

This E-Bulletin focuses on major developments in Pakistan on weekly basis and brings them to the notice of strategic analysts and policy makers in India.

## EDITORIAL

The political scene in Pakistan remained in flux as there was much speculation about who is going to succeed Nawaz Sharif as Prime Minister since the nomination to the NA-120 was not finalized. Kulsoom Nawaz's nomination to contest from the seat vacated by Nawaz Sharif put much of the speculation to rest. Nawaz's roadshow revealed that he still enjoys popularity but it remains to be seen how he uses his popularity to turn the tables on his political opponents. Pakistan's economy continues to show a downward trend as the foreign reserve has gone down and according to the 2015-16 report Pakistan's Debt servicing stood at \$5.31bn.

## COMMENTARY

### The PML-N: Crisis Within

*Smruti S Pattanaik\**

The ouster of Prime Minister Nawaz Sharif by the Supreme Court of Pakistan has brought the differences within the Sharif family out in open. After he resigned from the Prime Minister's post, Nawaz Sharif announced that Mian Shahbaz Sharif, the Chief Minister of Punjab will succeed him as the Prime Minister after he is elected from the seat he vacated. The interim Prime Minister, former Petroleum Minister Shahid Khaqan Abbasi is a close confidant of Nawaz Sharif and is likely to keep the seat warm till his successor from Sharif's family is elected. It is likely that Kulsoom Nawaz after her election to the National assembly from NA-120

constituency, may succeed him after Shahbaz Sharif's name as Nawaz's successor was dropped.

Sharif's family differences are well known in the Pakistani political circle. While Nawaz has been grooming his daughter Maryam Nawaz for quite some time as his political successor; Shahbaz Sharif is grooming his son Hamza as his political heir. Therefore, when Shahbaz name was announced as Nawaz's successor there were reports that Shahbaz wanted his son Hamza to take over as the Chief Minister of Punjab. Reportedly, this is the reason why Nawaz's family was against the elevation of Shahbaz Sharif. There was an apprehension that Nawaz's family would lose effective control over the PML-N. Moreover, there are cases of corruption pending against Shahbaz Sharif in the court which can be used effectively to disqualify him.

While these speculations in the media may be true what is important is the fact that the PML-N wants a person in Punjab who can nurture what is considered as the home constituency and power base of the Sharifs. Many predict that this would bear fruit in the next election in which the Pakistan Tehrik Insaf (PTI) is going to be the main political contender. Rana Sanaullah, the most vocal Law Minister of Punjab was the one who proposed that Shahbaz Sharif needs to stay put in Punjab to complete the party's election promises and prepare the party for the next election. For quite some time the PTI has been eyeing Punjab to come to power in Islamabad. Though it has been able to make a dent on the PPP's support base with Jehangir Tareen, Shah Mehmood Qureshi and Aleem Khan in his side; Sharif would be a major challenge for the PTI.

Within the PML-N there is some dissatisfaction over the choice of Nawaz's successor. Some senior leaders like Choudhury Nisar, former Interior Minister of Pakistan is extremely critical of the party and the manner in which the government handled the Panama case, and refused to participate in the Parliamentary meeting. Nisar also felt he was being sidelined and was not given his due as a senior leader within the party and it was Prime Minister's daughter Maryam who was advising the Prime Minister in the Panama case. Though Choudhury Nisar was won over by the Sharifs after he announced that he will hold a press conference to clarify his stand on panama issue. Punjab Chief Minister Shahbaz Sharif, Finance Minister Ishaq Dar and Railways Minister Kh Saad Rafique met Nisar for four hours at Punjab house to dissuade him from speaking to the press and to iron out the differences.

The rift within the Sharif family over the by-election came out in open after Tehmina Durrani, wife of Chief Minister Shahbaz Sharif took to Twitter to express her displeasure for burdening her husband to beef up security for his brother's roadshow perhaps without any quid pro quo i.e. elevating him to the top post. Though for the time being, the problem of political succession within the Sharif family has been managed, as the Sharifs refused to react to Tehmina Durrani's tweet, any division within the family would provide political leverage to the PTI which has been waiting in the wings to displace the Sharif family and the PML-N from politics.

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## THE WEEK AT A GLANCE

### ECONOMY

#### Rupee to come under pressure as reserves slide

Reserves of the State Bank of Pakistan (SBP) decreased by \$3.9bn between October and July 21 despite commercial borrowing of more than \$4.4 billion in 2016-17. The pattern shows debt servicing in the last quarter can be around \$2bn, which will bring annual

debt servicing to more than \$7bn. Debt servicing was \$5.31bn in 2015-16 and \$5.4bn in 2014-15. In the presence of a record current account deficit of \$12bn in 2016-17, increasing debt servicing and falling reserves can lead to a bigger exchange rate jolt than the one witnessed on July 5 when the dollar suddenly appreciated against the local currency by 3.1 per cent.

<https://www.dawn.com/news/1348991>

#### Japan out as China emerges new contender in Karachi Circular Railway project

China will now cooperate with the Sindh government to help it revive the long-delayed Karachi Circular Railway (KCR) within three years under a recently signed memorandum of understanding, the Senate's Standing Committee on Planning and Development was informed about the new change. Briefing the committee, Planning Secretary Shoaib Siddiqui said that the Rs270 billion project was to be completed with the assistance of the Japan International Cooperation Agency (JICA), but due to its long schedule the government decided to include the project in the China-Pakistan Economic Corridor. Under the project, 1,000 megawatts of hydroelectric power generated by Kyrgyzstan and Tajikistan will be transported to Pakistan via Afghanistan.

<https://www.dawn.com/news/1348878/japan-out-as-china-emerges-new-contender-in-karachi-circular-railway-project>

#### Power consumers to pay security cost of CPEC projects

The National Electric Power Regulatory Authority (Nepra) has allowed power producers to charge consumers through tariff one per cent cost of 19 power projects worth \$15.56 billion under the China-Pakistan Economic Corridor (CPEC) for 20-30 years on account of security cost. In an order, the power sector regulator said it allowed building in tariff the additional security cost on the orders of the federal government and estimated it at \$155.6 million (about Rs17 billion) for all 19 power projects under the CPEC. Nepra worked out the annual cost at about \$2.92m (Rs315m).

<https://www.dawn.com/news/1349492/power-consumers-to-pay-security-cost-of-cpec-projects>

## **CPEC power project sponsors to pay \$0.15m each in security cost**

The National Electric Power Regulatory Authority (Nepra), in a decision, announced that the “independent power producers of China-Pakistan Economic Corridor projects shall pay \$150,000 per annum subject to 3% indexation for each year after the first year from the commercial operation date”. Nepra has issued the policy directive in compliance with a summary sent by the Economic Coordination Committee to the regulator late last year. Project sponsors have been asked to pay \$150,000 each in protection cost in the very first year. The cost will continue to increase 3% per annum for the remaining project life.

<https://tribune.com.pk/story/1473487/cpec-power-project-sponsors-pay-0-15m-security-cost/>

## **POLITICS**

### **Abbasi’s nomination as interim PM challenged in SC**

The nomination of Pakistan Muslim League-Nawaz (PML-N) leader Shahid Khaqan Abbasi as interim prime minister has been challenged in Lahore registry of the Supreme Court (SC). A plea filed by local lawyer Syed Mahmood Akhtar Naqvi stated that Shahid Khaqan Abbasi was a businessman and the owner of a private airline, Air Blue. It said that cases against him were already pending with the National Accountability Bureau (NAB) and the Federal Investigation Agency (FIA). The petition maintained that a man named in multiple cases cannot be nominated for the prime minister’s slot, therefore, his nomination be annulled forthwith.

<http://dailytimes.com.pk/punjab/01-Aug-17/abbasis-nomination-as-interim-pm-challenged-in-sc>

### **Asma Jahangir lashes out at the powers that be**

Human rights activist Asma Jahangir criticized military involvement in politics and the judiciary’s role over the year, wondering why only politicians were held accountable in Pakistan. Addressing a ‘Meet the Press’ event at the National Press Club, the senior lawyer sarcastically observed that the law on freedom of

expression allowed individuals to speak against politicians and their family members, but did not permit criticism of the army or any other country. “If the army gets itself involved in politics, fingers will be raised. We will continue to stand against their weapons with pens in our hands and we will not stop raising our voice for the rights of people,” she stressed.

<https://www.dawn.com/news/1349491/asma-jahangir-lashes-out-at-the-powers-that-be>

## **SECURITY**

### **Military-to-military collaboration pillar of ties with Pakistan: China**

Chinese Ambassador in Islamabad Sun Weidong said that Pak-China military-to-military collaboration was the pillar of the bilateral relationship. “China and Pakistan are all-weather strategic cooperative partners. No matter what was happening in the world and the region, our relationship has withstood the test of time. Military-to-military cooperation between Pakistan and China is pillar of this bilateral relationship,” said Chinese envoy while addressing a reception held to mark the 90th anniversary of the foundation of the People’s Liberation Army (PLA), here at a local hotel.

<http://dailytimes.com.pk/pakistan/01-Aug-17/military-to-military-collaboration-pillar-of-ties-with-pakistan-china>

### **Trump wants Pakistan’s ‘paradoxical’ policies to change: NSA**

US National Security Adviser Gen H.R. McMaster said that President Donald Trump wants Pakistan to change its ‘paradoxical’ policy of supporting the militants who are causing the country great losses. US officials have often accused Pakistan of helping the militants, a charge Islamabad vehemently denies, but this mark the first time that the allegation has been attributed to President Trump. “The president has also made clear that we need to see a change in behavior of those in the region, which includes those who are providing safe haven and support bases for the Taliban, Haqqani Network and others,” Mr. McMaster said.

<https://www.dawn.com/news/1349856>

## **Rajgal Valley's 90pc area cleared of militants: military**

According to the Inter-Services Public Relations (ISPR) security forces have cleared almost 90 per cent area of the Rajgal Valley adjacent to Afghanistan's troubled Nangarhar province and troops have taken effective control of important heights. According to a statement issued by the ISPR, Army Chief Gen Qamar Javed Bajwa who visited the area on Saturday was informed that

almost 90 per cent of the area which was under the control of various militant groups had been successfully cleared and that troops had secured some strategic heights overlooking the Afghan border. Security forces had launched the operation this operation to clear the Rajgal valley of militants belonging to various groups, including militant Islamic State (IS) group.

<https://www.dawn.com/news/1349859/rajgal-valleys-90pc-area-cleared-of-militants-military>



### **PROJECT TEAM**

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