

FATF DECISION OPENS DOORS FOR A CHANGE IN INDIAN STRATEGY

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The Financial Action Task Force (FATF) meeting in Paris last month concluded with a demand for Pakistan to submit its action plan by May on stopping the flow of funds to terror groups as also curbing their activities. If it does not accept Pak's proposal, which is very likely, it could be placed in the 'Grey or Black' list, the 'Grey' being certain, the 'Black' possible.

While in Pak, the press has lambasted the government on its failures, however none has been strong enough to question the deep state, which has refused to accede to the government's warning that this could happen, unless it mends its ways. It was Nawaz who warned the army and in return he was shunted out in collaboration with the Supreme Court.

Elections are scheduled in July this year in Pak, hence internally political parties would remain at loggerheads. The next National Assembly is likely to have an amalgamation of political, religious and fundamentalist parties. The recent senate elections did indicate a positive trend for the ruling PML (N), but other parties pulled in a surprise. It is hence unlikely that any single party would emerge victorious as the PML(N) did in the last elections. Nawaz Sharif, who would have been a front runner to regain power, has been side-lined.

Pak was already facing an economic crisis. Its foreign exchange reserves are down, despite its economy growing at over 5 percent. It was compelled to take a second loan of \$ 500 million within the year from China. Both these loans have come at a high interest rate of 4.5%. It may soon be seeking another loan in the coming months. Its debt rates remain high. With the FATF ruling, its financial situation is only likely to grow worse. With international funding bound to be impacted under US and Indian pressure, Pak would be compelled to turn to China for loans at higher interest rates.

Internal pressure would only rise as the nation feels the financial crunch. While whoever forms the government post elections, would be unable to question the military or force it to change policies, however financially the

military would also be impacted. Pak is already facing international isolation. Therefore, in brief, Pak would be under immense pressure, internally, economically and diplomatically.

Though the likelihood of Pak changing its anti-India stance and support to terror groups is less however with international pressure including that of the FATF, it would be compelled to keep its terror stooges under wraps. The present scenario of Hafiz Saeed and his ilk, screaming from roof tops, collecting funds and espousing support for Kashmir would reduce. Indian pressure on the LoC with the army going all guns blazing, retaliating with vigour along with destruction of posts would only add to tensions and internal pressures. Pak, akin to India is compelled to evacuate its population residing close to the borders.

In this scenario, with India gaining the upper hand, it is possible for us to seek to change the narrative and open doors for rapprochement with Pak. Such an action if undertaken now would be from a position of strength, rather than that of weakness. India needs to consider some facts before moving forward. There is no polity with whom it can even contemplate opening dialogue, as the nation is moving into an election mode. Hence it can only commence the process through diplomatic channels, conveying that it is willing to bend its rigid stance.

Dialogue would have no purpose unless formally backed by their army. Thus, it would require a formal confirmation in this regard, which could possibly only flow through its NSA, a retired general, appointed by the army to keep a close check on the political leadership. The major reason for this assurance is to warn Pak that repeat of any incident, which can offset talks, as has happened earlier, would be met by equal measure. While India may seek to convey this message, either through NSA level talks or of other officials, there should be no let up on any pressure which has given it the upper hand. It should continue its actions of seeking to isolate Pak, deny it funding from international agencies and maintain an offensive stance along the LoC.

Post conveying the message India should seek to engage though sparingly with representatives of Pak. This action could have already commenced with India inviting the Pak commerce secretary for the WTO ministerial meeting in mid-March and even a possible interaction between the two foreign secretaries in Kabul. It should seek to enhance such interactions as the message could be conveyed through multiple means.

Secondly, it should strongly convey that in case Pak continues its current state of activities, it is willing to challenge Pak's nuclear threat, a statement made on occasions by the army chief, General Bipin Rawat. The intention is making it clear to Pak that the onus of accepting India's peace overtures remains with them. Finally, a precondition to talks would be implementation of the ceasefire.

Simultaneously should be a clear message that in case Pak is unwilling to accept Indian conditions, then India is willing to up the ante along the LoC. With Kashmir fairly under control, the Hurriyat in the process of being side lined, India can now enhance pressures on Pak along the LoC.

Pak would have to act according to the FATF guidelines sooner or later, unless it wishes to join the bandwagon of North Korea and Iran. US pressures are continuing and the missing Chinese and Saudi support, for whatever reason, conveyed ground realities, that for nations, whom Pak considered their own, national interests have greater priority than friendships considered 'deeper than the sea and higher than the tallest mountain'.

India has begun conveying the right message to Pak slowly but surely, by opening its doors to select delegations. It has also given the army a free hand to act, pushing Pak to the defensive. It needs to commence engaging at the diplomatic level, while maintaining economic, diplomatic and military pressure. Maybe with time, Pak would see sense and come forward. The decisions taken at the FATF may open doors for rapprochement between the two nations. If it does, then the subcontinent may witness some peace.

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