

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.

EDITOR'S NOTE

In spite of war of words between Pakistan and the United States during the last few weeks, US, Pakistani and Afghan military officials held talks on countering Daesh militants along the Durand Line. The stalled trilateral talks between the Foreign Ministers of Pakistan, Afghanistan and China provided some hope for revival of talks with the Taliban. At the domestic level, the review petition filed by Nawaz Sharif and Ishaq Dar was dismissed by the Supreme Court. This may have negative repercussion not just for the Sharif family but also for the PML-N. Increasing the presence of civilian officers in the ISI is a cosmetic change which is unlikely to bring any major change in the institution's outlook.

COMMENTARY

More civilian DGs in ISI, unlikely to change its character

*Dr Ashok K Behuria**

On September 15, 2017, Pak Prime Minister Shahid Khaqan Abbasi approved a proposal to increase the number of civilian Director Generals in the Inter-Services Intelligence (ISI) Directorate from one to four (at the level of Major General), and creation of seven additional DDG posts for civilian officers in grade 20. The response of the ISPR was that the PM's office is the competent authority to take such decisions, because the ISI functions under the PMO. While the ISPR admitted to civilian control, whether the military would

take it as an unnecessary encroachment on its institutional autonomy remains to be seen. In 2005, Gen Pervez Musharraf had approved the posting of one civilian as DG ISI in grade of BPS-21, for the first time, while all other DGs in the ISI are at the rank of Lt. Gen. in the grade of BPS-22.

The decision is well in line with Nawaz Sharif's thinking that the armed forces and Inter-Services Intelligence should be progressively brought under civilian control, and parliament should have the power to scrutinize the activities of, and approve the budget for both these institutions. In 2011, he had expressed his opinion unambiguously over this issue. He could not proceed with his mission, much like his predecessor, because of the challenges he faced to stabilize his hold over power and effect administrative changes to enhance civilian authority in relation to the military, which remains the most dominant institution in Pakistan.

Civilian retreats

Soon after reinstatement of democratic rule in 2008, the PPP-led government had also tried to bring ISI under civilian control. The move by then prime minister, Yusuf Raza Gilani to bring ISI under interior ministry in July 2008, was rebuffed by the military forcing the government to reverse the order within 24 hours. In October 2009, the US president signed into law the Enhanced Partnership with Pakistan Act (also known as the Kerry-Lugar-Berman Act) which authorized the release of \$1.5 billion per year to the Government of Pakistan as non-military aid from the period of 2010 to 2014 subject to "civilian control of certain assistance". This was resented by the Pak Army and the 122nd Corps Commanders conference on October 7, 2009 "expressed

serious concern regarding clauses impacting on National Security”, following which the US stopped its emphasis on this clause. Interestingly, Nawaz Sharif, then in opposition, had objected to certain clauses of the Act and echoed the objections of the military.

In July 2012, Senator Farahatullah Babar had moved a private bill in the upper house suggesting appointment of a civilian director general in BPS-22 (Lt. Gen. rank) in the ISI. The bill aimed at making the ISI answerable to the government in general and the parliament in particular and provided for a D.G. who would be a serving or retired civil servant in BPS-22 to be appointed by the president on the recommendation of the prime minister. The bill was not taken seriously by the Senate; even then, it did not go down well with the military authorities.

In June 2013, a number of civilian officials of Inter Services Intelligence (ISI) had filed petitions with the Islamabad High Court (IHC) alleging that they were not considered for career promotion and it was difficult for most of them to reach BPS-21 in their entire service. Some petitioners went on record saying that sometimes an official gets only one-time promotion during his entire 25 years of service. The petition was dismissed by IHC Chief Justice Mohammad Anwar Khan Kasi in September 2013, saying that the aggrieved officials should approach the Federal Services Tribunal rather than IHC, which was the relevant forum for such petitions.

In November 2013, the Senate Standing Committee on Human Rights recommended “an effective role of parliament in monitoring the ISI’s activities and putting it under civilian control. A report unanimously adopted by the committee was presented in the house. The report suggested that “the prime minister would appoint members of the intelligence and security committee in consultation with the leaders of the opposition in both houses of parliament”, and while the committee would “not go into the intelligence sources of the agency”, it would guide it in carrying out its work through policy decisions. This report could not be taken up for discussion because of opposition’s boycott of the session.

An all-powerful agency

ISI has moved from being a military intelligence organization for the three services to being a “deep state” within a state in Pakistan. ISI was formed in 1948 to strengthen the state’s intelligence network, as part of the Intelligence Bureau (IB). It was responsible for gathering external intelligence and handling intelligence-sharing between different branches of the military. Initially, the ISI headquarters was located in Rawalpindi, but later it was moved to Islamabad.

In 1950, ISI was officially given the task of safeguarding national security, both inside and outside the country. During the Soviet-Afghan war (1979-1989), ISI was re-organised, with a handful of posts being created for civilians from the Defence Intelligence Services (DIS) cadre. During this period, this spy agency grew in stature and assumed critical importance in Pakistan. Today, it controls both military strategy and civilian policy and even the top leadership within the army look up to this agency while framing security and foreign policy of Pakistan, which is under effective control of the military.

Greater civilian presence— does it matter?

The decision to increase the number of civilian DGs is taken with a view to incrementally civilianizing the notorious spy agency and bring it under civilian control. However, in the existing circumstances, with the position being created at a lower grade than the military DGs, it is unlikely to swing the balance in favour of the civilian government.

The ongoing debate about increased civilian presence within ISI indicates a latent competition for influence between civilian and military officials which is tilted massively in favour of the latter. However, it is pointless to expect any change in orientation in ISI’s outlook towards India, even after better civilian representation at the higher echelons of ISI, because there is an entrenched hatred and mistrust at all levels, which is unlikely to change so soon.

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THE WEEK AT A GLANCE

ECONOMY

Pakistan saves \$4bln in loan repayments on yen strength

Pakistan managed to save at least three billion dollars in loan repayments to Japan during the past four years as rise in Japanese yen value against dollar turned out to be a blessing in disguise for the south Asian economy faced with widening current account deficit, officials said on Saturday. “Fluctuation of yen against dollar helped Pakistan in getting benefits of three to four billion dollars in loan repayments,” an official said. Yen’s value reached to one and half year high of 111 to one dollar and edged up nearly nine percent on foreign exchange markets last year, the highest among 10 industrial nations. The Japanese government, however, is wallowing to keep yen under control to wake up its snoozing inflation. Officials said Pakistan received around \$35 billion as external loans during the last fiscal year of 2015/16 to meet its financing needs of \$30 billion. Currently, the total loan assistance from the Japanese government stands at \$960 million and the grant at \$156m. Officials said the country’s current account deficit amounted to \$20 billion in the last four years. The main surge sprang in FY2017 when current account deficit peaked to \$12.2 billion, equal to four percent of GDP, from eight billion during three years.

<https://www.thenews.com.pk/print/230416-Pakistan-saves-4bln-in-loan-repayments-on-yen-strength>

Bank of China allowed to begin operations in Pakistan

The Bank of China (BoC) has been allowed to commence banking business in the country, said the State Bank on Monday. This is the second Chinese bank which has been allowed to operate in Pakistan. Earlier, the Industrial and Commercial Bank of China (ICBC) opened two branches in Karachi and Islamabad on May 20, 2011. The ICBC provides various services including corporate finance, investment banking, foreign deposits, project loans, and working capital loans. “In Pakistan, the BoC aims to provide specialised banking services to serve the financing needs of China-Pakistan Economic Corridor (CPEC) related projects by leveraging on its experience and global technology platform,” said the

SBP. The focus will be on providing financial services for CPEC-related projects. Earlier in May, the State Bank had issued a licence to BoC. The BoC has complied with the important regulatory and operational requirements necessary to commence banking business in Pakistan. The BoC is a subsidiary of China Central Huijin, the investment arm of the Government of China. The BoC is the 4th and 5th largest global bank in terms of tier-1 capital and total assets, respectively. It is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

<https://www.dawn.com/news/1358548/bank-of-china-allowed-to-begin-operations-in-pakistan>

Fauji Cement profit plunges

Fauji Cement Company Ltd (FCCL) earned a profit of Rs2.61 billion (earnings per share at Rs1.89) for the financial year ended June 30. This represented a decline of 51 per cent year-on-year from Rs5.37bn and EPS at Rs4.03 the previous year. The board recommended a cash dividend at Rs0.90 per share (9pc). Decline in earnings was attributed to the silo incident, which damaged FCCL’s clinker line. Resultantly, FCCL had to purchase clinker, which shrank margins. The company recorded growth of 2pc YoY in net sales to Rs20.4bn, from Rs20.0bn.

<https://www.dawn.com/news/1358952/fauji-cement-profit-plunges>

POLITICS

Pakistan protests with Swiss govt over ‘Free Balochistan’ posters

Pakistan has strongly protested with the Swiss government over ‘Free Balochistan’ posters being advertised in Switzerland. In a letter to Swiss permanent representative in United Nation, Pakistan’s permanent representative in UN called it disrespectful and a direct attack on the sovereignty of Pakistan. Pakistan has serious apprehensions on these posters and said that it is rather surprising to be put up in neutral country like Switzerland and it is totally unexpected and unacceptable, Dr. Maleeha Lodhi wrote in the letter. The Pakistani representative urged the Swiss government to take immediate action against it. The posters are published by a Swiss advertising agency and being put

up by an organization named Balochistan House which is linked with Balochistan Liberation Army (BLA), Lodhi mentioned. BLA has been declared a terrorist organization by Pakistan hence Swiss government should take action against it immediately, she asserted. The Pakistani representative further mentioned that Balochistan is biggest province of the country and integral part hence posters like these by terrorist organization are totally intolerable

<http://nation.com.pk/national/18-Sep-2017/pakistan-strongly-protests-with-swiss-govt-over-free-balochistan-posters-in-switzerland>

Imran admits defeat in NA-120 Lahore

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan admitted Monday evening his party's defeat in the much-hyped by-election of the NA-120 constituency. He had earlier alleged that polls in three union councils of NA-120 Lahore-III had been rigged. Khan — speaking in an interview with a local media channel — said the PTI was late in kicking off its election campaign in the constituency and that had it done so in a timelier fashion, the results would have been better for them. Begum Kulsoom Nawaz — the candidate from Pakistan Muslim League-Nawaz (PML-N) — won on Sunday the closely-contested by-election in her husband and former prime minister Nawaz Sharif's 'home seat'. PML-N fielded Begum Kulsoom as its candidate against PTI-backed Dr. Yasmin Rashid and Faisal Mir of Pakistan People's Party (PPP), among others. According to the unofficial and unverified results, Begum Kulsoom managed to bag 61,254 votes, as opposed to the 47,066 votes that her competitor Rashid secured. "Those who voted for PML-N should hail the thieves in case of a theft at their home," the PTI chief said in response to the by-election results.

<https://www.geo.tv/latest/158720-imran-accepts-defeat-in-na-120-lahore>

Nisar criticises Pakistan foreign policy

Former Interior Minister Chaudhry Nisar Ali Khan on Wednesday took an exception to Pakistani diplomats for failing to take necessary steps ahead of the declaration of BRICS which named militant groups allegedly based in Pakistan as a regional security concern. He said the last meeting of BRICS, an association of five major emerging national economies: Brazil, Russia,

India, China and South Africa, which took place in China adopted a resolution against Pakistan. Speaking in the National Assembly, he said the BRICS meeting was not something that happened suddenly, adding that India was preparing for the conference for a long time. "Meeting took place in friendly country China, but our diplomats kept sleeping. "Enemy became successful... what are our diplomats good for?" He lamented that a drone attack took place in Pakistan the day the country's day prime minister held a meeting with US Ambassador. The former interior minister said there was not even a usual condemnation of the attack from the foreign office. "Drone attacks are violation of our independence and sovereignty, and unacceptable," he said. He said Pakistan has more enemies in the world and less friends.

<https://www.thenews.com.pk/latest/231319-Nisar-criticises-Pakistan-foreign-policy>

Pakistan, US agree to work together for regional stability

Pakistan and the United States have agreed to stay engaged with a constructive approach to achieve shared objectives of peace, stability and economic prosperity in the region, reported Radio Pakistan. The consensus was evolved during a meeting between Prime Minister Shahid Khaqan Abbasi US Vice President Mike Pence on the sidelines of UN General Assembly session in New York Wednesday. The two leaders held discussions in a cordial atmosphere. Both sides discussed issues relating to bilateral relationship as well as peace and stability in Afghanistan and the region. Prime Minister shared Pakistan's concern and views with regard to the US strategy for South Asia. Both sides agreed to work together to carry forward the relationship, which has been a historic partnership for the last seven decades. Pakistan's Foreign Secretary Tehmina Janjua told news men after the meeting that both sides agreed to continue dialogue process for bilateral engagement and for this purpose a US delegation will visit Pakistan next month.

<http://nation.com.pk/national/20-Sep-2017/pakistan-us-agree-to-work-together-for-regional-peace-and-stability>

Afghan president says Pakistan must crush militant hideouts

Abolishing militant hideouts in Pakistan is critical to establishing peace in neighbouring Afghanistan, Afghan

President Ashraf Ghani said on Thursday before meeting United States (US) President Donald Trump on the sidelines of the United Nations General Assembly (UNGA). Neither Trump nor Ghani mentioned Pakistan when they appeared publicly together after their discussion. But Ghani said Pakistan's role is a key part of the Trump plan announced last month to end America's longest war and eliminate a rising extremist threat in Afghanistan. "Reduction of safe havens is absolutely necessary," Ghani told National Public Radio in an interview broadcast on Thursday. The Trump administration in August infuriated Pakistan by accusing Islamabad of providing extremists haven.

<https://www.dawn.com/news/1359138/afghan-president-says-pakistan-must-crush-militant-hideouts>

SECURITY

Three 'militants' killed in encounter

Three suspected militants were killed in a shootout with security forces in Daraban tehsil of Dera Ismail Khan district on Sunday. Talking to Dawn, police and security officials said that one of the militants carried a Rs500,000 head money on him. The sources claimed that the three were wanted to the Counter Terrorism Department for their involvement in various cases of militancy. They said that security forces conducted a raid in the Girahmadah area of Daraban tehsil on a tip-off. They said the militants opened fire on security forces, while trying to flee the scene, and were killed when security forces returned the fire. They said that arms and ammunition were recovered from the possession of the militants. They were identified as Sheikh Iqbal, Sheikh Abdul and Abdul Majeed. Sheikh Iqbal was carrying a head money of Rs500,000 on him, the sources said.

<https://www.dawn.com/news/1359858/three-militants-killed-in-encounter>

Two 'militants' killed

Two suspected militants affiliated with a banned organisation were killed in an exchange of fire with security forces in Dera Bugti district on Tuesday. According to official sources, security forces destroyed two hideouts of armed militants allegedly involved in attacks on law enforcement agencies, kidnapping for ransom and targeting gas installations in the area. Sources claimed that personnel of the Frontier Corps (FC) launched a search operation after receiving intelligence reports about the presence of wanted militants in the district. "They moved into the Lop and Lezo-Pati area of Dera Bugti where the militants were hiding. The militants launched an attack on the security forces using automatic weapons," sources said. The FC men returned fire and the exchange continued for about two hours.

<https://www.dawn.com/news/1358821/two-militants-killed>

Army officer martyred in cross-border attack

A 22-year-old army officer was martyred in an attack carried out from across the Afghan border into the Rajgal Valley in Khyber tribal region on Saturday. According to officials, a group of militants targeted a security check-post situated in Rajgal near the border. The commanding officer of the post, Lieutenant Arslan Alam, was martyred, officials said, adding that three militants were killed in retaliatory firing while another was injured. The militants, while fleeing the Pakistan Army's retaliatory action, took the bodies of their associates along. The security forces conducted a search operation in the surrounding areas but by that time the militants had managed to reach their hideouts inside Afghanistan. The Pakistan Army started Operation Khyber IV in Rajgal and nearby border areas of Afghanistan and in Kurram Agency in July and concluded it in mid-August after clearing the region of various militant groups who had taken refuge in the forested mountainous region of the Tirah Valley.

<https://www.dawn.com/news/1359693/army-officer-martyred-in-cross-border-attack>

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