



NATIONAL SECURITY



POLICY BRIEF:

The GSP+ and Pakistan's National Security Policy

GSP+ and the Broad Features of Pakistan National Security Policy

Executive Summary

Pakistan is awaiting the result of the ongoing review of its Generalised Scheme of Preferences (GSP+) status with the European Union. GSP+ is a special incentive arrangement which sets some benchmarks for sustainable development and good governance for developing countries in exchange for cutting its import duties to zero on more than two-thirds of the tariff lines of their exports to the EU states. The current regime for Pakistan was extended in March 2020 to 2022 and then again to December 2023. In case of a successful review, Pakistan will avail the GSP+ benefits under a new framework from 2024-2034. This policy brief argues that since the release of Pakistan's National Security Policy on January 14, 2022, the country has set for itself a new direction that brings it closer to the EU benchmarks for sustainable development and good governance. While progress in certain areas will be faster than in others, the NSP's focus on economic security and a citizen-centric approach seeks to broaden the definition of national security. Given the incentive structure that informs the EU's GSP+ regime and its outcomes, the new approach by the NSP is a net positive for Pakistan as well as the EU. The brief, therefore, recommends that the EU review must take cognisance of the citizen-inclusive approach.

Introduction

For more than seven decades, Pakistan's primary definition — and tenet — of national security revolved around hard security. For reason of geography, history and geopolitics, Pakistan has faced armed conflict since the British exited the subcontinent in August 1947. Armed rebellions against the Maharaja of Kashmir — one of the princely states in British India — resulted in a full-scale war between Pakistan and India immediately after Partition in August 1947. In the West, Afghanistan refused to accept Pakistan as a new state and began fomenting armed insurgencies in Pakistan's tribal districts. In the 50s, given the Cold War between the United States and now-defunct Soviet Union, bloc politics impacted Pakistan's hard security. These initial and subsequent developments created a security culture that prioritised hard, military security over other areas of national development. While on the plus side this has meant developing and sustaining a fairly robust and professional security apparatus and forces, the development has impacted many other areas negatively. However, in the last 15 years there has been a growing realisation, including within the military, that the concept of security must be broadened to include economic security since without a larger pie the country will be hard pressed to even sustain hard security.

With this development has also come the realisation that economic growth in this era is dependent on educated and healthy human resource. This realisation is amply reflected in Pakistan's first-ever National Security Policy. A focus on human resource is essentially a focus on the citizen; and the focus on the citizen is elementally a focus on his education, health and rights. This brief seeks to highlight the pleasant fact that the EU benchmarks are now ever closer to what the state of Pakistan has declared in its NSP. To that extent, the EU and Pakistan are in a happy embrace on the issues of rights, sustainable development and good governance.¹

¹ Justice Project Pakistan has six other briefs dealing with issues ranging from environment to labour, women and child rights, death penalty and criminalisation of torture.

Analysis

1: PAKISTAN'S NATIONAL SECURITY POLICY: ECONOMIC PIVOT

On January 14, 2022, former Prime Minister of Pakistan Imran Khan launched Pakistan's first-ever National Security Policy (NSP). The Policy identifies and addresses a broad spectrum of non-traditional and traditional security threats under the rubric 'comprehensive national security'. Centered on the idea that Pakistan's security is as good as that of its most vulnerable citizen, the Policy commits to prioritising the safety, security, and dignity of all citizens. This is the first-ever declaratory position by the State of Pakistan defining national security in terms other than military security. Within the broader framework of non-traditional security, the Policy focuses on augmenting economic and human security as imperative for — and underpinning — hard security as well. By identifying economic security as a central pillar of national security, the State has declared that both sets of security — hard and soft — require a rethink.²

To this end, the Policy lays down certain postulates: connectivity, development partnerships (trade not aid) and economic diplomacy.³

It is important, however, to address the term “geoeconomics” as used by the Policy, especially for Western audience, because the term as originally coined has evolved differently in the United States and Europe.

2: GEOECONOMICS

The term was coined as a “neologism” in 1990 by Edward N Luttwak, an American author who writes on grand strategy and military affairs. The article, which was published in *The National Interest* was ‘From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce.’ In their Luttwak argued that “This neologism [geoeconomics] is the best term I can think of to describe the admixture of the logic of conflict with the methods of commerce.” He went on write that because of “disposable capital in lieu of firepower, civilian innovation in lieu of military-technical advancement, and market penetration in lieu of garrisons and bases, states... will not disappear but reorient themselves toward ‘geoeconomics.’”

Since the publication of the original article, other foreign policy experts have also contributed to the debate. The common denominator is to view geoeconomics as a foreign policy tool, which in combination with geopolitical approaches can help in pursuing geostrategic goals. This is also the argument presented by Robert D. Blackwill and Jennifer M. Harris’ in *War by Other Means: Geoeconomics and Statecraft*. Put another way, the term, as it has evolved, looks at using hard instruments of “soft power” in the service of economic and geopolitical ends.

² The Policy declares the focus on citizens’ security and economic security at various places: “The National Security Policy 2022-2026 centers on my government’s vision, which believes that the security of Pakistan rests in the security of its citizens.”

“This citizen- centric approach to national security prioritises national cohesion and the prosperity of people, while guaranteeing fundamental rights and social justice without discrimination.”

“...to achieve the vast potential of our citizens, it is necessary to promote delivery-based good governance through strengthening of institutions, rule of law, transparency, accountability, and openness.”

“The challenge before us is to move away from the traditional guns versus butter debate, instead recognising that traditional and non-traditional aspects of national security must be linked through a symbiotic relationship.”

³ A summary of the NSP can be accessed at <https://www.nsd.gov.pk/assets/documents/summary.pdf>

NB: this is not the full document which was released on Jan 24, 2022 and copies of which were provided to experts in various fields.

Pakistan's National Security Policy uses the term differently and in contradistinction to geopolitics and its hard-security approaches. It is, as identified earlier, a pivot to economics and cooperative interstate relations that create the space and right incentives for Pakistan to (a) develop mutually beneficial economic relations externally and (b) to use the dividends of such partnerships to develop its human resource, what the Policy refers to as a "citizen-centric" approach.

3: EXTERNAL CHALLENGES

Pakistan's change of approach comes at a time of geopolitical and world economic crises. Among various forecasts, the International Monetary Fund's April 2023 report, *World Economic Outlook* warns of an uncertain outlook and hard landing "amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID." The Report also warns against the world splintering into blocs and trade fragmentation, both of which will have severe economic consequences. The report also talks about losses through climate-related disasters.

Following the release of the report, Kristalina Georgieva, a Bulgarian economist and current Managing Director of IMF, told a press conference that countries must do more to avert the costly consequences of growing global trade fragmentation, and help avert a 'second Cold War'. "I am among those who know what are the consequences of a Cold War: it is loss of talent and contribution to the world. I don't want to see that repeating," she said.

Dr Georgieva is right about her warnings. Climate-related disasters and pandemics present big enough challenges that no single state can address, necessitating global and regional cooperative strategies in multiple areas. To multiply those challenges by the politics of adversarial blocs that result in trade fragmentation and sanctions regimes is to court further disaster. Yet, this is the world where States, including Pakistan, have to operate and try to turn some of these challenges into opportunities.

4: INTERNAL CHALLENGES

Pakistan has a small and low value-added manufacturing sector. Multiple reports indicate that Pakistan's manufacturing sector has a narrow base and low value added. According to Government of Pakistan's 2019 figures, the sector contributed 13% of GDP. Within this the "textile and clothing sector is a leading manufacturing sector of Pakistan, which has inherent advantage based on domestic availability of cotton. It absorbs 40% of industrial labour force and contributes about 60% to overall exports." The PIDE report which cites these figures also stresses the importance of Industrial Competitiveness (IC) as a "catalyst for higher productivity, innovation, employment generation and exports". This is borne out by the experience of other countries. Given the rapid technological changes, Pakistan must seek to improve IC for stimulating its economy, creating jobs, boosting innovation and economic growth and offering the world products which have a range of applications.

This, among other things, requires an evolved human resource. Investment in health and education, therefore, become imperative. Innovation and disruption require highly-skilled professionals at three levels: concept, application and business strategies. The NSP identifies these as the weak link and stresses, precisely for that reason, formulating and implementing policies that address these nodes.

5: EUROPEAN UNION'S GSP+

The European Union's Generalised Scheme of Preferences (GSP Plus) is a special incentive arrangement for sustainable development and good governance. The arrangement's stated objective is to assist developing countries in exporting their products to the European Union. Pakistan was granted GSP+ status in

2014. Since then successive governments have ratified all 27 core international conventions on human rights, labour standards, environmental protection, and good governance. Efforts have also been made to bring legislation in conformity with the EU standards. (For details of EU conventions and Pakistan's compliance, see annexure.)

Gaining access to the European markets has been a high priority issue for every government in Pakistan since 2014. The GSP Plus Status allows approximately 20 per cent of Pakistani exports to enter the EU market at zero tariff and 70 per cent at preferential rates. According to EU statistics, "total EU imports from Pakistan amounted to €6.6 billion in 2021, of which €4.7 billion were imported benefiting from GSP+ tariffs. This makes Pakistan the largest beneficiary among all GSP+ beneficiary countries."

The arrangement is a win-win for both sides since it benefits Pakistan's exports to the EU while providing the EU the space to monitor and review Pakistan's progress in certain key areas which are of global concern for EU member states. Put another way, the arrangement incentivises Pakistan to improve its performance on human and labour rights issues as also on environmental standards while allowing the EU a seat at the policy table.

This is where the NSP and the EU conventions meet in a happy embrace. As mentioned earlier, the 2022 NSP reimagines the concept of national security, stressing areas which are much closer to the EU benchmarks than was the case when Pakistan was admitted to the incentive arrangement. This point is important not just symbolically but substantively — i.e., improving performance on EU benchmarks is not just a matter of external requirement(s) but an internal declaration by the State of Pakistan. Further, by aligning the concept of national security with the citizen's security and wellbeing, Pakistan is declaring bringing the concept of national security in line with the benchmarks of the GSP+ arrangement. As the EU reviews Pakistan's performance for extending the arrangement, the conversation will be much easier than before.

Takeaways

- The GSP+ special incentive arrangement is a mutually beneficial framework which not only helps Pakistan's exports to the EU but also holds the promise of attracting local and foreign investors into Pakistan.
- Successive governments in Pakistan view the arrangement as a high priority issue.
- Ratifying the EU conventions and bringing domestic legislation in line with the EU benchmarks have helped improve Pakistan's performance in major areas of concern: human and labour rights and dignity, environmental protection and good governance.
- Environment is a major issue in Pakistan, given the adverse impact on the country of climate change. In fact, Pakistan has emerged as a major voice in pushing for climate justice and other ameliorating strategies.⁴
- The arrangement allows the EU the space to affect Pakistan's policy choices in certain key areas.

⁴ JPP's brief on Environment highlights in detail Pakistan's current contributions and challenges.

- Pakistan's National Security Policy centers on an economic pivot and its advantages for developing Pakistan's manufacturing and export base. Those advantages, as the Policy stresses, benefit the citizens whose security is a primary function of national security.
- The alignment of EU's benchmarks and the central postulates of the NSP make the ongoing conversation that much easier.

Recommendations

- As the EU reviews the process for extending the special incentive arrangement for Pakistan, this brief strongly recommends the continuation of the process, the arrangement being mutually beneficial.
- While Pakistan has worked diligently in establishing certain institutions as part of its ratification of the EU Conventions — the latest is the Criminalisation of Torture Law which was pushed by Justice Project Pakistan — there are areas where progress will be slower than other areas. This is owed to capacity and synchronisation among federating units and also, in such cases as women and child rights because of societal attitudes.
- With the redefinition of national security by Pakistan's NSP, the EU will be better placed to discuss issues related to hard security.
- The continued process of incentivisation through GSP+ prevents Pakistan from policy volatility, i.e., the arrangement ensures policy continuity regardless of change of government in Islamabad. This is a strong argument in favour of continuing the GSP+ arrangement.
- Climate change is having a major negative impact on Pakistan's water and other resources, as also mean temperatures. Pakistan is now actively advocating cooperative climate strategies to mitigate the impact. GSP+ benchmarks on environmental protection are a strong shared interest.



Justice Project Pakistan (JPP), is an award winning legal action non-government organization dedicated to representing the most vulnerable Pakistani prisoners facing the harshest punishments at home and abroad. Our work combines strategic litigation, fierce domestic and international public and policy advocacy campaigns, and building the capacity of stakeholders to bring systemic reform to the criminal justice system in Pakistan.

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