



# **EU- PAKISTAN**

Partnering for Democracy  
and Prosperity

Pakistan's first contacts with the European Union – or the “European Economic Community” (EEC) as it was then called – dates back to the early 1960s. Our partnership has since progressed in tandem with the European integration process. Today, the EU is not only Pakistan's largest trading partner but also an important political and development partner. Many EU based companies have made significant direct investments in Pakistan. The EU stands by Pakistan in its struggle with terrorism and violent sectarianism, providing assistance and political support in many different ways. We firmly believe that a democratic Pakistan with strong and independent institutions will pave the way for prosperity not just for the few but for all. Our political and security relations are getting stronger, as evidenced in the recently agreed EU-Pakistan Five-year Engagement Plan, underlining the dynamic nature of the relationship.

## The European Union in Pakistan

The largest and most successful regional integration organisation ever and with 28 Member States – the EU has evolved into the world's largest single market for goods, services, labour and capital with a common foreign and security policy.

The EU maintains diplomatic relations with nearly all countries in the world. It is represented by Delegations accredited to 141 countries and international organisations. Experts and staff from traditional EU services, such as the European Commission, as well as hundreds of EU Member State diplomats, are working together in EU Delegations abroad and in the EU Foreign Service in Brussels – also known as the European Union External Action Service (EEAS).

All the EU Delegations work under the leadership of the High Representative of the European Union for Foreign Affairs and Security Policy, Baroness Catherine Ashton, who is also the Vice President of the European Commission.

The European Commission established its first office in Islamabad in 1985, upgrading its presence to a Delegation in 1988. In 1992, the humanitarian branch of the European Commission (ECHO) opened its first office in Islamabad. Since the entry into force of the new EU Lisbon Treaty on 1 December 2009, the Delegation has gradually been upgraded to a full fledged EU Delegation to the Islamic Republic of Pakistan, representing the European Union on matters ranging from overall EU-Pakistan political relations, development cooperation, trade, humanitarian assistance, and the promotion of a wide range of sectoral cooperation, including education, energy, environment, health, transport, migration issues and climate change. The Delegation presently employs about 80 international and local staff.

The Head of the EU Delegation is accredited to Pakistan with the rank of an Ambassador, representing the EU in Pakistan. The Delegation is responsible for coordinating common EU interests and policies together with the Embassies and Ambassadors of the EU Member States represented in Islamabad – or otherwise accredited to the country.

The first EU-Pakistan Cooperation Agreement was signed in 1976. Currently, the legal and political basis for the relationship between the EU and Pakistan is anchored in the 2004 Cooperation Agreement and a Five-

Year Engagement Plan adopted in 2012.

Annual meetings of the EU-Pakistan Joint Commission take place alternately in Islamabad and Brussels. It is complemented by a foreign and security policy dialogue, involving senior officials on both sides, such as the Foreign Secretary from the Foreign Office in Islamabad and senior counterparts from the EEAS in Brussels. Apart from international and regional affairs, counter-terrorism, non-proliferation and migration issues are also regularly discussed between EU and Pakistani experts.

## EU-Pakistan – an expanding circle of excellence

In many fields, such as furthering bilateral trade, foreign direct investment, institution building at a federal and provincial level, human rights and labour standards, the European Union is supporting Pakistan's integration with the global economy.

As a strong regional integration organisation, with Member States who have decided to pool many of their sovereign rights and work together, the EU is keen to encourage and support similar cooperation between Pakistan and its neighbours, including Afghanistan and India. Breaking down barriers to trade and facilitating the freedom of movement across borders for people, goods, capital and services is the secret to the EU's success.

At present Pakistan benefits from the EU's Generalized System of Preferences (GSP) which is a system that in its present form has benefited the traditional sectors, mainly textiles and leather. As a result, almost 20 percent of Pakistan's exports enter the EU at zero tariff and more than 70 percent at a preferential rate. A new GSP will enter into force on 1 January 2014. Pakistan has applied for so called GSP+ status under this new system. If granted the status, Pakistan would have duty free access for almost all of its products. However a number of important conditions, including meeting international human rights, labour and environmental standards, have to be met in order for a country to be granted GSP+.

Following the devastating floods in 2010, the EU granted an exceptional package of autonomous trade concessions to Pakistan on humanitarian grounds. These trade concessions cover 75 categories of products, or over a quarter of all Pakistani exports to the EU. This exceptional regime was cleared by the World Trade Organization (WTO) in February 2012 and entered into force in November 2012. It will remain in place until 31 December 2013.



## Growth and Opportunity

Supporting growth and equal opportunity for everyone in Pakistan, regardless of ethnicity, religion or gender, are important objectives of the EU's relations with Pakistan. EU-Pakistan relations are long term, transparent and based on mutual respect. The EU can provide expertise and investments, particularly in sectors like energy, including oil and gas exploration and the efficient use of environmentally friendly alternative sources of energy, transportation, agro-industry, information technology, textile machinery, franchising, consumer goods, gems and mineral mining etc.

As the largest trading bloc in the world and Pakistan's top trading partner, the EU is a major economic partner for Pakistan.

EU imports from Pakistan expanded by 16% to €4.06 billion in 2012 from €3.5 billion. The overall EU-Pakistan trade volume reached €8.16 billion in 2012, up by 19% from 2009, with Pakistan enjoying a 337 million surplus in the balance of trade with the EU.

Pakistani exports to the EU are expected to receive a further boost with the EU trade concessions in response to the 2010 and 2011 floods in Pakistan.

As part of its development cooperation with Pakistan, the EU Delegation runs a special program to promote more diversified exports from Pakistan to the EU by assisting Pakistani companies to better understand and be able to meet EU product standards, which are among the most stringent in the world. A ban on import of seafood from Pakistan was recently removed in part due to work undertaken jointly by the EU and Pakistan to improve the phytosanitary standards of Pakistan's fishery industry. Current priorities include gem stones and precious minerals as well as leather and tannery products.



## Development and Sustainability

Continued assistance to Pakistan by the EU and its Member States in areas such as education, rural development, good governance, including the rule of law and the strengthening of democratic institutions, as well as disaster management and rehabilitation, will help ensure stability and economic growth for Pakistan in the years ahead.

Pakistan has suffered one severe natural disaster after the other. Yet, despite an enormous humanitarian toll, the people of Pakistan have managed to get back up on their feet.

Prolonged insecurity in many parts of the country due to terrorism, militancy and violent sectarianism have played havoc with Pakistan's economic and social development in recent decades, while demographic pressures, corruption and authoritarian rule have undermined the prospects for democracy during extended periods. Yet, democracy and democratic institutions are growing stronger.

The EU supports Pakistan as it strives to reach the Millennium Development Goals; that is, tackle poverty, increase literacy, reduce child mortality, improve maternal health, combat major diseases, ensure environmental sustainability and promote an inclusive and gender balanced development process.

European Union is the world's largest provider of development assistance. EU's assistance to Pakistan, including Member States, has doubled since the end of last decade. The annual EU contribution for development and humanitarian assistance has now reached about €600 million per year.

Education and vocational training is the single largest sector for EU funding. Thousands of boys and girls in Khyber Pakhtunkhwa, Punjab and Sindh have improved access to schools due to EU assistance. Higher quality of curricula and text books, and more professional teachers, are among the criteria for receiving EU funding.

The Erasmus Mundus is EU's educational co-operation and mobility programme, aiming to enhance the quality of European higher education and promote dialogue and understanding between people and cultures through co-operation with countries outside the European Union. Promising students from Pakistan are also benefiting from the Erasmus Mundus programme. During the past ten years Pakistan has received 418 Erasmus Masters'

scholarships. 32 PhD scholarships were also awarded to Pakistan along with nine undergraduate and five post doctorate scholarships.

Bridges in Swat, pavements in Gilgit-Baltistan, drinking water schemes in Balochistan, child nutrition in Sindh, and improving public infrastructure and the delivery of essential services at community level are essential to many EU supported programmes.

Efficient water utilisation, high quality seeds, effective veterinary care, better market access, reforestation, more efficient management of community rangelands, are all supported by the EU to improve food security and ensure a durable utilisation of the natural resources.

By supporting an improved budget management and more efficient tax collection and public administration, the EU strengthens the efforts of the Federal and Provincial Governments to further develop the skills of their staff and the functioning of their institutions in charge of the public accounts.



## Democracy and Human Rights

Respect for democratic principles and human rights are fundamental and non-negotiable conditions for the European Union, which was established to prevent another ruinous war in Europe. Based on our own experience, we believe that democracy is also conducive for improved economic and social conditions.

The functioning of democratic institutions in Pakistan has improved considerably, including a far reaching devolution process through the 18th Amendment to Pakistan's Constitution and the promotion of human rights at both a Federal and Provincial level.



Pakistan and the EU have signed up to all major international human rights conventions and are working together in major international fora such as the United Nations. EU supports Pakistan's commitment to strengthen its democratic institutions and promote human rights across all parts of society. Engaging in an open dialogue on democracy and human rights is an essential part of the growing EU-Pakistan partnership.

The EU played an important role through its Election Observation Mission during the 2002, 2008 and 2013 Pakistan general elections. Since 2008, over 70 recommendations made by the Election Observers have been followed up. As per EU practice, the 2013 EU Election Observation Mission has prepared a new set of recommendations that will form the basis for future EU engagement with Pakistan stakeholders for the 2013-2018 electoral and parliamentary cycles.

In support of Pakistan's efforts to consolidate the democratic gains made since 2008 through regular, free, inclusive and transparent elections, the EU provided assistance to the electoral reform process and also supported the preparations for the 2013 general elections, including the work of the Election Commission of Pakistan. This support will be fine tuned in the context of the 2013 EU Election Observation Mission recommendations and carried over beyond the 2013 elections.

Strengthening Pakistan's parliamentary institutions in their core functions of legislation, oversight and representations is a priority for EU-Pakistan relations.

The EU works with the civil society in Pakistan to eliminate violence against women and children, support women's political empowerment, prevent trafficking in human beings, strengthen juvenile justice reform, and ensure the respect of the rights of minorities.

The EU is supporting the Government of Pakistan as well as civil society to deliver on Pakistan's obligations according to international human rights law and protect, promote and fulfill human rights with a focus on women and children rights, freedom of religion and belief, and rule of law and access to justice. The EU also strives worldwide for the abolishment of death penalty.

To encourage greater transparency and accountability in the utilisation of public funds and reduce corruption, EU is furthermore working together with Pakistani partners to enhance the efficiency of public services.



## Peace and Stability

Pakistan is confronted with terrorism, militancy and sectarian violence as well as insurgencies in FATA and Balochistan, claiming over 40,000 civilian and military lives and causing huge economic losses. Military operations have succeeded in stabilising some of the areas bordering with Afghanistan, as well as parts of the Malakand division, in particular the Swat valley. However, the consolidation of democratic stability across the country depends on a broad socio-economic recovery, the effective delivery of justice and security, as well as processes of empowerment and reconciliation at a local community level.

The Government of Pakistan has developed two strategies: the Malakand Comprehensive Stabilization Socio-economic Development Strategy (Malakand Strategy) and the Post Crisis Needs Assessment (PCNA), to bring stabilisation to the western border areas. The EU is actively supporting the implementation of both of these important strategies. The follow-up of the Malakand Strategy and the PCNA address the negative impact of poverty and social inequality in areas affected by a lack of security and suffering from natural disasters. Together with our Pakistani partners at federal, provincial and local level, the EU seeks to build and empower resilient local communities in order for them to withstand renewed threats of militancy and terrorism. Assistance is provided to strengthen the rule of law and rights in Pakistan's justice and security sectors by providing capacity building assistance to civilian law enforcement agencies and judicial institutions across the country.

The EU also contributes to the development of state-society relations and the consolidation of peace building processes at community level through civil society initiatives.

A €120 million EU financed program will seek to revitalise the rural economy and promote renewable energy to enhance social cohesion and opportunities for sustainable livelihoods in the Malakand Division of Khyber Pakhtunkhwa province.

A €15 million initiative supported Pakistani authorities in Punjab and Khyber Pakhtunkhwa aiming to improve the capacity of civilian law enforcement agencies and of the judicial system to conduct effective investigations of terrorism and serious crime cases and to effectively prosecute these cases.

Eight units of fully equipped bomb disposal response vehicles and specialised training worth €3.5 million have been provided to Khyber

Pakhtunkhwa and Punjab civilian Bomb Disposal Units.

A €8 million programme has been agreed with the Government of Pakistan to increase access to justice of poor and vulnerable people in Punjab. This project will support magistrates, prosecutors and the Bar council as well as bar associations and NGOs.

€2.5 million peace building initiatives are bringing together local communities, including women, youth and vulnerable segments of Pakistani society, as well as policy makers and Pakistani business community to develop capacities and opportunities to foster reconciliation and counter radicalisation.



## Humanitarian Aid (ECHO)

The European Union is the world's leading donor of humanitarian aid. Since its creation in 1992, the Humanitarian Aid and Civil Protection department of the European Commission (ECHO) has channelled approximately €15 billion to people affected by conflict and natural disasters in more than 140 countries. Driven by needs and guided by the humanitarian principles of humanity, neutrality, impartiality and independence, the aid has provided lifesaving support to millions of people around the world.

One of the largest humanitarian donors, ECHO has responded to the needs of people affected by conflict and major natural disasters including the 2005 earthquake, and the unprecedented floods in 2010 which affected over 18 million people. It also provided much needed aid to people hit by subsequent floods in 2011 and 2012. Since 2009, the European Union's humanitarian aid to Pakistan has totalled to almost €427 million.

In 2012, the €70 million allocated by ECHO helped provide food, healthcare, shelter, drinking water, sanitation facilities, protection, education services, and means of livelihoods for people affected by floods in Sindh province and by the conflict in Khyber Pakhtunkhwa and Federally Administered Tribal Areas (FATA). To continue its lifesaving assistance for people most in need, ECHO will provide a further €42 million to Pakistan in 2013. As in the past, it will continue to monitor the humanitarian situation in Pakistan and will respond appropriately to any further needs that might arise during the course of this year.

The European Union received the Nobel Peace Prize in 2012 and dedicated the award to address the needs of children in conflict. In 2013, the prize money will fund four projects under the EU Children of Peace initiative, including one in Pakistan, where the funds will provide learning opportunities to 3,000 internally displaced boys and girls in the Jalozai camp near Peshawar. For many children in the camp, who fled from remote regions in Khyber Pakhtunkhwa with their families, this will be the first time they will have access to education.

Since 2001, ECHO has also provided over €5 million for disaster preparedness activities in Pakistan. Its increased contribution in 2013, to almost €2 million, reflects its commitment to strengthen the ability of people to withstand and recover from external shocks like floods, which have constantly affected the lives of millions of people in Pakistan in the last three years. In 2013, disaster preparedness activities will help vulnerable communities in Sindh and Khyber Pakhtunkhwa provinces to protect their assets and livelihoods from floods, and support them to establish contingency plans and early warning systems among several other initiatives.

Pakistan has been severely tested by an ongoing insurgency in its north-western region and

successive floods that have affected millions of people.

The north of Pakistan and the regions neighbouring Afghanistan (Khyber Pakhtunkhwa and the Federally Administered Tribal Areas) continue to face large scale internal displacement due to localised conflicts and military operations. In 2012, almost half a million people were displaced from FATA to KP, and in March 2013, an escalation in fighting resulted in fresh displacement of a further 50,000 people.

In 2012, for the third year in a row, monsoon rains thundered over Pakistan causing massive floods. Close to five million people in Sindh, Baluchistan and Punjab provinces were severely hit, many of whom already reeling under the impact of previous floods. Standing water across vast swathes of land in Sindh threatens the livelihood of subsistence farmers and impairs local food availability.

Moreover, some 1.6 million Afghans are registered in Pakistan as refugees. But with the expiry of their Proof of Registration by June 2013, refugees may face considerable humanitarian needs because of their insecurity of status in Pakistan.

The European Union's current humanitarian involvement in Pakistan focuses on three separate but interdependent crises: support for the conflict-affected population and internally displaced persons (IDPs, more than 1.1 million people); support for the food insecure populations whose situation has been aggravated by recurrent flooding (around 13 million people); and support for the registered Afghan refugees living in Pakistan (around 1.7 million people), mostly through the United Nations High Commissioner for Refugees (UNHCR). Response to new natural disasters is also an integral part of the humanitarian commitment, together with disaster risk reduction.



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