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FORTNIGHTLY REPORT ON PAKISTAN

June 16-30, 2016

This report is based on the reading of Pakistani media during the last two weeks.

Pakistan-India Relations

Pakistan describes Kashmir as the core issue in its relationship with India and has tried unsuccessfully, through various means and mechanisms ranging from diplomacy to use of military force and covert warfare, to wrest the control of the Indian state of Jammu and Kashmir. It links the resolution of the issue, to its satisfaction, with the normalisation of its relationship with India. However, despite all the rhetoric and public pronouncements, over the years, it has come to realise that the only way to move forward is dialogue and diplomacy. This was reflected in Hina Rabbani Khar's recent interview to Geo News in which she categorically said that Pakistan cannot "conquer Kashmir through war" and the only way left is the dialogue and normalisation of relations with India.

In spite of this realisation, the people at the helm deliberately avoid taking steps to improve the overall environment that could lead to the normalisation. They have failed to address the primary Indian concern on terrorism. It is an established fact that Pakistan's India policy is tightly controlled by the military which, if not opposed to dialogue is also not so enthusiastic about normalisation of relationship with India. Sartaj Aziz, Prime Minister's advisor on Foreign Policy, has gone on record saying that "the role of security establishment is vital in framing the foreign policy." This brings the Indian dilemma to the fore. India, on its part, finds it difficult to deal with the civilian leadership in Pakistan that does not have the ability to deliver on its own promises. This uneasiness was recently underlined by Prime Minister Narendra Modi who argued that civil-military leaders were not on the same page as far as their approach to India is concerned. Pakistan has, in response, accused India of not being serious about the peace process.

Apart from this, India is often blamed for every single problem Pakistan is confronted with. Be it a terror incident or target killing, there are some who always see an Indian hand in it. Liaquat Baloch, the acting Ameer of Jamaat-e-Islami, for example, has pointed fingers towards the Indian Intelligence Agency RAW in two high profile cases in Karachi—the abduction of the son of the Chief Justice of Sindh High Court and target killing of famous Qawwali singer Amjad Sabri. Such accusations might help political parties in consolidating anti-India

constituencies but internationally, Pakistan is losing its credibility by levelling such baseless allegations.

The Two Years of Zarb-e-Azb

In June, Pakistan Army's major military operation "Zarb-e-Azb" completed its two years. After reviewing the situation, the army spokesperson stated that it would continue the intelligence based and combing operations throughout the country. The operation was launched in June 2014, immediately after the terrorist attack on Karachi Airport, with the aim of neutralising terrorists of all kinds. However, the military, while executing the operation, has deliberately overlooked the so called good terrorists focussing on India with renewed zeal. The media wing of the military—the Inter-Services Public Relations (ISPR)—not only claimed a phenomenal success of the operation but also argued that it had successfully broken the backbone of terrorism in the country. There is no doubt about the fact that it has been successful in bringing down the number of terrorist attacks and casualties but its claim of breaking of the backbone of terrorism is far from convincing. The terror infrastructure of both the good and bad terrorist outfits remains largely intact and may come back to haunt Pakistan at regular intervals in the form of terror incidents. In fact, Pakistani Taliban has been going ahead with its attacks on security forces and their alleged informers on an every-day basis as can be gleaned from their claims in the jihadi media. The military is perhaps aware of it and therefore it has decided not to end ZeA but continue with its intelligence-based and combing operations.

The recent abduction of Sindh High Court Chief Justice's son and assassination of popular Qawwali singer Amjad Sabri brings further into question the military's claim regarding improved security situation in Karachi. As of now, there has been no remarkable progress in these two high profile cases. Soon after these incident, Gen. Raheel Sharif visited Karachi to ensure that military was not cirtcised much, for its failure to ensure a secure environment in the financial capital of Pakistan. Media termed his visit as a "morale-boosting visit" during which the Army Chief tried to assure the people of Karachi about the prevailing security situation. Instead of critically analysing their performance, the army chief lauded the efforts of the paramilitary forces as "exemplary" in the face of heavy odds.

Aiding the University of Jihad

Imran Khan, who is at the forefront of the anti-government agitation on Panama Leaks, has landed himself in a trouble because of defending the KP government

on aiding the religious seminary *Darul Uloom Haqqania*—infamously known as the University of Jihad in Pakistan.

The PPP strongly criticised the provincial government for aiding the seminary. Asif Ali Zardari categorically stated that this amount should have been spent on human development. He went on to underline the fact that Darul Uloom Haqqania in Nowshera was an undeclared spokesperson of the Tehreek-e-Taliban Pakistan and TTP had actually named the head of the seminary its authorised representative to negotiate with the government in 2014.

Imran Khan, who is also sometimes called Taliban Khan because of his soft approach towards religious extremists, has put forward two arguments in defence of the KP government; firstly, he said that 2.2 million children from Madrassa system also had a right to education which the government should take into consideration; secondly, he believed that the provincial government's decision was in accordance with the National Action Plan (NAP), which required mainstreaming of such institutions. These two arguments do not inspire much confidence and it is quite clear that Imran was making an attempt to win over the religious right wing as well as extremists for political purposes. Had this been a case of mainstreaming, the government should have attached certain conditions with the funding, which apparently was not the case.

The Economic Situation

There was some good news for the country in economic arena. The Asian Development Bank (ADB) finally signed an agreement for a \$100 million loan for completing the construction of Shorkot-Khanewal section of the M4 motorway. This was the first project jointly financed by Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB). The AIIB is also expected to sign an agreement in this regard in the coming month. While signing the agreement, Wencai Zhang, the vice president of ADB, also underlined the importance of Pakistan's strategic location. He also asked Pakistan to grab the opportunities presented by its location.

Anthony Cholst, Acting Country Director of the World Bank, signed a Financing Agreement of \$500 million IDA Development Policy Credit for "Competitiveness and Growth" with Pakistan. This agreement was part of the important economic structural reforms which was initiated three years ago. Additionally, the World Bank approved a \$200 million loan for water and resources management project in the country. The \$200 million credit has been approved specifically to strengthen Balochistan provincial government's initiative for a community-based

water management project which is meant for irrigation purposes. Apart from this, the European Union signed two financing agreements worth €59 million with the Pakistan.

With China-Pakistan Economic Corridor (CPEC) Project underway, the Chinese businessmen have started showing interest to invest in various sectors of Pakistani economy. They are also considering Pakistan as a favourite destination for investment and a potential market. Recently, a delegation of Chinese investors visited the Islamabad Chamber of Commerce and Industry (ICCI) and expressed its desire to explore Pakistan's steel, energy, cement and other sectors for investment and joint ventures.

These agreements suggest that the international community, particularly China, is willing to work with Pakistan to improve the economic environment in the country. Now it is up to the leadership and the people of Pakistan to grab the opportunity and move ahead in the right direction. Whether Pakistan will take the necessary steps in this context or remain mired in conflict and terrorism remains to be seen.

Corruption and Panama Leaks

The stalemate between the government and opposition over finalisation of Terms of References (ToRs) to probe the Panama paper leaks is continuing. The government wants an open-ended enquiry which could enable the commission to even look into all dubious transactions before the Panama Leaks came to the fore. The opposition believes that an open-ended enquiry will lose its significance and the commission should specifically focus on the Panama Leaks issue and the involvement of Prime Minister and his family members. The issue of corruption has in a way united the opposition. Both PPP and PTI have come on the forefront against the PML-N government. Bilawal Bhutto has accused the Prime Minister of forgetting the Charter of Democracy and asserted that Pakistan needed a Prime Minister who does not take lectures on peace from the "butcher of Gujarat" — a reference to Indian Prime Minister. Imran Khan has expressed his desire to join hands with PPP against the Nawaz Sharif government on the issue of corruption. He categorically stated that he would stand by anyone including Bilawal Bhutto Zardari on this issue.

Lately, the opposition giants have approached the Election Commission of Pakistan (ECP) to push for the disqualification of the Prime Minister Nawaz Sharif over hiding assets amassed through corruption. The PPP Secretary General Sardar Latif Khosa has filed a reference in the ECP against Nawaz Sharif for concealing assets of his wife and children. He has also filed references against the Punjab Chief Minister Shahbaz Sharif, Captain Muhammad Safdar, Finance Minister Ishaq Dar and Hamza Shahbaz. It seems that the opposition is not in a mood to make any compromise on this issue. It is up to the government to either satisfy the opposition by accepting its demands or be seen as covering up the issue.

The government led by Nawaz Sharif, thus, stands at a critical juncture. Earlier moves to unseat him (by orchestrating marches against him by Imran and Tahir-ul-Qadri in 2014) could not be successful, primarily because the main opposition party, PPP, and other prominent ones like Jamiat Ulema-i-Islam-Fazl and even Jammat-i-Islami did not join Imran in his demonstrations in Islamabad. However, this time round, it seems, the foundations of a joint move to corner the PML-N government are being laid. It is not yet known whether the move has the direct or indirect blessings of the deep state. At a time, when the tenure of the current army chief is coming to an end, and especially when he has expressed his desire not to seek an extension, it is important to keep the ears to the ground and also sense which way the wind is blowing.
