

THE BROOKINGS INSTITUTION

THE UNITED STATES AND PAKISTAN:
PARTNERS IN DEVELOPMENT

Washington, D.C.
Wednesday, October 20, 2010

PARTICIPANTS:

Welcome Remarks and Introduction:

MARIN S. INDYK
Vice President, Foreign Policy
The Brookings Institution

Moderator:

STEVE COLL
President
New America Foundation

Featured Speaker:

SHAH MAHMOOD QURESHI
Foreign Minister of Pakistan

Discussants:

RICHARD HOLBROOKE
Special Representative for Afghanistan and Pakistan
U.S. Department of State

RAJIV SHAH
Administrator
U.S. Agency for International Development

* * * * *

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

P R O C E E D I N G S

MR. INDYK: Good evening, ladies and gentlemen, welcome to Brookings. I'm Martin Indyk, the Vice President of the Foreign Policy Program at Brookings. On behalf of our President, Strobe Talbott, and Jack Garrity, the Executive Director of the Asia Society with whom we are co-hosting this program this evening, I want to welcome you all here. It's a very special occasion when we have the chance to welcome the Foreign Minister of Pakistan to Brookings and the Asia Society.

Shah Mahmood Qureshi was born in Murree, Pakistan, in 1956. He has had an extensive political career before assuming the office that he now holds as Foreign Minister of Pakistan in March of 2008. He was the President of the Pakistan People's Party and is President of Alliance For Restoration of Democracy in the Punjab. He's held several key positions, including Spokesman to the Chairperson of the PPP under the government of Benazir Bhutto in 1996. He also served as Chairman for Multan Development Authority, the Multan Policy Planning Committee, and the Institutional Reforms Group and Prime Minister's Task Force on Agriculture.

The Foreign Minister is here in Washington today to lead the Pakistani delegation to the U.S.-Pakistani Strategic Dialogue. This is the third Strategic Dialogue that has taken place; the Foreign Minister with Secretary of State Clinton and her delegation. The Foreign Minister also had a chance to take his delegation to the White House where he had, I gather, a very good meeting with President Obama. And so at the end of what seems to have been a very good day of intensive discussions, ahead of dialogue that will take place over the next two days between the U.S. government officials and Cabinet Ministers and Pakistani government Cabinet Ministers and officials on such issues as health, energy, agriculture, and infrastructure. The intensity of the

relationship between the United States and Pakistan will gain further momentum. This is especially the case because of the devastating floods that have impacted on Pakistan's people over the last few months. And Foreign Minister Qureshi, I'm sure I speak on behalf of everybody here in expressing our concern and condolences for those who have suffered loss of life. But those floods have given new urgency to the engagement that's taking place here in Washington today and over the next couple of days.

Joining the Foreign Minister on the panel is Richard Holbrooke who really needs no introduction, I'm sure, but he is the U.S. Special Representative for Afghanistan and Pakistan, working tirelessly for the Secretary of State and the President in the efforts to try to turn the war in Afghanistan and the relationship with Pakistan to a positive and peaceful conclusion. He served previously as the United States Ambassador to the United Nations, as Assistant Secretary of State for Europe, and as Assistant Secretary of State for Asia before that. He was, of course, the chief architect of the 1995 Dayton Peace Agreement that ended the war in Bosnia.

We're also very glad to welcome to the discussion this evening Dr. Rajiv Shah. He is the Administrator of the United States Agency for International Development. He assumed that position in December of last year, and as such he has overall responsibility for the flood of relief in Pakistan -- work that's being done, humanitarian assistance not just there, but worldwide that's undertaken by U.S.A.I.D. Previously Dr. Shah served as Under Secretary for Research, Education, and Economics and as Chief Scientist at the U.S. Department of Agriculture where amongst his other notable achievements, he launched the National Institute of Food and Agriculture. Prior to joining the Obama Administration, Dr. Shah served as Director of Agricultural

Development in the Global Development Program at the Bill and Melinda Gates Foundation.

And to conduct the conversation between these very distinguished gentlemen, we're very glad that Steve Coll has accepted our invitation to moderate their conversation. Steve is President of the New American Foundation, a contributor to the New Yorker magazine where he informs us all, particularly on the complex issues of South Asia, Afghanistan, and Pakistan. He's twice a Pulitzer Prize winner, including for his book, Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden from the Soviet Invasion to September 10, 2001, which was a really path-breaking and very revealing book that has educated us all.

So without further ado, Mr. Qureshi, welcome to Brookings and the Asia Society, and we look forward to hearing your remarks.

MR. QURESHI: Good evening, ladies and gentlemen. Thank you, Martin, thank you for your introduction. As you all know, ladies and gentlemen, I'm here for the third meeting, the third round, of the Strategic Dialogue, and couldn't have asked for a better start. The meeting with the President was very satisfying for me and my delegation. Ladies and gentlemen, it is an honor and a privilege to be at this prestigious institution. I'm thankful to Brookings Institute and the Asia Society for inviting me to speak here this evening on the issue that is of vital concern to both Pakistan and the United States. I'm delighted that Ambassador Holbrooke and Administrator Rajiv Shah are also here with us today.

Pakistan and the United States have been crucial allies and partners for more than half a century. Considerations were never as close and as much at stake as today. This lends added importance to the third phase of the Strategic Dialogue between

Pakistan and the U.S. for which I'm here in Washington. This dialogue will define the future of our bilateral relationship. It will also have a direct bearing on the success of our struggle against terrorism and extremism and the future of the region. Ladies and gentlemen, this is a moment of a unique conference of crisis for Pakistan. A vicious and inhuman terrorist campaign has killed thousands of our people. Long neglected social and economic problems threaten our national structure. The international derision has badly hurt foreign investments and markets for our products. And on top of all, over the last three months, Pakistan has been faced with the greatest floods in modern history. A tragedy so huge that the Secretary-General of the United Nations, Ban Ki-moon, has called it a global disaster, a global challenge affecting more people than the Asian tsunami, the Kashmir earthquake, and the Haitian earthquake combined.

Ladies and gentlemen, Pakistan has been a steady partner to the United States. We have a history of cooperation in meeting some of the great challenges of the post-Second World War period, the Cold War, the Soviet invasion of Afghanistan, and the establishment of relations between the United States and China. If the Cold War was a central struggle of the 20th century, the fight against terrorism and fanaticism has become the defining struggle of the new millennium. And in this historic struggle, Pakistan and the United States are once again in the trenches together. Ladies and gentlemen, we must all be aware of the enormous price that Pakistan has paid for its central role in both of these conflicts. Through the 1980s, the war against the Soviet Union in Afghanistan converted a peaceful country into a society infested with heroin, and sectarianism. Four million Afghan refugees poured across our borders, and we gave them sanctuary and sucker. And when the Soviets were defeated and left Afghanistan,

the United States quickly packed its bags, leaving us to deal with the networks that all of us had jointly created. This was the beginning of Taliban and al-Qaeda.

In the ongoing struggle against international terrorism, Pakistan also paid a huge price. More than 30 thousand civilians have been killed and nearly 7 thousand law enforcement officials have offered their lives. This is more than the casualties suffered by all the NATO forces in Afghanistan. And most painfully to me personally, we have seen our greatest leader, Shaheed Benazir Bhutto, assassinated by those who most feared her vision of moderation. Compounding these immeasurable human losses have been the colossal financial and economic losses conservatively estimated at nearly \$50 billion U.S.

Ladies and gentlemen, our commitment to the fight against terrorism and extremism is real and demonstrated. The democratic government has spent immense political capital in converting the public opinion in favor of the struggle, a national consensus that was earlier lacking. As a result, today for the people of Pakistan, this is our war. Pakistan has walked the talk and is standing up for the peace and security of the region, in fact, the whole world.

Ladies and gentlemen, as if we hadn't suffered enough, next came the devastating floods. This has been a national calamity of unprecedented proportions. For weeks and months, raging flood waters ravaged our land and displaced our people. Over 21 million were affected and over 20 percent of Pakistan's territory was submerged. Houses, crops, livestock, roads, bridges, schools, and hospitals were washed away. No nation, developed or developing, could have been prepared for a disaster of such proportions. The magnitude is colossal. It is a hundred times the devastation caused by Hurricane Katrina in New Orleans. This is what we face today. The mettle of the

Pakistani nation was tested once again, and our people have proved their resilience yet again. In the holy month of Ramadan, following Islam's finest traditions of compassion and sacrifice, the people of Pakistan open their hearts and contributed as generously as they could. The whole Pakistani nation was mobilized with the government, the armed forces, civil society, media, and private citizens actively participating in the countrywide national effort for rescue and relief. This crisis and our response have demonstrated the indomitable spirit of the people of Pakistan. But we could not have been able to ferry through early relief and recovery phases without the support and solidarity of our friends. The truism of a friend in need being a friend indeed was on display. The United States was among the first of our friends to respond. It was and is the largest contributor of humanitarian assistance in cash and kind. For thousands of Pakistanis, stranded in isolated villages and hamlets, U.S. helicopters were the only means of reaching to the safety of dry land. U.S. Marines toiled alongside our soldiers and citizens as we tried to overcome this momentous challenge. Ladies and gentlemen, I take this opportunity to extend to you the gratitude of the people and government of Pakistan to the people and government of the United States for understanding and sharing our pain. Thank you. Now that we begin with the phase of the construction and rehabilitation of the flood-affected areas, we hope to receive the same cooperation and assistance from you as before.

The U.S. relations with Pakistan in the past have been one dimensional. The U.S., ignoring its most precious political and human values, many times chose dictatorship over democracy. This no doubt contributes toward resentment amongst the people of Pakistan. They felt used and exploited, and this is now reflected in the findings of the many recent open-end surveys. They show that an overwhelming majority of

Pakistanis do not consider America a friend. This is what we now aim to correct. One of the most significant developments in that direction in creating a new era of relationship between the United States and Pakistan has been the passage of the Kerry-Lugar-Berman bill. This commits \$7.5 billion over the next five years to non-military assistance for Pakistan. The new law aims to build bridges for the people of Pakistan. It is better for this postulation that only an economically viable Pakistan will have the political strength and stability to defeat the terrorist menace that threatens Pakistan and the world. This new approach is not transactional. What we are trying to create is a long-term, mature, and mutually beneficial partnership. Ladies and gentlemen, let me be clear, we do not seek dependency. We seek economic viability. We need trade, not just aid. We would rather sign MOUs than IOUs. We need the United States to open up its markets to our products, like the European Union has resolved to do, so that our factories can create jobs for our people and give young Pakistanis hope for their future. We need the United States to pass Reconstruction Opportunity Zones. We want the United States to pass a Free Trade Agreement with Pakistan, which will give a significant boost to our economy and industrial base.

Ladies and gentlemen, may I also will by taking this opportunity to underscore the importance that we attach to your support for Pakistan's economic recovery and sustained development. The elected government continues to pursue a macroeconomic stabilization program that has been talked out in consultation with international financial institutions. We are in the process of reordering our economic priorities to meet the flood contingency. National resources are being mobilized for the massive reconstruction effort. We are also mindful of the need for a cost-effective program delivery, accountability, transparency, and efficient utilization of resources is

very much an important part of our government's agenda. We are determined to build an economically strong Pakistan. We have immense human and natural resources. We have talented people and technological competence and entrepreneurial abilities. All these are now being harnessed to deliver tangible results. Pakistanis are a resilient people. We have established institutions with great traditions. Our history is a testimony to the determination of the Pakistani nation in successfully overcoming multiple challenges at all defining moments of our time.

Ladies and gentlemen, as with any sovereign nation, our policies are guided by our national interest. Let me clearly state our national policies. First and foremost, there is no wavering in Pakistan's resolve to fight extremism and terrorism. As our nation has suffered the most at the hands of this scourge, we have stated that fighting terrorism remains a strategic and moral imperative with us. Secondly, the global fight against terrorism has advanced thus far essentially on the basis of international cooperation. Actions are required that reinforce and not undercut such counterterrorism cooperation. We have stated it before, and I reiterate again, Pakistan's sovereignty is and will remain nonnegotiable. Thirdly, Pakistan has a vital stake in a peaceful and stable Afghanistan. Respect of our legitimate concerns and solutions on the basis of common interests would be most durable. I have no doubt that we can surmount our momentary challenge with clarity and sensitivity about our respective commitments, concerns, and core interests.

Ladies and gentlemen, Pakistan is deeply interested in a peaceful and stable South Asia. That prospect, however, is in danger again by the recent events in Kashmir. Any person of conscience cannot ignore the use of brute force against defenseless Kashmiri youth. In this unfolding tragedy, over a hundred Kashmiris have

lost their lives in the past three months, many of them teenagers. Their mothers are frankly bewildered at the deafening silence of the international community. Wisdom proposes that the aspirations of any people cannot be suppressed by the use of force. Such will be with the legitimate rights of the Kashmiri people. It is in the interest of lasting peace that stability and development of the region that the U.S. works for the resolution of disputes in South Kashmir. This has to begin with justice for the Kashmiri people.

Ladies and gentlemen, as I conclude, I wish to stress that the Pakistan-U.S. partnership has profound considerations not only for our two nations, but for international peace and security. A heavy responsibility, therefore, rests on us to nurture it carefully. We need to build stronger public support for it in both countries. I reaffirm our commitment to contribute to this worthy cause and to make our partnership a critical factor of peace, stability, and prosperity at the region and international level. I thank you.

MR. COLL: Mr. Minister, thank you for those thoughtful remarks. Before I introduce Ambassador Holbrooke, let me just give you a quick preview of what's ahead. It's a few minutes before 7:00. We're together until 8:00. We're going to hear from Ambassador Holbrooke and Administrator Shah in succession. We're going to sit down and talk amongst ourselves for a few minutes. At that stage we'll turn to your questions. Please wait for a microphone and just ask a question. Forgive me in advance if I interrupt any nascent speeches that might unfold. And thank you, Strobe, and Ambassador Indyk and Mr. Garrity for putting this together. And now we'll hear from Ambassador Holbrooke.

AMBASSADOR HOLBROOKE: Thank you, Steve, Mr. Minister, Strobe, and Martin. I want to thank you for hosting this along with Asia Society this evening, two great institutions, one of which I was privileged to be Chairman of for six years, and the

other which I've been previously abused by for over 30 years. I am delighted to be on the podium with my friend, Shah Mahmood Qureshi, and with Rajiv Shah. I'm delighted to see so many friends of Pakistan and of the issues in Southeast Asia and South Asia with us today. I especially want to single out two people: Ambassador Husain Haqqani, one of the best Ambassadors that's ever been my privilege to work with in this city who represents Pakistan with such grace and skill. And our new Ambassador to Pakistan, confirmed by the Senate a week ago, with us today and has not yet set foot in the country but is already deeply immersed in the details of everything that involves the relationship, Cameron Munter, who has stayed behind at our request and not gone out to Pakistan until the end of this week so he could participate in the Strategic Dialogue. And Cameron and I just came back from Brussels where we attended the Friends of Democratic Pakistan.

Today we launch the third high-level meeting between the two countries in the last seven months, all chaired on the American side by the Secretary of State. We call this the Strategic Dialogue, but you see that word applied to bilateral relationships between the U.S. and many, many other countries in the world right now. We have Strategic Dialogues with China, with India, with Russia. We have one with Angola. This one is quite different. First of all, there's no country in the world which Hillary Clinton has spent more time and given more attention to than Pakistan since she became Secretary. And both she and the President have long, personal, prior experience with the country as President Obama told Foreign Minister Qureshi today when they had an extraordinary 35-minute conversation in the Roosevelt Room to launch this very important week. And I'm so delighted, Mr. Minister, that you felt that this got the week off to a flying start. We certainly share that view.

The three Strategic Dialogues in seven months previously, the previous Administration, had something called a Strategic Dialogue, but it was chaired on the American side at the Deputy Secretary of State level. And with no disrespect to anyone in this room, that isn't such a high title. Nobody got it, Strobe. I'm sorry. Your President of Brookings was Deputy Secretary of State, and I guess they forgot that, Strobe. For Hillary to escalate this to the ministerial level was very important. For her to do three meetings, spend a lot of time in Washington in March, and Islamabad in July, and here in October indicates the importance we attach to the relationship. The President's meeting today was just another example. But even as the President was meeting with the Pakistani delegation in the Roosevelt Room today, there were senior and mid-level meetings going on in both the State Department and the Pentagon, which I want to discuss with you because I want to help you understand what we're trying to do here. This is not as it was in 2006, 2007, and 2008, just a quick meeting of two Foreign Ministries. There are 13 Working Groups. Three of them, four of them, met today. Nine of them will meet in the next two days. Today the Water Group, the Communications Group, the Agriculture Group met at State, and the Defense Group met at the Pentagon. Tomorrow there will be more meetings. The American leader of the Water Group, Under Secretary of State for Global Affairs, is also with us today, and she's done a magnificent job in an issue of the most immense importance to Pakistan, water. And that is Under Secretary of State, Maria Otero, and I'm so glad that you've given us so much time on this, Maria.

Now these issues -- women's empowerment, communications, the whole range -- really matter, and the strategic relationship has been re-imagined so that it is an ongoing, nonstop, set of task forces in all of these areas. The Communications Group

today reached some very important policy decisions, which we will roll out later in the week. So we're very proud of this because when we talk about a strategic relationship, now we are moving from a transactional relationship, which is what we inherited, transactional was something terrible happens in Pakistan and you send over somebody to Islamabad and say you can't do this again or else. Now sometimes those things still happen. After the Times Square bomber -- we were fortunate in that -- we did send a high-level team to Islamabad to discuss the implications of it for U.S.-Pakistani relations. But we now embed that in a larger strategic relationship across the board.

So what does all this mean? What is the switch from transactional to strategic mean? Why does it matter so much? Why this massive effort in both countries in the face of so much public dispute and debate about what the relationship is all about? Let me say first of all that we don't do this extensive effort with Pakistan because of the war raging on the western border of Pakistan and across the border into Afghanistan. To be sure, we're all aware of the connection between the war in Afghanistan and the situation in Western Pakistan, and that is a very important focal point of the discussions we had. We met with President Obama prior to this meeting with Minister Qureshi. We met, Raj Shah and I and our colleagues met with the President earlier in the day to discuss these issues but we don't work with Pakistan because of Afghanistan. We work on Pakistan because of Pakistan itself; because of Pakistan's importance to the world, to stability in South Asia, one of the most dangerous and explosive parts of the world, and in an effort to help the Pakistanis with a massive set of internal problems in which they legitimately should get the support of many other countries.

All of this I would have said before the floods. But the floods are simply unimaginable to those of you who have seen it only on television. You've all seen floods

on television and at first the world under reacted, floods in Asia was an old headline. But this was not just another flood. An area larger than Italy went under water, imposed on an American map that would stretch from the Canadian boarder to Florida. Although deaths were far less than the tsunami and Haiti, as the Foreign Minister said, the total affected area and the people affected far exceeded that.

And we have just come back from Brussels with a damaged needs assessment from the World Bank and the Asian Development Bank that simply to replace what has been lost will cost almost \$10 billion. That's over and above the early recovery efforts. Rajiv Shah is going to talk in more detail about the floods, but I want to stress that in the midst of everything else, Pakistan was visited by an epic tragedy. There's been much criticism of how the Pakistanis responded but I would ask all of you to bear in mind that just over five years ago we, in our great nation with our best communications and all our capability, a much smaller disaster became a huge domestic issue. And even to this day the damage has not yet been fully redone.

So let's acknowledge the fact that Pakistan, overburdened to begin with, has done as well as it could possibly have done and that the leaders of that effort including the Foreign Minister's colleague General Nadeem, former General Nadeem who heads the emergency effort is with us in this effort.

So again, we support Pakistan not because of Afghanistan, but because of Pakistan itself. We support it because it matters, put simply, to all of us. Its stability; it's reemerging democratic institutions which have been under constant pressure and are as we speak; its ability to deal with its own internal threats which matter to all of us for reasons you all understand; it's immensely complicated relations with India which go back to the origins of both countries 63 years ago. All of this matters to us.

The Foreign Minister has mentioned Kerry-Lugar-Berman. That is an indication that the Congress shares our concern. A multiyear aid authorization, \$7.5 billion, with the leaders having given us permission to redirect, to reprogram money as necessary for flood relief and I would hope in the future will be able to back fill what we divert. For the time being we are going with Pakistan's priorities on the floods and other things. Kerry-Lugar-Berman is an indication of how deeply the Congress and the administration are united in supporting democratic civilian government in Pakistan.

We inherited a policy that did not do these things. And while I recognize that our very attention to Pakistan has increased press attention and left an impression of a situation that you all understand, it is our view that the relationship between the two governments has improved dramatically. When I – my first trip of the 18 I've made to Pakistan – the Foreign Minister and I had a joint press conference. In fact, we've done about 30 of these shows in various capitals in the world by now. But in the very first one the Foreign Minister used a phrase that I had not previously heard. He said, "Our two countries suffer from a trust deficit." And I'm glad to say that we no longer talk about that.

To be sure, we have differences. To be sure, if you're a Pakistani you're strict view of the strategic interests of your country is not going to be identical to our view of the strategic interests in the region; that's inevitable. But we have found a way to have an extensive dialogue at the strategic level, back it up with practical policies like the \$7.5 billion. When the floods hit the United States was first in with the most. It's hard to give a clear dollar estimate for what we've done but direct aid is in the \$350 million range, but that does not count the costs of the helicopters that we sent over from Afghanistan and an entire shipload of helicopters of the U.S.S. Peleliu who went in. Nor does it include

our percentage of the funds for World Food Program, UNHCR, UNICEF, and other U.N. agencies.

But when we lead -- and this is something that all Americans should be proud of -- when we lead other countries follow. We leverage our efforts and that's what we've been doing, working very closely with the Pakistani government.

On the larger strategic issues, I'm sure we'll get into them in a minute but just let me say that we have worked very closely with Pakistan in regard to the terrorist threat. As the Foreign Minister and I both have said many times, we face a common enemy, a common threat, a common challenge and a common task. And while there is much more that can be done, and the press often focuses on that and I don't question their right to do so, we believe that we have made a great deal of progress. And we believe that that progress has reduced the threat to our homeland while not eliminating it.

And while as I said a moment ago, and I need to stress this, we all recognize how much more has to be done. I want to be clear to you that as we talk about water, and energy, and women's empowerment, and communications, and agriculture; we also talk intensively and extensively about how to improve our mutual efforts against the terrorist threat which the foreign minister so eloquently denounced a moment ago. Thank you very much.

(Applause)

MR. SHAH: Thank you, Foreign Minister Qureshi, Ambassador Holbrooke, Steve Coll, Martin Indyk, and the Brookings Institution in Asia society. I appreciate the opportunity to be here. I also value the chance to be here with our new Ambassador, Ambassador Munter and Ambassador Haqqani. And Undersecretary Otero

who is leading our efforts in water, which is of course a critical part of both the flood response and relief and the overall strategic dialogue.

I thought I might just share a few very brief comments on what the strategic dialogue has meant for our assistance program with respect to Pakistan in full recognition of the fact that our assistance program is one small part of a much larger and much more comprehensive relationship that I think has been detailed extensively by Foreign Minister Qureshi and Ambassador Holbrooke. For us, with the assistance program, the strategic dialogue has been an effort to essentially reshape both the substance of that program and the means by which we provide assistance. Substantively, most of the additional resources represented in the extraordinary five year, multiyear, Kerry-Lugar-Berman civilian assistance package, has been target at the request of our Pakistani counterparts to the productive growth sectors of the economy: in water, infrastructure, agriculture, and energy. And the strategic dialogue has been a vehicle for jointly designing programs and projects that align with Pakistani priorities.

It's been an opportunity to reassess the history of U.S. assistance in Pakistan and learn lessons from those efforts so we can do things differently. And it's been an important opportunity to work on some of the policy reforms that go along with actual financial assistance in order to optimize sustainability and outcomes. In addition, the strategic dialogue has also been a way to change the way we provide the assistance. Instead of building parallel systems through independent projects, and programs we're making every effort to direct more resources to local institutions in Pakistan, and where appropriate through the Pakistani government itself. In fact, we estimate nearly 50 percent next year of total assistance will be provided in direct assistance mechanisms, which is up more than five-fold from just three years ago.

Of course, the recent floods have been a dramatic and tragic consequence for a country that was making very difficult but important decisions to expand its own domestic revenue base, take on some of the reforms that are required on the fiscal side to maintain the IMF program, and improve its own fiscal situation. As Minister Qureshi highlighted, the floods affected more than 20 million people, perhaps 8 or 9 million of which are in really extraordinarily dire circumstances. It affected more than a quarter of total cropland and crop output for an economy, 65 percent of which remains fully dependent on agriculture. And the recent \$9.7 billion World Bank and Asian Development Bank damaged needs assessment is simply an assessment of what it would take to rebuild existing infrastructure as opposed to building back to higher and better standards.

The U.S. government provided more than \$400 million in assistance when you include in-kind assistance from military assets as well as additional resources provided through our various assistance mechanisms. It's important to note that while those dollars are significant, they, of course, are far short of what's necessary, but they do achieve real results. We've coordinated our work through the National Disaster Management Authority, which is an entity that has stood up and allowed Pakistan to lead and direct the entire aggregate response to the floods. And General Nadeem has really done an outstanding job both leading that effort and directing assistance, especially from the United States but also from so many other international partners, to those parts of the country and to those sectors that are most affected.

We believe U.S. generosity has resulted in real impact for the Pakistani people. Our food assistance has fed millions of people. We've procured nearly all of the 7,000 metric tons that were procured from local food stocks allowing for the

creation of agricultural incentives that will enable a speedier recovery than otherwise would be the case. Our efforts to provide clean drinking water, of which we've provided more than 30 million liters of clean drinking water, have really focused on those populations most at risk for water born illness, and through really well coordinated efforts with the Ministry of Health and the government of Pakistan and the establishment of a disease early warning system have so far averted major outbreaks of cholera or other water born illnesses. And U.S. support for shelter efforts have provided shelter to nearly 400,000 Pakistani families that lost their homes in the tragic floods.

Our efforts to purchase locally through the response, whether it's water purification tablet, plastic sheeting for tents and tarps, and basic food commodities itself will hopefully help lay the groundwork for reinvestment in the Pakistani economy. And as we move forward we're in an intense dialogue to understand how to best shape the assistance package to support the immediate recovery needs for Pakistan. For one specific example, we've been able to provide \$21 million in additional assistance over and above the Kerry-Lugar-Berman spending envelopes to provide resources to allow the government of Pakistan to expand it's smartly designed wheat seed and urea fertilizer distribution programs so that they can help farmers plant for the winter growing season to helping so many of these flood affected communities recover as quickly as possible. But as we look to the future real challenges persist. For just one example, recently the World Health Organization estimates that 420,000 children under five are at real acute risk of serious malnutrition. That will make them more susceptible to disease, of course. A state of chronic hunger for kids under five will affect them throughout their lifetimes, and these are the types of things that of course undermine the type of stability and propriety that's in the interest of both countries.

So we are committed to a broad-based partnership. We look forward to the strategic dialogue as we have the last few in fundamentally helping us reshape the way we have an assistance relationship as part of a larger program. And we do believe that now is a critical time. The Pakistani government has taken some actions to meet the IMF stabilization program needs to improve their fiscal standing and to move forward on issues like tax reform, those are important steps. The United States has reshaped its assistance program to be supportive and we continue to work with Richard's tireless efforts to get the world to recognize that now is a very crucial moment for the future of Pakistan and we're eager to be as supportive as possible. Thank you.

MR. COLL: So I'm a little uncertain about our plans for amplification from this stage. Do you have a – am I all right? While they're being miked.

So Minister Qureshi, if I may start at the 30,000 foot level. You, in your remarks, talked candidly about the history that has left so many Pakistanis disappointed in the United States and uncertain about the decisions of their own government to pursue this strategic alliance. You mentioned as well the price that Pakistan has paid in blood and lost opportunity over the last few years. When he spoke, Ambassador Holbrooke tried to make clear why the United States was willing to invest the time and take the risks to develop a durable strategic partnership. How would you describe why it's in the interest of Pakistan to continue to take the risks and pay the price that it is paying to develop this durable strategic partnership? Why is it in your interest?

MR. QURESHI: Well it is in our interest because we have a number of shared values to begin with. Democracy. This administration is a strong advocate of a stable democracy in Pakistan and they have made it very clear that they want to see a stable government in Pakistan. It is in our interest to support each other in doing that.

This government has a very clear strategy on how to deal with this menace of terrorism, and the government of Pakistan has to a national debate within Pakistan, inside and outside the Parliament, come to the conclusion that reversing extremism and defeating terrorism is in Pakistan's interest; that's another common factor.

Third, this government feels that the United States can be an important role and use its influence in favor of Pakistan to help us achieve economic stability, and they have contributed. One very significant demonstration of that was the help that we have received during the flood. The seriousness with which this administration is engaging with Pakistan is very clearly demonstrated and this is the third sitting we are having in seven months. Now that is a level of commitment. And the seriousness of commitment shown by Pakistan is through the Wujin paper that we have shared with this administration on issues that affect the quality of life of an ordinary Pakistani. You're talking about how to improve living standards, how to address the issues of poverty alleviation. Now these are common interests. How to have – how to achieve stability in the region. There is a common recognition that Pakistan and the United States can become very useful partners in the attainment of regional stability.

So there are a number of shared objectives. And do Pakistanis want parliamentarization of Pakistan? Certainly not. So we have a common objective.

MR. COLL: Now just to anticipate a question that I'm sure is on the minds of some in the audience, you mention the commitment that Pakistan has made to fighting and eliminating terrorism within the country. Ambassador Holbrooke spoke on the same issue and I think I heard him say more must be done. Is it your sense that the Pakistani state is doing all it can do? If so, and more must be done where do we go from here? If not, what's the deficit?

MR. QURESHI: You see, when we say more must be done it is not just the United States telling Pakistan. It is Pakistan telling the United States as well. A shared objective; a common goal. We have to make an effort. You have to make an effort for that goal. And today, let me share with you ladies and gentlemen, we, in this very satisfying engagement with the President that my delegation had a number of tangibles will come out, but the two very important deliverables were: the President's firm commitment to Pakistan's economic growth; Pakistan's political stability; the President's firm commitment to a democratic dispensation in Pakistan, and the fact that he agreed to visit Pakistan next year, the fact that he has decided to invite the President of Pakistan to the United States of America. That is the level of engagement that has taken place.

Now, there are concerns? Obviously there are concerns. As the President of the United States of America it is his job and responsibility to ensure the safety of American citizens and I quite understand that. As a representative of the people of Pakistan it is my responsibility, our government's responsibility, President Zardari's government's responsibility to ensure safety of citizens in Pakistan and many Pakistanis have lost their lives – 30,000 civilians have lost their lives. So here again, we have a shared objective and our interest are converging. And this convergence of interest tells both sides to do more.

MR. COLL: So it's been a while since I've been in the business but I think you just made some news. About the President's visit I meant. Ambassador Holbrooke, you constructed your vision of this strategic dialogue on behalf of the Obama Administration long before the floods. If I heard you correctly it sounded as if the floods had forced you to kind of change up a little bit of your thinking about how to approach American investments in Pakistan. If that's right, how so?

MR. HOLBROOKE: Well that is correct, of course. But I do want, before I get specific, to say how enormously pleased we all are that the President has invited President Zardari to visit the United States. He was here in May of last year in the trilateral context with President Karzai. This will be for him and not for other leaders. And secondly, that the President will go to Pakistan next year, the date to be determined.

But, of course, you're right, Steve. We had a strategic concept. We understood when we took office that we'd inherited frankly a relationship in that we were very unhappy with, and we started by reorganizing. My very job to work on both countries while recognizing that they're each individual sovereign countries with their own culture, economic development, and politics was a recognition of the fact that that what happened in each country was affected by the other. This was not the way it was up to that – General Lute, who now has the same job roughly at the NSC that I have, was at that time in charge of Iraq and Afghanistan. Two countries that had nothing linking them except that we were at war in both. And Pakistan and India were handled by somebody else in the NSC, same in the State Department where the desks reported to different deputy assistant secretaries and throughout the U.S. government and all over the world. Because of our organization to focus on Pakistan in its own right we inherited a situation with almost no economic aid to Pakistan for a decade. We inherited a situation where a vitally important relationship to both countries had atrophied over time through a whole series of events; some lamentable Congressional events that are over a decade old; and the consequence of the American abandonment of Afghanistan in 1989 when the Soviet's left and the consequences that unrolled in Western Pakistan and led to the

Taliban takeover and then 9/11, which you chronicled, of course, in your masterpiece Ghost Wars.

This situation had to be changed so we developed the strategic dialogue. Foreign Minister Qureshi was really central in all that. It was his suggestion that we have trilateral meetings. We had two last year, we've had none this year because of the calendar but I can say now again today, if you want to move the story a little forward, Steve, that we have been discussing with both Kabul and Islamabad a resumption of the trilateral process that the Foreign Minister level next year because there was such value in it. And last week the two ministers of Agriculture of Afghanistan and Pakistan were in Des Moines, Iowa for the World Food Prize. Raj Shah was there. I wish I could have been but I was in Brussels. And they worked – and Tom Vilsack was there – and they worked on common agricultural programs and that's going to continue.

All of this was developing and I think we were doing a pretty good job of overcoming a lamentable and complicated legacy filled with problems when the floods hit. Pakistan had 6.3 percent growth in the two preceding years. People didn't realize it but Pakistan was moving forward. It's unimaginable and we still don't know the full economic consequences of this tragedy. But, of course, we reoriented everything. And one of the most moving experiences I've had in years was going to Multan with the Foreign Minister, his hometown where his ancestors are among the greatest leaders of Sufi Islam; visiting the shrine of his great-great-great-times 36 direct – is that the correct number? Is it more or less than thirty-six?

MR. QURESHI: Thirty-six.

MR. HOLBROOKE: It was very moving. And seeing the desperate struggle for the recovery phase. Raj made a point I hope you all will focus on. At first the

people were living on dykes smaller than this half of the room. You couldn't get to them; helicopters couldn't land and get food in because they were so small. They didn't want to leave their land but their land was underwater. The Pakistani Army diverted 70,000 troops to take care of these people. Both Raj and I visited early and saw what an immensely difficult effort it was.

Then the water started to recede and the press started to turn its back on it. Then the minute the waters receded people rushed home but there were no homes left. Millions of homes are gone. The livestock was drowned. The crops of millions of hectares have been destroyed. We're beginning to get the first estimates from satellites. The roads are gone, every bridge – there was a billion dollars of aid in Swat last year after that crisis, all gone, all washed away.

And Raj mentioned something I really want to focus on. In the early recovery phase the people rush back to their land and then they're in areas of stagnant water and kids under five are going to die of dysentery very fast if we don't deal with it. And Raj and his teams, his DAR teams are out there working very hard under very difficult conditions. Other countries are all there.

And then we have to look forward to the recovery phase, and, Steve, what I mentioned about John Kerry and the Kerry-Lugar-Berman is very important here because instead of having to go to Congress immediately for money, which given the electoral cycle they're out of session, money wouldn't be available for a while, we got permission to reprogram. And now we're looking to the Pakistani government to tell us what the priorities are. And Raj and I will meet their prioritization, we'll both be in Islamabad in less than a month, and in the meantime we'll meet their priorities. And then

we'll see how much we've diverted and then we'll sit down with the Congress and see where to go from there.

MR. COLL: I think the three of you talked about in the recovery phase strategies for economic growth, Minister Qureshi emphasized his country's interest in trade not aid, although obviously he meant crisis requires relief.

Administrator Shah, when you think about Pakistan's strategies for economic recovery, taking note of the strong growth they enjoyed prior to the floods, taking note of India's GDP growth rate across the border and the growth rates available in the Gulf and other surplus resource countries, what is plausible by way of trade and open-border reforms in South Asia as a region, and between Pakistan and the United States, and between Pakistan and other partners that can be a focus of American support for Pakistan's recovery from the flood?

MR. SHAH: Well, you know it's important to note that the Pakistani government itself has offered us, as the Minister mentioned, a pretty detailed vision of what's possible on the economic growth frontier, and it's a vision that is characterized essentially by significant investments in an energy infrastructure that will allow for real productivity and economic development. It captures the potential strategic, and comparative, advantages that Pakistan has vis-à-vis agricultural production, high-value agricultural production, agriculture for export and processed goods, including textiles which is a major source of export and foreign currency earnings. So those are precisely the sectors that Pakistan was seeking to invest in and invigorate as part of a serious growth strategy.

The transit trade agreement that Ambassador Holbrooke and the Pakistani leadership and the Afghan leadership put in place is just an incredible step forward because it's one example of how Pakistan can benefit from expanding its trade relationships in the region.

Recent news out of the E.U. and potential trade preferences in that environment will create similar economic opportunities.

What's really tragic is that these floods occurred right in the core productive -- the floodplain, the core productive agricultural part of the economy at a time when that was the core growth strategy. So we do have to look at what can be done on the trade side, on the preferences side and with respect to opportunity zones, to really enable growth in an environment where there was a coherent plan, there was a strategy that prioritized the core assets of the Pakistani people and economy and productive base, and now the floods that just have heightened the stakes pretty dramatically.

MR. HOLBROOKE: Can I just add one thing? Raj mentioned the transit trade agreement, and most of you in the room probably don't know what it is, and others of you think it's just a trade agreement. So let me underscore something.

It is an agreement for trade between Afghanistan and Pakistan. In and of itself, that's good, and we think it will bring \$2 billion of additional GDP to the countries. But it's much more than that. It is the most important agreement between the two countries in at least 50 years and probably since Pakistan became independent in 1947.

People forget that the current relationship between Pakistan and Afghanistan was not born on 9/11 or in 1989. When Pakistan became independent on August 14th, 1947 and applied for U.N. membership, the only country to vote against their membership in the U.N. was Afghanistan, under the king. The reason they did it was because of the Pashtuns and the question of who the Pashtun loyalty was towards. So the underlying issues that still exist on the border had always been a problem, and in this context the existing trade agreement, which was negotiated in 1965 between Pakistan, Afghanistan and India, had never been carried out.

So when the two presidents, President Zardari and President Karzai, came to Washington in May of last year President Obama asked them if they would commit to negotiating a trade transit agreement which did not include India because we knew that if India was included there would never be an agreement. Forty-four years of attempting to renegotiate it had resulted in zero. The Indians accepted this and said they would go along with it, provided that if in the future, if they came into it, Afghanistan would have what we might call "most favored nation" or "national treatment" clause.

And after a very tense negotiation, we finished it at 6:00 in the morning on the day that Hillary Clinton arrived in Islamabad in July, July 19th. The Foreign Minister and his colleagues and some of the rest of us were up all night working on it that night, as Hillary's plane descended towards Islamabad.

One of the most important people in this, who I didn't acknowledge earlier, is Ambassador Robin Raphel who is the head of operations in the mission in Islamabad, and she spent those sleepless nights working on it too.

So I want to underscore, Steve, that because I read in the papers a lot "but there's no strategy." There's a very clear strategy, but it isn't always easy.

One of the core goals is to reduce the long-term problems between Kabul and Islamabad which, as you know, precede but were accentuated by the events since 1989, or really since 1978. And that's 32 years of non-stop war for Afghanistan, which has increasingly embroiled Pakistan. Until the two countries have a strategic understanding of a common purpose, there is no hope for ending the problems which plague the whole region and are tearing Afghanistan to the breaking point and which have required us to send so many troops and resources there. And the trade transit agreement, therefore, is much, much more than a trade agreement.

MR. QURESHI: Can I just add?

MR. COLL: Sure.

MR. QURESHI: See, you have to realize that there is a new realization in Pakistan and in Afghanistan that we are neighbors and we will continue to be neighbors. The U.S. and many of the NATO allies are in the region for a specific purpose. They'll not be there forever, but we have to co-exist forever.

So we need each other. We can help each other. We contribute to each other's stability. And this change of heart has led to a new understanding, and I think there's acknowledgement on both sides that the bilateral relations between Afghanistan and Pakistan have qualitatively improved in the last two years, not just the transit trade agreement draft. The trade agreement is one manifestation of that.

We have put in place an architecture for the future that goes beyond cooperation in the war against extremism and terrorism. It is economic interdependence, how we can, and how Pakistan, through Afghanistan, can get access into central Asian republics, how Afghanistan can be useful to Pakistan to meet our energy requirements -- you know, through a gas pipeline, through electricity lines. So there is a new realization of interdependence, of trust, of confidence.

So this, I think this trilateral, these engagements are now beginning to show results.

MR. COLL: So that vision encompasses what India's Prime Minister Singh has articulated in your lifetime, do you think?

MR. QURESHI: Well, Pakistan is very clear of that. Pakistan wants a very good, neighborly relationship with India.

What we are saying is we have outstanding issues. Both sides have agreed that dialogue is the only sensible way forward. We have in place a mechanism, all the

composite dialogue. That dialogue has shown results. Incremental progress has been achieved, and we need to pursue that.

And, yes, why not?

I think it makes a lot of sense that if we improve relations. We have got normal, healthy relations. India stands to gain. Pakistan stands to gain. The region stands to gain.

MR. COLL: Questions from the audience. This gentleman here caught my eye, but please wait for the microphone.

MR. GRUBB: My name is Dennis Grubb.

I'm more interested in the Delhi-Islamabad dialogue than the Kabul-Islamabad dialogue, and I'm curious why no one has talked about the bomb. What are we doing about the dialogue on the bomb?

MR. QURESHI: Well, one thing we are certain, both realize we don't need to use it. (Laughter) It's mutually suicidal.

MR. GRUBB: That's very good.

MR. COLL: Yes, okay. Well, the microphone is near that gentleman.

MR. KUX: Dennis Kux from the Woodrow Wilson Center.

I wonder, Mr. Shah, if you would elaborate. You had said that aid is doing things different in Pakistan. Could you elaborate, please?

MR. SHAH: Sure. Well, I think the two most substantive characteristics that are, first, the level of consultation that occurs through the strategic dialogue actually finds its way, all the way down through the way projects are designed and implemented, so that if I'd say a few years ago it probably would be very difficult for the minister or the minister of finance to describe to you what the assistance program even looked like. Today, there is near complete alignment around what we're doing with Kerry-Lugar-Berman resources going

forward. I think that plays out as well in the context of the discussion of specific reforms in policy that can allow assistance to be even more effective, generate better results.

I think the second characteristic is, as I mentioned, a real focus on trying to invest in local institutions and local capacity, including the development of local capacity by doing direct assistance to the Pakistani government. We have a statutory requirement, and we are fully committed to doing this in a way that tracks our resources and allows us to take account of how our money is spent. But the fact that we can do that with so many different parts of the Pakistani government is, I think, a testament to the fact that there are parts of the government that operate effectively and is a counterpoint to the larger narrative that sometimes makes the case that the opposite is true.

MR. HOLBROOKE: Dennis, there's a back story on this, that Robin was very deeply involved in. When we started looking carefully at Pakistan last year, the Pakistanis of all political parties said the same thing: You don't consult us on your aid programs, and we don't see them.

Well, we looked into this, and the criticism was absolutely right. So then this is one of Robin's key responsibilities. We try to really listen now.

Now there is still a lot of complaining because of the long time lags in between the time we make a commitment, the time we get the obligation authority, and Raj has about 14 hoops he has to jump through. Half of them are congressionally mandated; the other, his own bureaucracy -- expletive deleted, bureaucracy. But we are listening.

The second thing is that Hillary and I and Raj concluded, upon the advice of the government and the opposition that we ought to return more and more to big visible projects because everybody remembered the Kennedy and Johnson Administrations. That's a long time ago.

You remember them because you wrote the best book ever written on U.S.-Pakistan relations, my bible. You know, from 1946 to 200. If you really want to understand this relationship, read Dennis's book.

But the Pakistanis remember them; Americans don't.

So Hillary said let's move back toward some visible things, without abandoning women's issues or schools. Water and electricity, energy were where we put our focus, and so we really have tried to listen. We still get complaints, but at least we're communicating now.

MR. COLL: Next question? Yes, this gentleman here.

MR. VOAT: Brian Voat with the National Democratic Institute.

A question for Foreign Minister Qureshi: Clearly this dramatic increase in aid is a very important development for Pakistan and for the United States, but there have been reports that have come out recently about the degree to which the Pakistani elite and the wealthy are not contributing with tax money to the Pakistani government. This is surely going to be concerning to American citizens who are footing the bill for the aid. What steps are going to be put in place, or are in place, to ensure that Pakistani elites also have a stake in the future of their country and their government?

MR. QURESHI: Well, to begin with, these issues that are being talked about are not recent. There are some chronic issues that we are dealing with, and it's not our government. Consistent governments over the years -- I'm talking of decades -- have not perhaps spent sufficient time in broadening the tax base. And I think there is a growing realization that if we need development, if we need growth, we need a national effort of resource mobilization. For that, we need to broaden the base by bringing in more sectors that have not been taxed in the past and to seriously document the economy.

And I don't say this today. I'm on record having said it in 1994, 1995, that there is a sector of the economy which has contributed something like 24, 25 percent of the GDP which is out of the tax net and should be brought into the tax net.

Who should be taxed? The more affluent, the richer class, and not the subsistence farmer.

So there is a thinking on that score. We are talking of a new reformed GST. There has been a debate within the country. There's a new constitution arrangement, after the 18th amendment. There is a new formula of distribution of resources under the Seventh National Finance Award, between the federation and the federating units.

And today, in democracy, people are talking about it. People are writing about it. People are debating these issues, and that is what is healthy. I'm sure we will overcome this problem within this government.

MR. COLL: There's a woman back there to the left. Is her hand still up there, if you see her over your right shoulder there?

QUESTIONER: A question for Foreign Minister Qureshi: What is a specific longer-term strategy to counter terrorism in Pakistan, and is there an end in sight?

MR. QURESHI: Well, yes, because failure is not an option. And we see an end, and the end is that we will achieve our objective, and we will defeat them, and we'll reverse their trend.

Now do we have a strategy? Yes, we do have a strategy.

How did that strategy come about? It has come about through a debate, and today we have a strategy which is called the 3-D Strategy which is dialogue, development and deterrence -- a very healthy mix between the three.

Have we put it into use? Yes, we have. A proof of that is Malakand/Swat and many

adjoining sectoral districts in the KPK Province. Now that strategy has worked beautifully well in Pakistan and in the tribal belt, which is the strategy of clear, hold and build, and that is working, and you will see results in the days to come.

MR. COLL: Yes, this gentleman here.

MR. BESTANI: Bob Bestani, Stanford University.

As we near our elections in two weeks, I think that the majority of my fellow citizens are very happy that the United States is supporting Pakistan and is able to be of great assistance during this period. But I think at the same time Americans are very conflicted and very confused by what they see as a rather split personality on behalf of the Pakistani government insofar as the area around what's generally called Pashtunistan. It's not clear whether the Pakistan government is supporting America's efforts in that region or not, and I think people are very, very confused about Pakistan's real relationship, what the relationship with the ISI is vis-à-vis the Taliban, et cetera. And I'm wondering if you can shed some clarity on that.

MR. QURESHI: Well, I think there is no split personality. If that is the case, then I think you need to do a better job with your public diplomacy because Pakistan is very clear what our focus is, what our objectives are. The role the ISI has played is known to its counterpart here in the CIA, how positive the ISI has been. I think there is a conversion in public opinion. There's a change of heart in Pakistan, and perhaps that has not been fully appreciated in the United States.

MR. COLL: The gentleman over here has been waiting patiently.

MR. UNGER: Noam Unger, I'm a fellow here at Brookings, focused on U.S. foreign assistance reform.

The recent aid branding controversy gets at a question of goals. In most places in the

world, we don't have to choose between bolstering the U.S. brand and our relationships, and saving lives and livelihoods. Both are in the U.S. national interest. Some argue that some parts of Pakistan present a rare and unfortunate exception in which a choice actually is required at present.

What is best for long-term U.S. interests and the interests in Pakistan: steady and, if necessary, quiet support for relief and development that potentially aids stability over the long-term or more limited, but more explicit, support that provides potentially ephemeral gains in popularity? And also how does investment in rigorous evidence-based analysis factor into this strategic tradeoff? Thanks.

MR. COLL: I think you're asking about putting U.S.A. on the delivery of goods, just for the translation to the audience. Yes? Is that correct? Am I right about that?

MR. SHAH: That was a well-worded question, and I'm happy to take it.

Look, I think this is an important and serious issue, and not one that has an easy answer. But I will say from my first visit, and I've now had three or four visits just this year, but in my first visit I spent a lot of time just asking questions about, from political leaders at all levels, humanitarian assistance workers and development program partners and our own teams all over the country. The one consistent thing I heard was that the Pakistani people valued seeing the handshake that used to, a long time ago, represent our assistance relationship because it sends a message that we're not just -- it sends a message that we care. It sends a message that we're there. It sends a message that we're listening.

So long as we actually abide by those characteristics and put them in practice, I think on net it makes the relationship stronger, and more important, almost more important from the perspective of an aid administrator, it makes the assistance more effective and more able to achieve results.

In this specific case, about how we've approached our response in the floods, we have a pretty consistent approach to how U.S. assistance is labeled and identified around the world. Our goal is to be transparent, our goal is to be visible, and our goal is to be supportive.

You know that's not the reason we do the assistance. We do it because we care. We have a humanitarian priority, and we've been the first with the most support, both in Pakistan and in disasters all around the world, for decades.

But where there is an actual tradeoff, if it's real and if it is meaningful and if it puts at risk the lives of the tremendously brave humanitarian assistance workers that are out there, trying to save Pakistani children and help mothers deliver kids in a safe environment, we do offer exceptions to that general policy. We've been doing that consistently in certain parts of Pakistan where that's relevant, and we have had that same policy in place through this effort.

So, yes, I think the "controversy" is a little overblown, but I think the more important message is as the strategic dialogue demonstrates this at the highest levels. But really at all levels, visible, continual listening and partnership is genuinely valued on both sides, and it makes the assistance more effective over time.

MR. COLL: Minister Qureshi, I don't know if you have anything to add, but I also wonder. You mentioned American public diplomacy's deficits in Pakistan. Why is American public diplomacy ineffective in your country in your judgment, if it is?

MR. QURESHI: I think this administration is making a serious effort in improving that, and they have taken certain measures to do that.

I think your people were not perhaps dealing with a democratic government before. The media in the last four or five years in Pakistan has undergone a significant change. It's

a much more open society. People are talking more. People are being more objective. People are being more critical. People are holding institutions and individuals more accountable.

So the whole, sort of the whole approach has changed, and I think greater effort has to be put on your side to engage with all those institutions that were perhaps not required in the past. There's a parliament. You didn't have to deal with the parliament. Today, we have a very vibrant civil society. Today we have a very independent media, and you need to engage.

And I think Secretary Clinton has demonstrated that. In her visits to Islamabad, she has engaged, and I see some faces sitting here. She has actually communicated and engaged with. She has been meeting members of civil society. She has been meeting sort of NGOs, students.

I remember going to a very important even in Lahore when there was some sort of a misunderstanding or misinterpretation of the Kerry-Lugar-Berman, going into the government college of Lahore, where students from all over the country were assembled, and they put very, very sort of very, very searching and penetrating questions. The way she engaged with them is what is required.

MR. HOLBROOKE: You know this is a really important issue for us, Steve, and we recognize the validity of what's behind your question, and I greatly appreciate what the Foreign Minister just said.

Our public diplomacy, to use that phrase, simply virtually didn't exist when this administration took over, for the reasons the Foreign Minister said. Secretary of State and my colleagues and I really were concerned about it. There has been a complete revamping of the mission. Hillary has made absolutely clear how important this is to her, and the

Foreign Minister has alluded to her trips, which really have been remarkable.

And I would just share with you one anecdote which shows how extraordinarily effective she was, while stressing that even Hillary Clinton can't singlehandedly changed the opinions of 180 million people and the most free press, I think, of any Muslim country in the world. When I say "free," I mean chaotic. (Laughter) They're all back here, our friends.

So in Islamabad on her first trip, right after Kerry-Lugar-Berman had been passed, there was a huge controversy over whether or not the so-called conditionality degraded the sovereignty of the country. Of course, it was not a real argument, but it was very contentious. And she waded into it, as the Foreign Minister said.

At one point in the most contentious discussion, she simply said, you know, if you don't want the money, you don't have to take it. It was absolutely a wonderful moment, and that quieted everything down.

Then we came back a few months ago, July 19th, and we met with the same people, the same groups, at the town hall meeting in Islamabad. This time around, nobody was worried about that they wanted to know how their villages and their towns could get part of the Kerry-Lugar-Berman money. This was all just before the floods.

So this is a work in progress. If you look at the public opinion polls, America, pro-American sentiment has gone up, but it's gone up from 9 percent to like 20 percent. I could argue that's over 100 percent increase, but I don't think you'd buy that. We have work to do, and we are going to keep doing it, and I could not agree more with the Foreign Minister and his critique on this issue.

MR. COLL: So we've reached the end of our time, unfortunately. We could go on for some time more.

Just to inform the audience, after we join in thanking our speakers, the group on the

stage will exit, and we'd like to ask you to remain seated for just a few minutes as they get where they need to go. Then the staff here will facilitate your departure.

It's been my privilege on behalf of the Brookings Institution and Asia Society to moderate this discussion. Please join me in thanking our speakers.

(Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2012

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190