Multi-Pronged Diplomacy in South Asia

What is the issue?

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- An international agreement to curtail terror financing by Pakistan was recently reached at FATF - with strong Indian backing.
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- Almost simultaneously, the cross border TAPI pipeline project was celebrated in a joint ceremony - symbolising cooperative diplomacy.
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- This “Stick and Carrot Approach”, opens up interesting trends in the subcontinent, which simmers hope.
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What were the new developments?

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- Financial Action Task Force (FATF) recently threatened Pakistan with economic sanctions if it funds terror groups against Afghanistan and India.
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- This can be seen as a clear success for India’s coercive diplomacy against Pakistan in international forums.
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- At the same time, a ground-breaking ceremony for the construction of the trans-border natural gas pipeline in Afghanistan was also celebrated.
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- Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project is hoped to bring economic prosperity and enhance diplomatic cooperation in the region.
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- These events signify that countries seem to be pragmatic with their economic and political engagements, in the current era of globalisation.
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- Although there is no guarantee of success either in the coercive or the cooperative approach, both need to be pursued suitably.
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How was the decision at FATF reached?

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- Pakistan has traditionally been a difficult country for the international community to coercively force compliance on terror related matters.
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- But the current Trump administration has been displaying extra zeal, although there was much scepticism on the possibilities.
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- Recently, Trump announced a major cut in military assistance to Pakistan for its non-compliance on the terror front, but this only saw the spiking of attacks.
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- Subsequently, he has now mobilised the international community at FATF to squeeze Pakistan’s terror strategy by choking its finances.
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- While China (as a close ally of Pakistan) could’ve blocked the action, it hadn’t done so, which may be indicative of China’s changing worldview.
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- Although, Beijing’s position could’ve merely been a temporary aberration, it indeed calls for cheer.
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How does the economic cooperation angle look?

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- Facilitating regional economic cooperation would enhance mutual interdependence and ensure lasting peace in the region.
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- Notably, India and Pakistan currently have very small and restricted trade due to problems over the Kashmir question.
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- Despite these problems, all countries have been showing keen interest in the TAPI pipeline project, which is hoped to be highly beneficial.
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- Surprisingly, even non-state actors like Taliban who continue to hold significant clout over regions in Afghanistan have welcomed the project.
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- While project is expected to cost $10 billion, no international bank or

government appears willing to risk investments in this troubled region.
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- Here too, China could prove crucial, as it is already betting massively in the region through its Belt and Road Initiative.
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- These new dynamics imply that the past might not constrain the future and that structural changes in international relations are inevitable over time.
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Quick Fact

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FATF

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- The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 and is headquartered at Paris, France.
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- The objective of the FATF is to combat money laundering, terrorist financing and other related threats to the integrity of the international financial system.
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- It nudges nations to legislate on concerned subjects by setting standards for effective implementation of legal, regulatory and operational measures.
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- Currently, FATF consists of 35 member countries and 2 regional organisations, the European Commission (EU) and the Gulf Co-operation Council (GCC).
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- Notably, most major economies (including India) are members but Pakistan is not a member.
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- The FATF also works in close co-operation with a number of international and regional bodies like the – UN, World Bank and Interpol.
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Source: The Indian Express

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