TO BE EMBAROGED UNTIL DELIVERY.
CHECK AGAINST DELIVERY.

The Progress of Détente in India-Pakistan Relations: New Chapter or Strategic Charade?

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INTRODUCTION [*]

Commentaries in recent years on Pakistan's evolving relationship with its Indian neighbor have been far from uniform in their assessment of its prospects. At one end of the spectrum of opinion, well illustrated in a paper presented in June 2006 to a conference at the University of Leiden by geographer Joseph E. Schwartzberg, we encounter unadulterated optimism about the likelihood of progress in the relationship. Schwartzberg began his paper with the observation that there existed "a wide range of factors that now contribute to an improved climate for conflict resolution, a climate better than has existed at any time since the early 1950s".[1] He enumerated a number of reasons for his optimism, including:

- Substantial external pressures on both India and Pakistan to settle their differences over Kashmir;
- Awareness on both sides of the border that Kashmir cannot be settled by force;
- Recognition that Kashmir's resolution will enhance the prospects of foreign investment and trade, as well as cooperation in securing energy supplies;
- Genuine commitment of Indian and Pakistani leaders to the promotion of peace in South Asia, and their evident willingness to modify formerly inflexible positions on Kashmir;
- The "de-demonization" of one another by Indians and Pakistanis—a fundamental change in mutual perceptions brought on by the work of peace-oriented NGOs, international conferences, athletic and cultural exchanges, the opening of cross-LOC bus service, and the support rendered by India to the Pakistani victims of the October 2005 earthquake; and
- The "craving of ordinary people", especially on the Indian side, for peace and security and their weariness with strife and indignity.

All of these developments, Schwartzberg concluded, "hold out the promise … of an enduring set of peace accords on Kashmir within the coming decade".

At the other end of the spectrum is the deeply pessimistic vision of Sumit Ganguly, who holds the Rabindranath Tagore Chair of Indian Cultures and Civilizations at Indiana University. In an article published in summer 2006 in *Foreign Affairs*, Ganguly argued that while Kashmir so far

[*] The views expressed in this paper are those of the author and do not necessarily reflect the official policy or position of the Asia-Pacific Center for Security Studies, the US Pacific Command, the US Department of Defense, or the US government.

had not prevented India's rise, "the prospects that the two sides will reach a settlement on their own are dim".[2] His reasons included:

- Neither government has seriously moderated its claims;
- Despite a decline in the rates of infiltration from Pakistan-controlled Kashmir into Indian-controlled Kashmir and a corresponding decline in the level of violence, the insurgency has not ended;
- Almost all proposed solutions – from regional plebiscites to autonomy to independence – are lacking in political feasibility; and
- Uncritical support of Pakistan's military regime by the United States forecloses the possibility of serious rapprochement between India and Pakistan.

The thrust of Ganguly's argument is that there will be no meaningful progress on Kashmir until and unless there is a fundamental change in US policy towards Pakistan.

Differing substantially in its reasoning but no less pessimistic than Ganguly is a June 2006 policy briefing by the International Crisis Group (ICG)-Entitled "India, Pakistan and Kashmir: Stabilising a Cold Peace", the briefing commenced its bleak narrative with the following observation:

When the third round of the normalisation talks concludes in July 2006, India and Pakistan will be no closer than when they began the process in February 2004 to resolving differences, including over Kashmir. What they call their 'composite dialogue' has helped reduce tensions and prevent a return to the climate of 2001-2002, when they were on the verge of all-out war, but progress has been limited to peripheral issues. [Indian and Pakistani leaders] have reiterated commitments to sustain the dialogue. It is unrealistic, however, to expect radical change. International, particularly U.S. support for the process will likely dissuade either side from pulling out but asymmetry of interests and goals militates against a major breakthrough.[3]

The ICG briefing conceded that India and Pakistan have taken a number of positive steps in recent years to reduce tensions. Among other things, it cited the November 2003 ceasefire along the LOC and on the Siachen Glacier, which still holds; the establishment of cross-border bus, rail, and road links; the substantial expansion in formal bilateral trade (from a meager $161 million five years ago to currently more than a billion); and exploration of the possibility for

cooperation in the petroleum and natural gas sectors. For the most part, however, "the trust and goodwill essential for resolving more contentious issues is absent. Differences over the use of river waters flowing from Jammu and Kashmir still bedevil bilateral relations, and the composite dialogue has yet to make progress on resolving such disputes as those over the Siachen Glacier and Sir Creek. Nor have the two sides narrowed their differences over Kashmir".[4]

Like Ganguly, the ICG briefing takes a skeptical view of the claim that Pakistani and Indian policymakers are now convinced that armed conflict, whether conventional or by proxy, is not in the national interest. Like him, also, the ICG denies that either side, rhetoric to the contrary, has shown any serious inclination to compromise on past positions: Pakistan's military establishment "retains the belief that a proxy war in Kashmir is the only way to pressure [India] into making concessions on vital areas of national interest"; and India's leadership is no more inclined than ever to acknowledge that Kashmir amounts to a territorial dispute.[5] According to the ICG briefing, the most publicized CBM, the reopening of the Srinagar-Muzzafarabad bus route, has itself proven disappointing. A year after the route's reopening, only 365 Kashmiris from the Indian-administered sector and 345 from the Pakistan-administered sector – in spite of thousands of applications on both sides of the border – had managed up until then to make use of it.[6] The 2005 earthquake and subsequent relief operations did not reduce distrust; on the contrary, according to the ICG "jihadi attacks in J&K have escalated in the wake of the earthquake".[7]

War between India and Pakistan, observes the ICG report, remains a distinct possibility; and, it concludes, "it will take many more years of talks and the participation and support of elected governments in both states before the dialogue process can yield a Kashmir solution. Indeed, the two nuclear-armed states should focus efforts on stabilizing their cold peace".[8]

Confronted with these two opposed interpretations of the India-Pakistan equation, neither of them lacking plausibility, some observers, including the well-regarded diplomat-turned-diplomatic historian Dennis Kux, simply confess their bafflement. "As 2006 begins", he disappointingly concluded his excellent recent review of India-Pakistan negotiating behavior, "the outlook is unclear".[9]

The task I've set for myself in this paper is to weigh the prospects of the current détente in India-Pakistan relations without falling prey to the seductive arguments served up by either the optimistic or pessimistic schools of analysis, but at the same time making a decent effort to avoid concluding on a note of complete bafflement. My argument, in brief, is that the Kashmir dispute, understood conventionally to be a conflict over territorial possession, is indeed showing multiple and serious signs of diminished intensity – in other words, of the two sides' incrementally increased capacity to negotiate agreements that are slowly, steadily, and very likely permanently draining the dispute of its traditional intractable character. Although the Kashmir dispute is yet far from ripe for resolution in a formal sense, it has already lost most of its centrality in India-Pakistan relations. For all intents and purposes, it has arrived at a de facto settlement.

Paradoxically, this change going on in regard to the Kashmir territorial dimension of India-Pakistan relations does not ensure, indeed it provides no guarantee at all, that a positive transformation of the relationship as a whole is in the cards. On the contrary, the change now in progress in India-Pakistan relations is entirely compatible with a future as turbulent and inclined to conflict as ever in the past. This is because the relationship between India and Pakistan is driven by far more than the Kashmir dispute; and some of the other drivers of this relationship, including some relatively new ones, are virtually bound to present obstacles to friendly relations at least as formidable as Kashmir. Foremost among these other drivers is rapidly mounting regional rivalry over natural resources, specifically over hydrocarbon (petroleum and natural gas) energy supplies and river water. These drivers, I shall be arguing, are not strongly counterbalanced by existing cooperative tendencies, neither in regard to energy and water resources themselves nor in regard to regional integration and economic trade.

KASHMIR: THE VIRTUAL DISPUTE

First in order of business is to discard the timeworn cliché that India-Pakistan relations are hostage to Kashmir—that the hostility in their relationship is due largely to the unsettled nature of the Kashmir dispute and, by the same token, that to resolve the Kashmir dispute is tantamount to launching the India-Pakistan bilateral relationship on a new, firm and positive trajectory. This notion, which has achieved near hallowed status among subcontinent watchers, was never an entirely satisfactory statement of the relationship; it is today without any merit at all.

This isn't the first time I've made this argument. In a book about Kashmir published over a decade ago, I wrote that the Kashmir dispute had evolved over time in ways that had resulted in its fundamental transformation. The traditional (territorial) dispute's parameters had become a convenient "cover story" or metaphor, I insisted, for a conflicted relationship that bore less and less kinship, as the years passed and circumstances changed, to what it had been in the immediate post-partition era. "*For the most part*", I said then in introducing the book,

the 'Kashmir dispute' is not about Kashmir. It is at least not mainly about Kashmir. The phrase long ago mutated into an inclusive metaphor or 'cover story' for the multifaceted interstate power struggle between India and Pakistan.

"*Put in a slightly different way*", I added,

the Kashmir dispute is as much a symptom as a cause of India-Pakistan rivalry. The rivalry is not Kashmir-dependent. This is disheartening since it means that 'the Kashmir dispute' is extremely complicated. It is about far more than a contested piece of territory.[10]

Thinking about Kashmir in this way, whether as metaphor or symptom, requires a good bit of mental housecleaning. Today, for instance, Pakistan can no longer be fairly described as a "revisionist" state, bent upon the irredentist mission of reclaiming the lost land of Kashmir. Not that we can't find Pakistanis nowadays who still cling to this vision; but their numbers have unquestionably thinned out in the higher reaches of government and military. Both sides in the dispute over Kashmir, India by choice, Pakistan by necessity, accept the territorial status quo, even if they are reluctant to say so, even if they wish it could be otherwise. President General Musharraf has been unequivocal in acknowledging, publicly and repeatedly since he first brought the idea to the surface in October 2004, his acceptance of the new order—an order in which there is little if any room left for aggressive territorial expansion, however much disguised. His fourfold scheme for resolving the dispute, which appears "to finally bury the argument that Jammu and Kashmir should be a part of the Islamic state of Pakistan by virtue of its overwhelming Muslim majority",[11] leaves little room for doubt that Pakistan has for all intents and purposes abandoned its irredentist aspirations.

While Musharraf's apparent conversion to a more benign view of Kashmir has been widely welcomed around the world, it would be a mistake to read too much into it. It does not mean that

Musharraf no longer detects any grounds for conflict between India and Pakistan. It doesn't mean that at all. The positive steps in India-Pakistan relations today in regard to Kashmir owe much to Kashmir's decline in importance, not to a change of heart among the leaders of these two traditional adversaries. Kashmir is being "settled", so to speak, because neither side considers keeping the historical dispute alive to be any longer a matter of great national interest. Both sides, in fact, are now quite in agreement that keeping it alive mainly runs counter to their national interests. I hasten to reemphasize that the de facto settlement of the territorial dimension of the dispute should not be taken as a huge leap forward in India-Pakistan relations. What these two countries are currently in process of "settling" had long since been greatly diminished in importance. As much as anything, the two sides are clearing away a half a century's worth of accumulated rhetorical debris. This is a positive development as far as it goes. Were it accompanied by major positive developments across the board in their relationship, we would be justified in speaking of an historic breakthrough. Nothing of this sort is currently apparent.

THE LIMITS OF COOPERATION

There are a number of bilateral and multilateral frameworks in South Asia designed to bolster interstate cooperation, including cooperation between India and Pakistan. At the bilateral level, Indian and Pakistani delegations are presently in the midst of the third round of the so-called Composite Dialogue, a formula developed by mutual agreement for sustained multi-level, multi-phase talks on a number of contentious issues in India-Pakistan relations. The idea for a Composite Dialogue was initially raised in June 1997 in a meeting of the Foreign Secretaries of the two countries. The Joint Statement issued following their meeting spoke of the need for establishing a mechanism, including working groups at appropriate levels, to discuss, in a composite dialogue, eight specific subjects, including Jammu & Kashmir. The idea went unsupported at the time, but it was revived in February 1999 at the Lahore Summit—an historic meeting between Indian Prime Minister Atal Bihari Vajpayee and Pakistani Prime Minister Nawaz Sharif that laid the groundwork for a series of cooperation-aimed diplomatic initiatives that has continued, off and on, to this day. Of particular importance was the agreement then struck to move beyond traditional stated positions on Kashmir.[12]

The Composite Dialogue process has endured in spite of several major setbacks, including the Kargil war in spring 1999, the massive mobilization of Indian and Pakistani forces in the wake of the near-catastrophic terrorist attack on Parliament House in New Delhi in December 2001, and

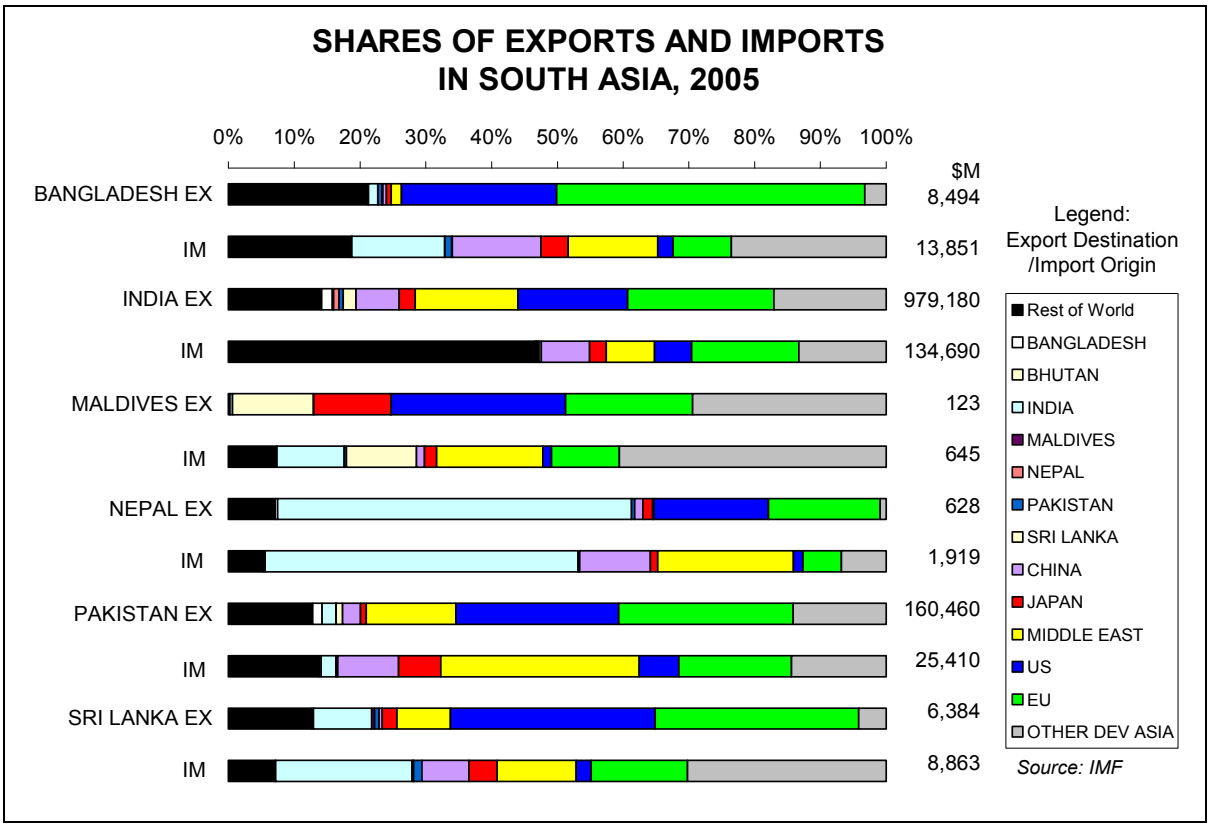
the general bitterness between the two neighbors that persisted up until the end of 2003. The process has resulted in a host of minor agreements and concessions, some of which were mentioned earlier in this paper. To date, however, no major agreement has been struck. Pakistani officials complain that India is dragging its feet; Indian officials insist that little progress can be made until and unless Pakistan effectively terminates the violent activities in Kashmir of militant (jihadi) groups that are based in Pakistan.

At the multilateral level, the most conspicuous achievement has been the formation by the region's (then) seven-member grouping[†]—the South Asian Association of Regional Cooperation (SAARC)—of the South Asian Free Trade Association (SAFTA). Formally agreed upon in 2004, SAFTA went into effect on 1 July 2006. If it lives up to its promoters' expectations of rapid growth in intra-regional two-way trade, then the economies of India and its neighbors could be major beneficiaries.

There are huge impediments to living up to expectations. As can be seen in Figures 1 and 2, two-way trade among SAARC members is in most cases miniscule—and, set against the dramatic increases in two-way trade visible between these states and the European Union, the United States, Japan, the Middle East, and China in the first half of the present decade, the snails' pace visible in their intra-regional trade relationships is far from encouraging. South Asia is, in economic terms, one of the most weakly integrated regions in the world. Intra-regional trade, according to one recent study, "is only 2% of GDP, compared with 37% in NAFTA, 63% in the European Union, and 38% in ASEAN".[13]

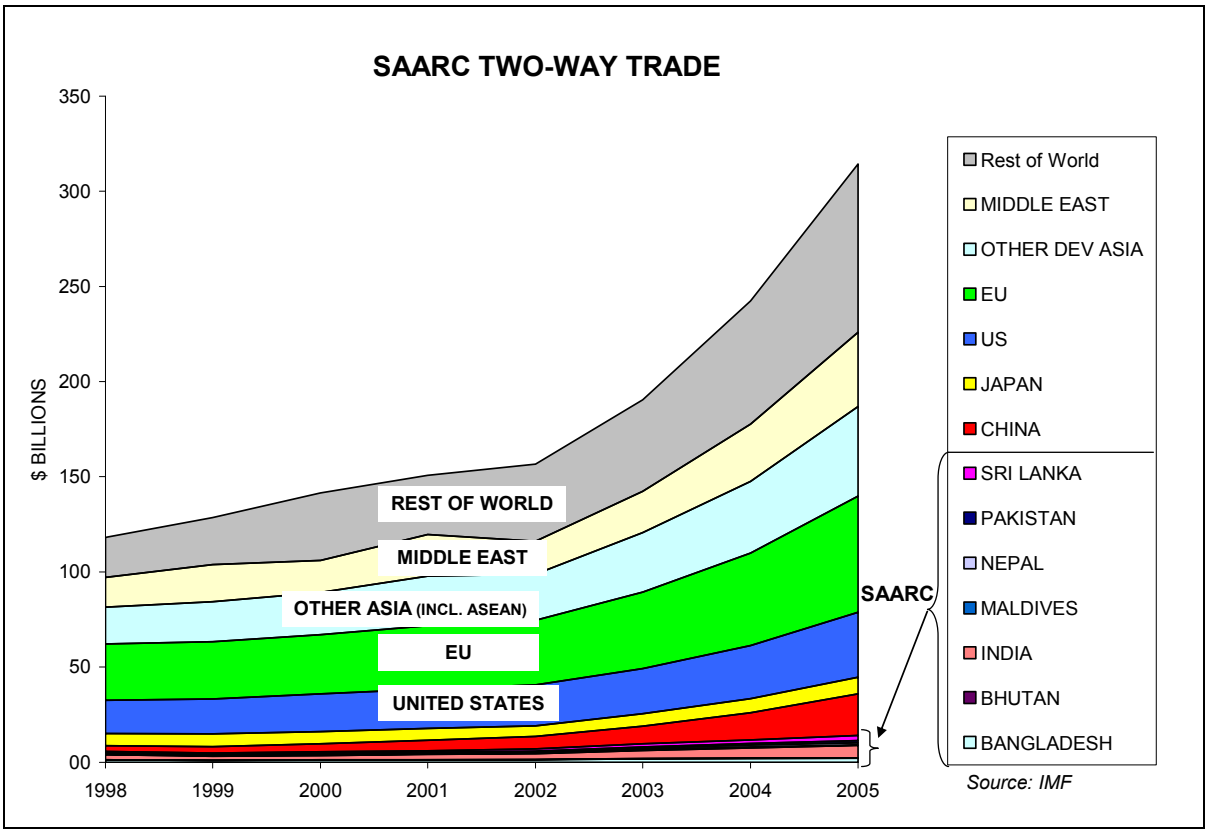
[†] Afghanistan was officially added as the eighth member of SAARC at the 14th SAARC Summit in early April 2007.

Figure 1 - Shares of Exports & Imports in South Asia, 2005



Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, 2006.

Figure 2 - SAARC Two-Way Trade, 1998-2006



Source: International Monetary Fund, *Direction of Trade Statistics Yearbook*, 2006

Now strong arguments have been made about the potential for substantial growth, in particular, in India-Pakistan trade. For instance, in a carefully formulated World Bank-supported study, the author, Nisha Taneja, maintains that "there is a vast untapped trade potential between the two countries"—that two-way trade between them could be about ten times its present size.[14] Taneja carefully examines areas of trade interest and areas of possible joint ventures where greater cooperation could be sought. Alongside a detailed array of existing formal and informal barriers to trade, she provides a list of policy suggestions for enhancing India-Pakistan trade. None of these suggestions—which include Pakistan's grant of MFN status to India, information exchange, opening of new transport routes, elimination of transport bottlenecks, greater efficiency and transparency in banking transactions, and removal of non-tariff barriers to lower costs—appear impractical or impossible of achievement if the will exists on both sides of the border. Generating that will is at the heart of the problem. Needed for its generation, for one thing, is the conviction of Indian and Pakistani leaders that their historic rivalry is indeed an aspect of their past but not of their future. For another, they need also to be convinced that a

dramatic increase in two-way trade between them would, in fact, work to their mutual advantage. Such convictions are hard to propagate successfully in an environment where the economies are both conspicuously asymmetric and largely non-complementary, and, moreover, where signs of continued rivalry are still everywhere to be seen. In the mounting competition in the region over natural (energy and water) resources, signs of this latter sort are especially abundant.

THE RISE OF NATURAL RESOURCE RIVALRY

In the contemporary geopolitical environment in which India and Pakistan are located, scrambling for access to and control over natural (energy and water) resources almost everywhere trumps interstate cooperation in regard to these resources.[15] The reason for this is not hard to find: the South Asian neighborhood is confronted nowadays by the powerful twin drivers, on the one hand, of sharply increasing natural resource *scarcities*, and, on the other, of no less sharply increasing *demands* for these resources. The policy imperatives accompanying this potentially alarming scarcity *cum* demand feature of the natural resource environment crowd the domestic and international agendas of both countries. In the absence of well-developed and reliable bilateral or multilateral institutional frameworks for addressing these imperatives, India and Pakistan necessarily fall back upon unilateral measures. Their conspicuous self-help measures act, in turn, to reinforce existing distrust, increase tensions, and stall efforts at interstate management of resource problems. How this works can readily be seen in the context of river resource rivalry.

River Resource Rivalry[‡]

On 12 February 2007, there occurred an event bearing considerable importance, symbolic if not material, for the river resource futures of India and Pakistan. The event, given little notice in the international media, was the turning over to the governments of India and Pakistan of the final and binding decision of a World Bank-appointed neutral expert in regard to the Baglihar Hydroelectric Plant, under construction since 2002 on the Chenab River, a tributary of the Indus, in the northern Indian state of Jammu & Kashmir. Bearing the title *Expert Determination on Points of Difference Referred by the Government of Pakistan under the Provisions of the Indus Waters Treaty*, the decision brought to an end an arbitration proceeding triggered over two

[‡] As used here, river resources are defined broadly to include water for navigation, fisheries, irrigation, hydroelectric power generation, ecological balance and biodiversity, domestic and industrial uses. Hydropower qualifies also, of course, as an *energy* resource.

years earlier, on 15 January 2005, by a Pakistani request that the World Bank appoint a neutral expert, under Article IX (2) of the Indus Waters Treaty (IWT), to consider "differences" that had arisen between Pakistan and India over the Baglihar project.[16] The two countries had quickly agreed upon the appointment of the Swiss civil engineer Raymond Lafitte as neutral expert. He was appointed on 12 May 2005. Over the next twenty months, his labors included a site visit in October 2005 to the unfinished Baglihar project, a total of six intensive meetings with delegations of the two countries, and examination of multiple written arguments and counter-arguments prepared by the country teams and their hired consultants.

Lafitte's decision, though it clearly found India's design of the Baglihar Dam to be in some respects in violation of the IWT, received a far warmer reception on the Indian than on the Pakistani side. While public statements on the decision by Pakistani officials affirmed the government's general satisfaction with the results of the vigorously contested proceeding, private comments to the author by several members of the Pakistani team revealed deep disappointment with Lafitte's verdict.[17] Some of the disappointment could no doubt be traced to the inevitable letdown Pakistanis would feel at having been significantly bested—in a legal contest initiated by themselves and in which they apparently felt at some advantage—by their longstanding rival India.

Some of it, however, I believe could be traced to the Pakistani team's conviction that the first-ever test of the painstakingly-detailed conflict prevention provisions of the IWT had resulted not in the treaty's strengthening but in its dilution; and, perhaps worse, that in the manner in which the determination had been reached an opportunity had been squandered for putting the treaty to work as a positive instrument for promoting greater cooperation between India and Pakistan in future management of Indus river resources.

Pakistan had referred three "points of difference" for arbitration—one concerning the basic design of the dam, including, in particular, the size and position of gated spillways; a second concerning the amount of pondage or live storage; and a third concerning the height of intake tunnels serving the plant's power turbines. Without going into the technical details of the matter, it is clear that the Pakistanis, virtually from the outset of the dispute, were disturbed primarily by the number, size, and elevation of the 8 gated spillways specified in the dam's design—3 of them chute (crest-level) spillways, 5 of them (the most unacceptable from the Pakistani perspective) 10.5 meters high sluice (submerged orifice) spillways. With their gate sills positioned well beneath the so-called "dead storage" level of backed-up waters (the level

beneath which are stored waters not utilized in power production), the 5 sluice spillways enabled the Indian side to control the flood discharge of water on a scale, the Pakistani team argued, that the IWT had deliberately sought to preclude.

In defense of their position, the Pakistani team pointed to Annexure D-Part 3: New Run-of-River Plants, Paragraph 8 (e) of the IWT, which reads as follows:

> If the conditions at the site of a Plant make a gated spillway necessary, *the bottom level of the gates in normal closed position shall be located at the highest level consistent with sound and economical design and satisfactory construction and operation of the works.*[18]

In their rebuttal, the Indian side contended that the spillway design of the dam was necessary to ensure safe passing of the design flood, and also a silt-free environment near the intakes for trouble-free operation, by transporting sediments together with flood discharges through the sluice spillway. Consequently, the chosen spillway configuration is at the highest possible level consistent with a sound and economical design and satisfactory construction and operation of the works.[19]

In support, they cited Paragraph 8 (d) of Annexure D-Part 3:

> There shall be no outlets below the Dead Storage Level, *unless necessary for sediment control or any other technical purpose; any such outlet shall be of the minimum size, and located at the highest level, consistent with sound and economical design and with satisfactory operation of the works.*[20]

In his final decision, which flatly endorsed the Indian position on gated spillways, the neutral expert Lafitte maintained that the design of the spillways had as its clear objective not control of flood discharge (that worried the Pakistanis) but control of sediments or silting. This he found not to contravene, or at least not to be disallowed by, either Paragraph 8 (d) or (e) of the IWT.

Clearly recognizing that his determination on this point would not suit the Pakistanis, Lafitte explained his reasoning at considerable length. He noted in particular that the IWT had been

drafted in the 1950s, decades before the modern technology of sedimentation management had been fully developed. “It appears”, he observed,

That the Treaty is not particularly well developed with respect to its provisions on sediment transport. This is not a criticism: the Treaty reflects the status of technology on reservoir sedimentation in the 1950s. The consequence is that the provisions of the Treaty which explicitly mention sediment acquire a special significance.

Everybody recognizes the necessity to take into consideration the lessons of the past, in particular the last decades, from the design, construction and operation of dams and hydropower plants on rivers with important sediment transport.

Lafitte concluded by asserting his reasons for enabling the Indians to control waters held in Dead Storage. “The definition of the Dead Storage given in the Treaty”, he said,

> states that it cannot be used for operational purposes. The operational purpose of Baglihar is power generation, and so this purpose is not allowed for the Dead Storage. This is precisely the role of the Live Storage which has the purpose of generating power. But the capacity of the Live Storage should be protected against sedimentation. This is an essential matter of sustainability. To meet this objective, “maintenance” of the Live Storage and of the Dead Storage should be carried out—and this is not excluded by the Treaty—in accordance with the various known processes of sedimentation control, and in particular, drawdown sluicing and flushing.[21]

The response of the Pakistani team to this—from their standpoint—mischievously circuitous reasoning was predictably angry. The IWT, they declared, was drawn up as a bilateral instrument for the prevention of conflict—not to prevent silting up of dams. The neutral expert’s mandate, as they understood it, was to determine not how to help the Indians build a perfect dam but to ascertain whether the dam in contention, the Baglihar, had been designed in conformity with the IWT. What Lafitte chose to do, according to the Pakistanis, was, in effect, to rewrite the Treaty, to modify its intent from one of *conflict prevention* to one of *dam sustainability*.

From the Indian point of view, the results of the arbitration were largely consistent with its long-term hydropower plans for Jammu & Kashmir. The Baglihar hydropower plant, a run-of-the-river project with a capacity of 450 MW in its first stage and an additional 450 MW in its second stage, is one of fifteen hydroelectric schemes in the Chenab river catchment area or basin. Four are already operating, two (including Baglihar) are under construction, and nine are at some stage of investigation or preparation. Were all to be completed, their total installed power generating capacity would come to 7,160 MW—a not inconsiderable figure considered in the light of India's overall energy, including hydropower, requirements.[22]

By any measure, these requirements are vast.[23] By 2010, India is expected to take South Korea's place as the world's fourth largest energy consumer, after the United States, China, and Japan.[24] Its energy requirements are growing at a rate of 5.6 to 6.4% per annum, which translates into a four-fold increase in India's energy needs over the next quarter century.[25] Coal, which presently meets about 55% of India's energy requirements, is bound to occupy center-stage well into the future; but with energy consumption rising astronomically, greater efforts to expand and diversify energy sources are inescapable.[26]

As of the end of January 2005, India's total installed power generating capacity was 115,544 MW. Thermal resources (coal, oil, gas) accounted for 80,201 MW, hydro for 30,135 MW, nuclear for 2,720 MW, and wind for 2,488 MW.[27] In 2003, the government of India identified a planned target by the end of the Eleventh Plan in 2011-12 of an additional 107,000 MW—a clearly unrealizable aspiration that would mean a near doubling of the current installed capacity in less than a decade. Hydropower, whose share in total power generation has ironically been progressively declining over time, was being counted upon to supply about 50,000 MW of the targeted additional capacity.[28] Just when a target on this scale would be realistically reachable and where in India such an expansion in hydroelectric (hydel) generation could occur, were major questions?

India's hydropower quest- India ranks fifth in the world in exploitable hydel potential. According to a re-estimate made in April 2006 by India's Central Electricity Authority (CEA), identified hydel potential is 148,701 MW.[29] The breakdown of this potential by river basin, region and state is shown sequentially in Tables 1, 2, and 3. Apparent in Table 1 is that the Indus basin serving India's northern region, including Jammu & Kashmir, has a hydel potential second only to that of the Brahmaputra. Table 2 shows that almost two-thirds of the potential hydel capacity of India's

northern region is as yet undeveloped. Table 3 gives state-wise data on 162 new hydel dam schemes, totaling a bit less than 50,000 MW, approved by the Indian government in May 2003. In all three tables, the importance of the northern and northeastern sectors is immediately evident. Considering the 16 states listed in Table 3, for instance, only 29 (17.9%) of the new hydel schemes will be located outside of the northern and northeastern sectors of the country. The importance of the northeastern state of Arunachal Pradesh, where almost one fourth of the dams are to be constructed, and the Indus basin states of Himachal Pradesh and Jammu & Kashmir in the country's north, targeted for 28 (over 17%) of the new hydel schemes, stands out in particular. Equally evident is that these sectors are precisely the ones that border on India's regional neighbors, including Pakistan, and with whom the waters to be tapped are shared.

Table 1 - Hydel Potential of India's Major River Basins/River Systems

Basin/Rivers	Potential Installed Capacity (MW)
Indus Basin	33,832
Ganga Basin	20,711
Central India River System	4,152
Western Flowing Rivers of Southern India	9,430
Brahmaputra Basin	66,065
Total	**148,701**

Source: *India Energy Outlook 2006*, KPMG International

Table 2 - Status of Hydroelectric Potential Development in India, 2006

Region	Identified Capacity (MW)	% Capacity Developed/ Under Development	% Capacity Undeveloped
NORTHERN	53,395	36.0%	64.0%
WESTERN	8,928	68.9%	31.1%
SOUTHERN	16,458	59.7%	40.3%
EASTERN	10,949	31.9%	68.1%
NORTH EASTERN	58,971	6.8%	93.2%
ALL INDIA	148,701	28.7%	71.3%

Source: Central Electricity Authority, Government of India.

Table 3 - State-wise Status of 50,000 MW Hydel Initiative

State	Number of Schemes	Planned Installed Capacity (MW)
Andhra Pradesh	1	81
Arunachal Pradesh	42	27,293
Chhattisgarh	5	848
Himachal Pradesh	15	3,328
Jammu & Kashmir	13	2,675
Karnataka	5	1,900
Kerala	2	126
Madhya Pradesh	3	205
Maharashtra	9	411
Manipur	3	362
Meghalaya	11	931
Mizoram	3	1,500
Nagaland	3	330
Orissa	4	1,189
Sikkim	10	1,469
Uttaranchal	33	5,282
Total	**162**	**47,930**

Source: Central Electricity Authority, Government of India

Water scarcity in South Asia-The Indian Government's dogged efforts to expand the country's hydroelectric power generating capacity—in considerable measure by exploiting the hydroelectric potential of the Indus river basin—have to be seen in the context of the increasingly dire circumstances of water scarcity in the South Asian region. The evidence is overwhelming that there is now a marked decline in renewable per capita fresh water availability in the region as a whole, and that the decline is currently more immediately threatening in some countries than in others. Keeping in mind the substantial regional variation in water availability that exists within each country in the region, it is apparent that the region's largest and most populous country, India, is moving steadily closer to a danger zone in terms of water supply. Per capita availability of water in India has declined by roughly 60 per cent over the last half-century or so, and the next half-century may well witness an equally precipitous drop.[30] This seemingly inescapable fact inevitably affects the thinking of India's water planners *and* those entrusted with negotiating river water agreements with India's co-riparian neighbors.

However, when it comes to looming water scarcity, there can be little doubt that Pakistan can claim top honors in the region. Per capita water availability in Pakistan, according to recent estimates, slipped from 5,000 cubic meters per annum in 1951, a few years after the country's founding, to 1,100 cubic meters per annum in 2006. Severe water shortages are now a fact of life. With the country expected to have a population in 2010 of 173 million, it is almost certain that by that date it will slip below the internationally recognized scarcity limit of 1,000 cubic meters of water availability per capita per year, an alarming rate of decline that is projected to dip even further—to less than 700 cubic meters per capita by 2025, when Pakistan's population may have reached 221 million.[31] The unpleasant fact of the matter, according to a just published and immensely disturbing World Wildlife Foundation (WWF) report on Pakistan's water crisis, is that "Pakistan is already one of the most water-stressed countries in the world, a situation which is going to degrade into outright water scarcity".[32]

The cited WWF report paints an extraordinarily grim portrait of Pakistan's water pathologies. Included among them are: serious deterioration in groundwater quantity and quality in almost all urban centers, severe depletion and drying up of water sources in many areas due to uncontrolled extraction of groundwater and extended dry periods, huge daily discharge of raw sewage to surface water bodies, steep decline in the quality of drinking water, a mounting problem of arsenic contamination of groundwater, and alarming spread of water-borne diseases. The WWF report concludes that "water use practices in [Pakistan] fall far short of the required minimum for water conservation and water quality. In simple terms, Pakistan's water is drying up, and what little remains is heavily polluted".[33]

Whatever opinion one holds about the neutral expert's findings in regard to Baglihar, the plain fact is that India's plans for hydropower development in the Indus basin run squarely up against Pakistan's unambiguously threatening situation of water scarcity. For Pakistanis, this is not a time for taking lightly the restrictions on Indian use of the waters of the three western rivers of the Indus system—the Chenab, Jhelum, and the Indus itself—that were reserved for Pakistan's use in a bilateral treaty that took nearly a decade to negotiate. Now it could be, of course, that the Pakistani reading of Indian intentions in regard to the water resources of the Indus basin is unnecessarily suspicious. After all, the Baglihar arbitration could turn out to have largely positive effects on India-Pakistan relations. Such an outcome is far from apparent at the moment,

however, and what signs there are indicate that the river resource rivalry between India and Pakistan is fated to a lengthy, and probably contentious, future.

Energy (Oil & Natural Gas) Resource Rivalry

Signs of probable future contention are also evident when one turns to consider the interactions of these two states over hydrocarbon (oil and natural gas) resources. As was apparent in the case of water, the region's hydrocarbon resources themselves suffer from a huge and mounting gap between demand and supply. India's chronic power shortages are now described routinely as having reached a "crisis" stage. Major financial, industrial, and political centers, like Mumbai, Kolkata, and New Delhi, are being hit with extended power cuts for which no relief is in sight. To conserve power, citizens of Mumbai, until recently untroubled by such cuts, are facing unprecedented appeals to curb air-conditioning use and to put computers on sleep mode.[34] A steady stream of worried commentaries on India's energy issues—in relation to energy deals the government is attempting to make, for instance, with Myanmar or Iran—pours forth from the country's political and strategic analysts.[35] Annual reports of India's Ministry of Defense highlight the critical nexus between Indian security and energy needs. "The Indian Ocean Region", the *Year 2006 Annual Report* observed in the opening paragraph of its first chapter,

> has assumed enormous importance considering our energy requirements. The oil flow in this region is estimated at 15.5 million barrels per day through the Persian Gulf, 10.3 million barrels per day through the Malacca Straits and 3.3 million barrels per day through the Babel-Mandab (Gulf of Aden). This traffic raises security as well as environmental concerns.[36]

Energy rivalry crops up in India-Pakistan relations most visibly in two sectors of the relationship—one in their proposed direct collaboration in the building of a natural gas pipeline from Iran's South Pars field, across Pakistan to India; the other, more indirectly, in the development by Pakistan of a new deep sea port at Gwadar on the Arabian Sea coast of Baluchistan. In both these cases, energy rivalry finds itself entangled in the rivalry of opposed alliance systems—a rivalry that mirrors the region's emergence as an important arena of global strategic conflict.

The Iran-Pakistan-India (IPI) natural gas pipeline- Hailed by some as a promising "peace pipeline", the proposed 2,700 km IPI pipeline project for transporting Iranian gas across

Pakistan to India has been under discussion since the mid-1990s.[37] The trilateral project, which gained ground with the re-launching in 2004 of the India-Pakistan peace process, has had to labor against a number of weighty obstacles, an estimated cost of $7 billion not the worst of them. Although the three parties to the deal have shown some signs in the past year of a determined will to bring the project to fruition, the obstacles are formidable and, in fact, are beginning to appear insurmountable.

The deep distrust that has characterized India-Pakistan relations for more than a half of a century naturally heads the list of obstacles. For Indians, placing their country's energy security to any serious extent in the hands of their traditional enemy inevitably prompts second thoughts. Another serious obstacle has been Pakistan's domestic instability, in particular the threatened resurfacing of a Baluch nationalist insurgency in Pakistan's sprawling southwestern province of Baluchistan. The IPI pipeline, irremediably vulnerable to acts of sabotage, would have to pass through this province.[38] Yet another obstacle has been the price to be set for gas delivered at the Indian border which, apart from Iranian desires in this regard, had to take account of Pakistani demands for both a hefty transit fee and transportation tariff.[39]

These obstacles take a back seat, however, to the stiff opposition to the project by Washington. Conveyed repeatedly and over several years to both Pakistan and India, the Bush administration's distaste for Iranian ambitions in the region, foremost among them, perhaps, its alleged plan for acquiring nuclear weapons, is extremely difficult for either country to ignore. Pakistan, anointed by Washington as a "major non-NATO ally", is the recipient of billions in American aid for its cooperation in the war against terrorism; India, in turn, is extremely reluctant to place at risk the critically-important civilian nuclear agreement, signed by the United States and India in July 2005, that has yet to be finally approved by the currently contumacious US Congress. To ensure against India's backsliding on the matter, Washington dispatched Energy Secretary Samuel W. Bodman to India in March 2007 with the stern message, publicly delivered, that the IPI pipeline, if allowed to go forward, would "contribute to the development of nuclear weapons". And that, he made clear, had to be stopped.[40]

Running through the natural gas pipeline issue is the transparent fact that India and Pakistan are not entirely free to pursue what logic suggests is a "win-win" project for meeting their energy requirements. It is equally clear, moreover, that their lack of freedom in this connection arises to no small extent from their mutual and understandable reluctance not to jeopardize a friendship

with the United States, the loss of which could result not only in severe economic and other penalties but also, and at least as important, in a major strategic gain for their neighbor. As far as one can tell, the IPI pipeline project is unlikely to see the light of day anytime soon; and that means, among other things, that India and Pakistan will remain hydrocarbon competitors rather than facilitators of one another's energy security.

Pakistan's deep sea port at Gwadar - On 20 March 2007, President General Musharraf inaugurated the Gwadar deep sea port in the presence of the Chinese Minister for Communication Mr. Li Shen. Musharraf paid tribute in his address to the friendship between China and Pakistan that had made the port a reality. He dwelt at some length on the new seaport's potential for opening a major trade corridor to Central Asia, China and Turkmenistan. Included in the address was a blunt warning to "extremist elements" in Baluchistan who would be "wiped out of this area" if they failed to surrender their weapons.[41]

Musharraf's inaugural comments at Gwadar, brief and inelegant as they were, commemorated an event of far more than passing interest to the countries in the region. An obscure fishing village with a population of about 5,000 when the project was begun in 2001, Gwadar has already grown into a bustling town of about 125,000—with prospects, if the current boom in real estate investment is any sign, of far greater expansion. Its location 650 kilometers west of Karachi provides some needed strategic depth for Pakistan's modest-sized naval force, subject in the past to the blockade of its major base at Karachi by the much more powerful Indian navy. However, the obvious military advantages gained by Pakistan from the new port are only one dimension of Gwadar's significance.

Interviewed by the author in March 2007, an official of Pakistan's Ministry of Ports & Shipping asserted with apparent confidence that Gwadar would within a few years rank among the world's biggest, best, and busiest deep sea ports. It had at the time of the inaugural event three functioning berths, with space for fourteen or more. It had enormous advantages, he claimed, over its rivals in the region, including Iran's port of Chabahar, located in the province of Baluchistan & Sistan near the Pakistan border on the coast of the Gulf of Oman. Like Chabahar, the official insisted, Gwadar lies on major maritime shipping lanes, close to the region's vast oil and gas resources, close also to the rapidly growing and dynamic Gulf economies. In contrast to Chabahar, however, Gwadar is an all-year, all-weather, deep channel port that will eventually be

able to handle the largest oil tankers, and that promises ease of access to the docking area and unusually short turn-around times.[42]

Pakistani plans for Gwadar envision it evolving into a major and multidimensional hub of economic activity, to be linked in coming years by a rapidly expanded web of road, rail and pipeline networks to neighboring states, and potentially including an LNG terminal, a steel mill, an automobile assembly plant, a cement plant, and facilities for oil refining. Plans also call for a first-rate international airport at Gwadar.

Undoubtedly, it was "the convergence of Sino-Pakistani strategic interests [that] put the port project onto a fast track to its early completion";[43] and it is the Chinese connection with Gwadar, of course, that has attracted most attention from regional security observers. The principal contributor (of about $200 million) to the project's first phase, China has transparent interests both in monitoring the supply routes for its rapidly increasing energy shipments from the Gulf and also in opening an alternative route via Pakistan for import/export trade serving China's vast, sometimes restive, and rapidly developing Muslim-majority Autonomous Region of Xinjiang.

From New Delhi's point of view, the strategic implications of the Gwadar project are substantial—and for the most part they are worrisome. In the first place, Gwadar clearly complicates the Indian Navy's strategic planning: It is one of several naval bases mentioned by Musharraf in his inaugural comments, two of them on the Baluchistan coast, which Pakistan is building to diversify and deepen its naval defenses. It is but one of several signs that Pakistan aspires to a significantly greater naval presence in the Indian Ocean. Secondly, the construction of Gwadar and its associated road, rail, and pipeline networks has been openly justified as a means to materially strengthen Pakistan's reach into and influence with Afghanistan and the Central Asian states. New Delhi has launched its own projects, including construction of a 200 kilometer road in western Afghanistan to connect Chabahar with Afghanistan and Central Asia, aimed at the same objective. New Delhi's plans, which seek access to Central Asia via Iran, essentially bypassing Pakistan, were driven to a considerable extent by Pakistan's reticence about opening a land transit corridor for Indian trade with Afghanistan and Central Asia. In this connection, Christine Fair has highlighted for us the enormous importance India currently attaches to its Iran initiatives—an importance in which Pakistan looms large. "Militarily and strategically", she points out in a recent essay,

> Central Asia is an important theatre for India. While India's objectives in the region reflect interests that reach far beyond Pakistan, the fact remains that India is interested in countering Pakistan in this region.[44]

All of this would appear to put India and Pakistan on opposite sides in a supremely high stakes contest for access to the energy resources and markets of Central Asia.

Thirdly and most importantly, Gwadar inevitably gets interpreted in New Delhi as another link in the China-built chain encircling India on its eastern, northern, and western borders. Gwadar, more perhaps than any other development in the history of Sino-Pakistan relations, lays the groundwork for substantially strengthened military and economic ties between Pakistan and China—and also for Pakistan's full absorption into a China-centric strategic partnership.

Thus, Gwadar, though it serves multiple objectives, seems bound to stand also as a symbol of energy resource-driven rivalry between India and Pakistan; and as Pakistani and Chinese plans for Gwadar gradually develop, the probability is great that the impact of these plans will add considerable fuel to this rivalry.

CONCLUSION

Recall if you will the task I set for myself at the beginning of this paper—to weigh the prospects of the current détente in India-Pakistan relations without falling prey to the seductive arguments served up by either the optimistic or pessimistic schools of analysis, but at the same time making a decent effort to avoid concluding on a note of complete bafflement. It should by now be clear that neither of the alternatives offered in the title to this paper—the one (new chapter) obviously optimistic, the other (strategic charade) pessimistic—is wholly satisfactory. A new chapter has certainly opened in India-Pakistan relations, but it would be naïve to think that it spells assured steady growth in friendly relations and resolution of major issues standing between them. Enough has been said in this paper to warrant abundant skepticism in that regard. As for strategic charade, there is undeniably much theater, much posturing, and much appealing to the (global) gallery in the public performances today of both Indian and Pakistani leaders. Both sides invest heavily in the shaping of perceptions or what in Washington is fashionably labeled today "strategic communications"--attempts to win favor for one side, and disfavor for the other, in the court of world opinion. The argument advanced in this paper,

however, is that India-Pakistan initiatives regarding Kashmir—and, indeed, regarding other aspects of their relationship as well—are not just propaganda ploys: on the contrary, much progress *has* been made in regard to the Kashmir issue. For all intents and purposes, it has reached a de facto settlement. And that is a major achievement.

Recall also, if you will, this paper's principal thesis—namely, that the positive changes going on in regard to Kashmir provide no guarantee at all that a positive transformation of the relationship as a whole is in the cards. This paper maintained instead that the change now in progress in India-Pakistan relations is entirely compatible with a future as turbulent and inclined to conflict as ever in the past. This paradoxical circumstance was explained as a product of the bilateral relationship's other drivers, foremost among them the rapidly mounting regional rivalry over natural resources, specifically over energy and river water resources. These drivers, I said, were insufficiently counterbalanced by existing cooperative tendencies, neither in regard to energy and water resources themselves nor in regard to regional integration and economic trade.

What I am arguing is that understanding of India-Pakistan relations has suffered for many years from a Kashmir-dependent vision of regional conflict that blocked recognition of other forces driving the relationship. The discussion here focused on natural resource rivalry. There are other forces—including religious identity, demographic change (including population growth), and developments in the realm of conventional and strategic weaponry—that might have been included. The point is that a broader and more complex analytical framework or strategic canvas is required than can possibly be fashioned from a narrow focus on Kashmir.

Implicit in the foregoing discussion is that the road ahead in India-Pakistan relations is strewn with trends that can lead in any number of directions, including intensified rivalry and violent conflict. Needed in the world's major capitals is better appreciation among strategic analysts and the policy makers they serve of the multiplicity and complexity of these trends, of the manner in which they impact on the bilateral relations of India and Pakistan, of the role extra-regional great powers play in negatively affecting these trends, and, finally, of how these same great powers might positively, innovatively, and effectively address them.

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[2] Sumit Ganguly, "Will Kashmir Stop India's Rise?", *Foreign Affairs*, v. 85, n. 4 (July/August 2006), p. 45.
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[4] "India, Pakistan and Kashmir", p. 2.
[5] "India, Pakistan and Kashmir", p. 7.
[6] "India, Pakistan and Kashmir", p. 10.
[7] "India, Pakistan and Kashmir", p. 12.
[8] "India, Pakistan and Kashmir", p. 13.
[9] Dennis Kux, *India-Pakistan Negotiations: Is Past Still Prologue?* (Washington, DC: United States Institute of Peace Press, 2006), p. 65.
[10] Robert G. Wirsing, *Kashmir in the Shadow of War: Regional Rivalries in a Nuclear Age* (Armonk: M. E. Sharpe, Inc., 2003), p. 8.
[11] Sultan Shahin, "Resolving Kashmir with a Musharraf Model", *Asia Times*, 29 October 2004, available online at: http://www.atimes.com. Musharraf has by no means converted all Pakistanis to his view of Kashmir. See, for instance, Ashraf Mumtaz, "Musharraf's Plan to Divide Kashmir: Sultan", *Dawn*, 15 April 2007, available online at: http://www.dawn.com.
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[14] Nisha Taneja, *India-Pakistan Trade*, Working Paper No. 182 (New Delhi: Indian Council for Research on International Economic Relations/ICRIER, June 2006, p. 38. Taneja states that formal two-way trade between India and Pakistan in 2006 came to $613 million; and that informal trade between them was believed to range anywhere from $250 million to $2 billion. By her reckoning, formal trade at the time should have been in the neighborhood of $6.6 billion.
[15] For a recent, regionally focused discussion of water resource rivalry, see Robert Wirsing and Christopher Jasparro, "River Rivalry: Water Disputes, Resource Insecurity, and Diplomatic Deadlock in South Asia:", *Water Policy* (UK), 9:3 (April/May 2007): 231-51.
[16] Professor Raymond Lafitte, *Executive Summary: Baglihar Hydroelectric Plant-Expert Determination on Points of Difference Referred by the Government of Pakistan under the Provisions of the Indus Waters Treaty*, Lausanne, 12 February 2007 [hereinafter cited as *Expert Determination-Executive Summary*]. The entire arbitration documentation, including Executive Summary, is available online from the Ministry of Water & Power at the Government of Pakistan website: http://www.pakistan.gov.pk/ministries.
[17] Three members of Pakistan's official Baglihar team were interviewed by the author in the course of January and March/April 2007 visits to Islamabad and Lahore. Identities have been withheld on request.
[18] Cited in *Expert Determination-Executive Summary*, p. 11. Italics added.
[19] *Expert Determination-Executive Summary*, p. 11.
[20] Cited in *Expert Determination-Executive Summary*, p. 11.
[21] *Expert Determination-Executive Summary*, p. 12.
[22] See Annex 1: Hydro-electric Projects in the Chenab River Basin, *Expert Determination-Executive Summary*.
[23] Following paragraphs draw heavily on my article, "Hydro-Politics in South Asia: The Domestic Roots of Interstate River Rivalry", *Asian Affairs* 34 (Spring 2007).
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[26] Expanding India's energy sector is going to be expensive. According to the International Energy Agency, India will have to spend upwards of $800 billion on its energy sector by 2030. Vibhuti Hate, "India's Energy Dilemma", *South Asia Monitor*, n. 98 (Washington, DC: Center for Strategic and International Studies, 7 September 2006).

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[31] Figures given in the *Pakistan Strategic Country Environmental Assessment Report* 2006, cited in *Pakistan's Waters at Risk*, Special Report (Lahore: World Wildlife Foundation, February 2007), p. 1.
[32] *Pakistan's Waters at Risk*, p. 1. Pakistanis (all South Asians, in fact) can today draw equally dismal inferences from two reports by blue ribbon panels released in mid-2007—one by the prestigious Intergovernmental Panel on Climate Change, *Climate Change 2007: Impacts, Adaptation and Vulnerability*, Summary for Policymakers, 13 April 2007, available online at: http://www.ipcc.ch.; the other by the Military Advisory Board, a panel of senior retired American admirals and generals, *National Security and the Threat of Climate Change* (Alexandria, VA: CNA Corporation, April 2007), especially pp. 24-27, available online at: http://www.SecurityAndClimate.cna.org. Both of these reports make a number of especially worrisome predictions about the likely impact of climate change on the South Asian region.
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