, nevertheless is one of a number of untackled agendas. To Pakistan's west, periodically strained relations with Iran over the failure by successive governments to tackle the issue of hardline militancy in Pakistan, has also delivered a substantial cost in terms of the failure to begin forging closer economic ties. Even to Pakistan's north-east, the geographically small border with China — one of the world's largest economies and often described by Pakistani officials as an 'all weather friend' — has hardly been used to its full advantage to forge wide-ranging trade relations. The consequence of an otherwise close Pak-China relationship, built upon strategic and defence commonalities, nevertheless has failed to evolve in a significant trading relationship. The change of tack by Pakistan must be built upon gauging neighbourly ties on the basis of not just their so-called 'strategic' profile but in fact their 'economic' potential. Long term enduring friendships can hardly be expected to endure endlessly unless backed by the assurance of common gains.

As for the future of Pakistan's economic diplomacy, the foreign office has taken the first step in reminding many of the pressing nature of a significant agenda. However, only the next few steps in working towards a new agenda carry the promise of beginning to conclusively turn around Pakistan's future prospects.