

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

EDITOR'S NOTE

General Bajwa's comments in a programme organized by the FPCCI, Karachi branch again brought into focus the ever-expanding role of the Pakistan Army that does not hesitate to comment on the performance of the government. Though many politicians and civil society members defended General Bajwa and his rights to comment on the economy. Divergence of views within the PML-N government was evident when Prime Minister Shahid Khaqan Abbasi took a stand that differed from that of the interior minister. The World Bank issued a forecast that predicted a 5 per cent growth of the economy, even though, the impact of huge debt continue to cast a shadow on the economic health of the nation. According to the State Bank of Pakistan, current account deficit increased to \$12.1 billion in FY17 compared to \$4.6 billion in FY16. This will have a long-term impact on the country's economic performance.

COMMENTARY

Is Army Expanding its Role in Pakistan?

*Smruti S Pattanaik**

On August 12, speaking at the Federation of Pakistan Chamber of Commerce and Industries (FPCCI) Karachi, the Chief of the Army Staff of Pakistan, General Qamar Javed Bajwa, commenting on the dismal state of the economy said, "Growth has picked up but the debts are sky high. [The situation regarding] infrastructure and energy have improved considerably but the current account balance is not in our favour....

We have done our part on the security front, now it's up to you to take initiative and turn the economy around." This was followed by Major General Asif Ghafoor, Director General of Inter-Services Public Relations (ISPR) comments on the economy, in an interview with a private TV channel.

The remarks of the Army chief on the economic performance drew severe criticism from the ruling Pakistan Muslim League-Nawaz. Ahsan Iqbal, the interior minister of Pakistan said that such comments by the army tarnishes Pakistan's international image. However, the Prime Minister of Pakistan, Shahid Khaqan Abbasi, defended Army Chief's comment and said that he is entitled to his views, forcing the interior minister to take a U-turn. Facing with a barrage of criticism for his reaction Ahsan Iqbal said, "I think DG ISPR has no capacity to make such commentary on economy" distancing himself from the Gen Bajwa's statement. Some of the businessmen present at the meeting defended the Army Chief's decision to criticize the economic performance of the government saying economy cannot be delinked from the security issue. Malik Sohail Hussain, chairman of the FPCCI coordination committee, said "The army cannot remain unconcerned with the deteriorating situation while tirade against this institution will not only result in more instability, but will also damage the country's image," said. All the political parties and their leaders also defended Bajwa's right to comment on the economic performance of the government.

The episode also revealed the delicate civil-military balance. Sharif family, who are at the receiving end of the lopsided civil-military relations, where many believe that his exit was stage managed through the judiciary,

did not comment. There is a strong belief among the civil society in Pakistan that military's control over the politics is complete. Each party compete with each other to do the Army's bid, i.e. to keep Nawaz in check while preparing themselves to oust his party from power in the next election.

Since Sharif took over power in 2013, there has been simmering tension which broke into open when he decided to give a green signal to the judiciary to persecute General Musharraf and put his name in the Exit control list. He quietly guarded his political turf by appointing his close relatives to important positions in the government and learnt to cope with the powerful military, albeit unsuccessfully. However, the civil-military dissonance came out in open when the Dawn report leaked the differences between the government and the Army over Army's use of Jihadi group against the neighbours. When the government tried to fix responsibility of the leakage and dismissed Tareq Fatemi, advisor on foreign affairs to the prime minister, the ISPR tweeted, "Notification on Dawn Leak is incomplete and not in line with recommendations by the Inquiry Board. Notification is rejected." Though the Army soon came on board and deleted the tweet, the damage to the civil-military relations was already done. The issue did not rest here.

Sharif was also opposed to the idea to rope in the Army to manage the CPEC project even though the Chinese have expressed their frustration over the slow implementation of the project and are very keen to get the army on board to manage the project. The proposal to create a CPEC authority which would provide the Army a formal role in the execution of all the projects gathered dust. It was dismissed by Ahsan Iqbal the then minister for planning, development and reform said that "Setting up an authority will mean involving three-dozen more people in decision-making process," adding that Central Development Working Party (CDWP) and Executive Committee of National Economic Council (Ecne) are already involved in the process of implementing CPEC. The foreign policy spear, his perceived closeness to Prime Minister Modi, his keen interest to improve relationship with India and his much speculated meeting with the Indian business magnet Sajjan Jindal, who is believed to be the go-between Sharif and Modi, only raised further suspicion of the army.

While the control over the politics with the help of some willing partners in the opposition party provide an edge to the Army, its comment on the economic situation only illustrates its ever expanding influence from politics to economics. Securitization of politics and economy only entrenches the Army. The opposition political party who realise that it is not easy to sideline the Army, are ever eager to coopt it to come to power. The politics of the 1990s, where each political party did not hesitate to cooperate with the army to destabilize the government, is back as the consensus on keeping the army out - a part of the Charter of democracy, has lost its relevance since Benazir entered into an agreement with Musharraf in 2007 with American mediation. Unlike the PTI, both the political parties - the PML-N and the PPP though did not side with the Army but they did not hesitate to push the other to the corner.

Sharif's disqualification only aggravated the civil-military equation. With the election round the corner, the competition to seek Army's blessing to defeat Sharif will be tempting. A weak democracy will keep the military happy. Pakistani politicians have reconciled to the fact that they have to cohabit with the powerful military in a power sharing formula which will keep both the parties happy.

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THE WEEK AT A GLANCE

POLITICS

This is not accountability, it's revenge: Maryam

Ousted prime minister Nawaz Sharif's daughter Maryam Nawaz on Sunday said that the graft cases against her family have nothing to do with accountability. Speaking to reporters in London before her departure to Pakistan, she said, "It has been exposed now and the whole world knows that this is not accountability; rather, it has turned into revenge now." "I do not need to say anything here, the way things have been going on in the past year and a half has revealed the truth to the nation," said Maryam who is expected to appear in front of the accountability court on October 9, in a hearing of the graft cases that

the National Accountability Bureau drafted against the Sharif family as directed by the Supreme Court in its July 28 Panamagate verdict.

<https://pakobserver.net/not-accountability-revenge-maryam/>

Former ISI chief seeks early retirement

A three-star general, who has served as chief of the Inter-Services Intelligence (ISI), has announced his plans to seek early retirement from service. Military sources confirmed on Sunday that Lt Gen Rizwan Akhtar, currently posted as president of the National Defence University (NDU) in Islamabad, had expressed his desire to retire early “due to personal commitments”. ... In a letter to his colleagues, Lt Gen Akhtar wrote that he had sought “premature release” with effect from Oct 9 (Monday) “due to some pressing personal commitments”, and called on them not to “succumb or resort to speculation”. “I shall be available for any service in the army, whenever needed,” the letter added.

<https://www.dawn.com/news/1362597>

PPP to win 2018 election if Nawaz jailed: Zardari

Pakistan People’s Party Co-Chairman Asif Ali Zardari has said that if Nawaz Sharif is sent to jail, PPP will secure maximum seats in Central Punjab and as well as in other parts of the country. Addressing a workers convention at the residence of PPP leader Arbab Alamgir Khan Zardari said former PM Nawaz Sharif is unable to handle the affairs of the state and claimed his party would clean sweep the next general elections. Earlier, he attended the central executive committee meeting at the residence of PPP’s Khyber Pakhtunkwa President, Humayun Khan and directed the party workers to speed up preparations for NA-4 by-election. He said the PPP knew all along that the 2013 elections had been rigged, but it allowed PML-N to form government.

<http://nation.com.pk/11-Oct-2017/ppp-to-win-2018-polls-if-nawaz-jailed-zardari>

Army chief says economy showing mixed indicators

Chief of the Army Staff Gen Qamar Javed Bajwa has said that the army is keenly watching developments in

the country’s economy and shares some of the apprehensions being voiced about it. “The economy is showing mixed indicators,” he said before an audience of businessmen and the military leadership of Karachi at a daylong event organised by the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Inter-Services Public Relations at the DHA Golf Club on Wednesday. “Growth has picked up but the debts are sky high. [The situation regarding] infrastructure and energy have improved considerably but the current account balance is not in our favour.” The closest Gen Bajwa came to identifying economic priorities was when he stressed the need for widening the tax base, bringing in fiscal discipline and ensuring continuity of economic policies.

<https://www.dawn.com/news/1363192>

ECONOMY

CPEC: LCCI chief demands ‘level playing field’ for local industries

Lahore Chamber of Commerce and Industry (LCCI) on Sunday called for encouraging local manufacturers in China-Pakistan Economic Corridor (CPEC) projects to give much-needed boost to local industries . LCCI President Malik Tahir Javed said that local industries should be given a level playing field to get optimum benefits by involving them in various projects initiated under CPEC . He said that giving all benefits and control to foreign companies would be an injustice with the local industries , which were already working in challenging conditions. He suggested that local manufacturers should not be ignored at any cost while granting incentives to foreign companies, citing that equal opportunities for local manufacturers would help in industrial expansion in the country.

<http://nation.com.pk/09-Oct-2017/cpec-lcci-chief-demands-level-playing-field-for-local-industries>

Pak economic growth to accelerate more than 5pc: WB

Pakistan’s economic growth is expected to accelerate to more than 5 percent this year and the next years if the country’s fiscal deficits are well managed and external stability is maintained. “Efforts to reverse the trade and

fiscal imbalances and continued implementation of reforms will be needed for sustaining and accelerating growth and improving welfare,” said World Bank in its report. The report said that Pakistan continued its upward growth performance with economic activity expected to accelerate to more than 5 percent this and next year, if deficits are well-managed and external stability is maintained.

<https://pakobserver.net/pak-economic-growth-accelerate-5pc-wb/>

No compromise on CPEC: Bajwa

The CPEC is future of Pakistani people and there will never be any compromise on it, Army Chief General Qamar Javed Bajwa said on Wednesday about the China-financed mega initiative that is central to country’s long-term economic and region plans. “This [China Pakistan Economic Corridor] is the future of our people, a vital national interest on which we will never compromise, regardless of the loudness of opposing voices,” he said while addressing a seminar on ‘Interplay of Economy and Security’ here. The seminar was organised by Inter-Services Public Relations (ISPR) in collaboration with Federation of Pakistan Chambers of Commerce and Industry. The statement from the head of the army, which is thought to enjoy sweeping influence on country’s foreign affairs, comes after US Defence Secretary Jim Mattis expressed his disliking for CPEC in a statement to the Senate Armed Services Committee on Saturday.

<http://nation.com.pk/12-Oct-2017/no-compromise-on-cpec-bajwa>

Senate strongly condemns US Defence secretary’s comment on CPEC

Senate Standing Committee on Interior and Narcotics Control, denounced statement of US Secretary Defence that the China-Pakistan Economic Corridor (CPEC) was passing through a disputed territory. Senator A. Rehman Malik who is chairman of the standing committee said that US was speaking the language of Pakistan’s enemy India which is not acceptable. He added CPEC is continuation of centuries old trade route the Silk Road for the purpose of regional prosperity and development. “US rather than opposing CPEC should support and participate in peaceful activities to ensure peace in the region” said Rehman. US Defence Secretary James

Mattis four days earlier claimed that Gilgit-Baltistan region of Pakistan is part of the disputed Jammu and Kashmir state.

<https://pakobserver.net/senate-strongly-condemns-statement-us-defence-secretary-cpec/>

SBP for cutting unnecessary imports and expanding export base

State Bank of Pakistan Thursday said that with the increase in domestic demand, imports also picked up pace. This, together with decline in exports and remittances, resulted in current account deficit increasing to \$12.1 billion in FY17 compared to \$4.6 billion in FY16. The SBP, in its report on the state of Pakistan’s economy for the fiscal year 2016-17 released on Thursday, noted that higher official and private inflows helped to partially finance the current account deficit. The report recognised that tax incentives and steady increase in development spending helped economic activity, these led the fiscal deficit increasing to 5.8 percent of GDP in FY17 compared to 4.6 percent in FY16.

<http://nation.com.pk/13-Oct-2017/sbp-for-containing-unnecessary-imports-expanding-export-base>

SECURITY

Pakistan no more reliant on US for military needs: Prime Minister Abbasi

Pakistan is no more reliant on the United States for military requirements and will reach out to others if one source [of military supplies] dries up, Prime Minister Shahid Khaqan Abbas said in an interview with the *Arab News* on Sunday. “If one source dries up, we have no option but to go to another source. It may cost more, it may consume more resources, but we have to fight that war, and that’s what we emphasised to all the people that we met,” said the PM. “We have major US weapons systems in our military, but we’ve also diversified. We have Chinese and European systems. Recently, for the first time we inducted Russian attack helicopters.” Reiterating his stance on Pakistan’s fight against terrorism, Abbasi said that the world needs to recognise the country’s efforts. “Any sanctions or restraints [...] put on our systems only degrades our efforts to fight

terror, and it affects the whole equation in this region,” he was quoted as saying.

<https://www.dawn.com/news/1362690>

Protest against Fatehpur shrine blast

Protest rallies were held in Dera Murad Jamali, Sibi and Jhal Magsi areas on Wednesday against suicide bombing and killing of innocent people at the shrine of Rakhya Shah of Fatehpur. Hundreds of people marched on the main Quetta-Sukkur Highway and other roads of Dera Murad Jamali carrying banners and placards inscribed with slogans against terrorism and the government’s failure to protect people’s lives. The protest rallies were led by PPP leader Sadiq Umrani and Ghulam Rasool Umrani. Later, the participants of the rallies gathered at the local press club where Sadiq Umrani addressed them.

<https://www.dawn.com/news/1363199>

Army rescues US-Canadian family from Taliban

A North American family that had been held hostage by the Afghan Taliban has been freed following an operation in Pakistan, bringing an end to the couple’s nearly five years in captivity. Canadian Joshua Boyle, 34, and his American wife Caitlan Coleman, 31, were

kidnapped by the Haqqanis, a militant group aligned with Afghan Taliban, during a backpacking trip in Afghanistan 2012. Pakistan military said in a statement on Thursday that US intelligence officials had been tracking the family and had alerted Pakistan when the hostages were moved into the tribal areas that border Afghanistan. “Pak Army recovered five Western hostages including one Canadian, his US national wife and their three children from terrorist custody,” it said of the rescue operation in Kurram district.

<http://nation.com.pk/13-Oct-2017/army-rescues-us-canadian-family-from-taliban>

Military says security linked to economy

Deflecting criticism from the government for commenting on the state of the economy, the military’s chief spokesperson on Saturday stressed that the economy was inextricably linked to security matters, adding that a weak economy could adversely affect the country’s safety and security. A day after Interior Minister Ahsan Iqbal’s rebuke, Inter-Services Public Relations (ISPR) Director General Maj Gen Asif Ghafoor said that he was “disappointed — both as a soldier and a citizen of Pakistan” — by the minister’s remarks.

<https://www.dawn.com/news/1363937>

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