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HIGHLIGHTS

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I Overview

Pakistan: The domestic situation was obviously dominated by the fallout of the Supreme Court unseating of Prime Minister Nawaz Sharif on 28th July. The formal procedures of appointment of a new Prime Minister and Cabinet formed one axis of events. Even greater attention however focused on former Nawaz Sharif's political strategies to deal with this setback as he embarked on a mobilization campaign beginning with a convoy from Islamabad to Lahore by the GT road touching some of the main centers of future political contestation in Punjab enroute. A third front of events was thrown up by the internal dynamics of the ruling party and in particular with speculation that sibling rivalries between Nawaz Sharif and his brother and CM of Punjab Shahbaz Sharif may finally be surfacing.

Amidst Pakistan's domestic preoccupations, it braced itself for stronger US pressures. US disenchantment was evident with its listing of the Hizbul Mujahideen as a terrorist organization. This was however only a foretaste of the attitudes of the new Trump Administration and these became clear as the President announced a new set of policy measures on Afghanistan at the end of an inter-agency review by the third week of August.

Bilaterally with India, a meeting at the World Bank Headquarters of the Indian and Pakistan Secretaries of the respective Ministries of Water Resources marked the beginning of a new phase of negotiations centering on the Indus Waters Treaty and the construction of hydroelectric projects on the Western rivers by India.

Afghanistan: The monotony of a bad security situation punctuated by terrorist attacks and the repetitive news of the creeping but steady encroachments of the Taliban continued. Efforts to improve bilateral atmospherics with Pakistan also continued but were relatively low key in view of domestic developments in Pakistan. What concentrated minds the most was the Presidential announcement on new policy measures for Afghanistan.

II Developments in Pakistan

Internal: With Nawaz Sharif's unseating by the Pakistan Supreme Court and its ordering further detailed scrutiny of his assets and income by the National Accountability Board, another phase of Pakistan's history came to an end. The focus now shifts to politics and in particular Nawaz Sharif's reactions and survival strategies. That he would be taking a combative position became clear from the tenor of his statements about a conspiracy to unseat him. Amongst the early statements made by him were that "it was important to learn from one's mistakes, but it seemed that the country had learned nothing from the secession of Bangladesh in 1971" and "whether the courts could ever hold a dictator accountable for his actions and regretted that no one had been held responsible for the "murder" of Baloch leader Nawab Akbar Bugti." He also questioned the Supreme Court move of including ISI and Military Intelligence officers in the Joint Investigation Team it constituted to probe the charges against him.

Most attention however focused on a road journey from Islamabad to Lahore touching Rawalpindi, Jhelum, Gujrat, Gujranwala, Gujrat, and other towns and cities enroute on the Grand Trunk Road. This journey begun on the 9th of August and ended in Lahore on 13th August and was an elaborate show of strength with very large crowds greeting him in many of these places. From speeches and statements made through this journey, Nawaz Sharif has geared himself up for a major political contestation in the months ahead is clear enough.

New Prime Minister and Cabinet: Earlier in August what drew attention also was a whispering campaign that the former Prime Minister's brother and CM of Punjab Shahbaz Sharif was too important to be moved out of Punjab at this stage. His possible elevation to Prime Minister, initially taken for granted, was obviously a more charged matter within the Sharif family than had been anticipated. It soon became clear that Shahid Khaqan Abbasi appointed as Prime Minister in place of Nawaz Sharif would be more than an interim stop gap till Shahbaz Sharif stepped into his brother's shoes. Clearly Nawaz Sharif's nuclear family had asserted itself against the elevation of the brother. For many in Pakistan this episode exposed a fault line in the extended family and in the Pakistan Muslim League (N) as a whole which leaves itself open to be exploited at a later stage. The management of this internal family dynamic may well prove to become a major issue for Nawaz Sharif in the future.

New Cabinet: The new Cabinet was largely a rejig of Prime Minister Nawaz Sharif's old formation. Important changes were the appointment of a regular Foreign Minister Khawaja Asif (earlier the defense minister) in place of Sartaz Aziz who had been discharging the responsibilities associated with the post in his capacity as Advisor. Ahsan Iqbal, earlier Minister of Planning, takes over as Interior Minister in place of Nisar Ali Khan. The latter's exit from the government is a discordant note in a situation otherwise where the ruling party has remained strongly consolidated around Nawaz Sharif and bound by his orders and inclinations.

Legal threats to Nawaz Sharif: A Supreme court monitored National Accountability Bureau investigation is one of the principle legal threats Nawaz Sharif and his family members will have to face up to with uncertain outcomes. On his part, he will be mounting his own set of legal challenges to the Supreme Court order through revision petitions. The legal wrangles will continue amidst political mobilization and counter mobilization in which the campaign against him is being led by Imran Khan and Tahir ul Qadri. The latter will direct his focus on the Punjab government and Shahbaz Sharif while Imran Khan will concentrate on the larger national picture. Both of them however have their own sets of problems. Imran Khan now faces allegations of sexual misconduct from a former party worker (and Member of the National Assembly) and has his own explaining to do about undisclosed financial transactions; Qadri faces, outside of his core supporters, a serious credibility issue.

Census Results: The sixth population census in Pakistan, was carried out earlier this year after a gap of nearly two decades, and its provisional results reveal continued high population growth rates. Pakistan's total population has increased to 207.77 million, a 57 per cent increase since the last census in 1998. The provisional results exclude data from POK (in Pakistani parlance, Gilgit - Baltistan and Azad Jammu

and Kashmir) which is likely to be included in the final report. Pakistan now has 106.45m males, 101.31m females. In brief, this amounts to an annual growth rate of 2.4 per cent.

Among the provinces, the highest growth rate of 3.37% was in Baluchistan, followed by Khyber Pakhtunkhwa at 2.89%, Sindh 2.41% and Punjab 2.13%. These results show that 30.5m people reside in KP, 5m in Fata, 47.9m in Sindh, 12.3m in Baluchistan, 2m in Islamabad, while Punjab — the largest province in terms of population — has 110 million people.

Some of the results are startling. Between 1998 and 2017, the population grew at an average annual growth rate of 2.4 per cent, which is only 0.29pc lower than the same figure between Census 4 (1981) and Census 5 (1998). In brief efforts to reduce population growth have been largely ineffective. The sheer size of the population, and its probable age structure — with up to 60pc under 30 years old — has strong implications for the future. Pakistan is now the fifth (perhaps sixth pre census results) most populous country in the world, but with only the 40th biggest economy.

The implementation, results and also the methodology of the census will be discussed and disputed for long. As elsewhere a census is a politically loaded exercise with implications for drawing of constituencies, inter and intra state financial allocations etc. There are also some oddities thrown up by the data. The urbanization rate appears to have tapered off compared to the previous inter census (1981-1998) period. Population growth rate in towns and cities between 1981 and 1998 was 3.53pc on average per annum. Since 1998, it appears to have fallen to 2.7pc, while the rural population growth rate has remained roughly the same over the past 36 years. While in part, this is statistically explainable in terms of a lower birth rate in urban areas, the results may also be the outcome of a flawed methodology which has led to the result that Pakistan's population is still only 36 per cent urban, with so-called rural areas having a share of 64pc. Differing rates of growth between Karachi and Lahore are likely to add to Sindh Punjab contestations that the latter figures are inflated. However, and in brief, the unexpectedly high rate of population growth is the real issue as also the strongest comment on the crisis of Pakistan's political economy in the past two decades. Historical comparisons illustrate this point dramatically. In 1971, erstwhile East Pakistan had a population greater than its western wing. Today, Bangladesh's population is 30 million less than Pakistan's.

Jammat ud Dawa joining Politics: Press reports in early August confirmed that the JuD had decided to enter mainstream politics using a new 'Milli Muslim League (MML)' party. The announcement was made by the representatives of the MML and JuD, at a news conference.

Ending of Cricket Isolation: Amidst this plethora of bad news- domestic and international- punctuated by occasional terrorist attacks (most prominent being in Quetta on 12th August and Khosht also in Baluchistan on 14th August) it was left to cricket to provide some uplifting to the public mood. The Sri Lankan Cricket Board announced in mid-August that it has given consent for its cricket team to visit Pakistan, potentially becoming the first major team to tour the country in the last eight years. Pakistan's international cricket isolation- in terms of foreign teams visiting- had been complete since the last Sri Lankan visiting cricket team was attacked by terrorists in Lahore in 2009. Sri Lanka Cricket (SLC) said the team had been cleared to play three Twenty20 Internationals including 'at least one' in Lahore. The Pakistan Cricket Board has also said that a West Indies team will also be in Pakistan for a T 20 series. At around the same time the International Cricket Council has also cleared the tour of a World XI to Pakistan in September. It would appear that the Sri Lankan and West Indies visits will be scheduled after this.

Hizbul Mujahideen: The United States on 16th August designated Hizbul Mujahideen as a terrorist organisation led by an internationally recognised terrorist. The US has already declared its leader Mohammad Yusuf Shah, better known as Syed Salahuddin, a specially designated global terrorist. The Pakistan foreign Office response was low key as the step was not unexpected after the designation of Salahuddin. It noted the importance of its relations with the United States, but regretted the designation of Kashmiri group Hizbul Mujahideen as a terrorist organization. In reply to a question about the designation, the FO spokesman said the government was "disappointed" because Kashmir was an internationally-recognized dispute. "The designation of individuals or groups supporting the Kashmiri

right to self-determination as terrorists is completely unjustified,”
New US Af Pak Policy: See Afghanistan section below.

Bilateral: Pressures on Cross LOC Travel and Trade: Ceasefire violations and intense firing near the Poonch Rawalakot crossing point led to the closure by India of the cross LOC trade and bus route on this axis in the second week of July and the route has not reopened since. Narcotic seizures have also contributed to this. On the other axis, too (Muzaffarabad Uri) there were closures too but not so prolonged. Simultaneously media reports have circulated in India that the National Intelligence Agency (NIA) was recommending closure of cross LOC trade on grounds that trade proceeds in the absence of banking transactions often find their way to terror financing. LOC ceasefire violations and narcotic seizures in consignments coming from POK have in the past also led to closures but not as prolonged. Statements by Jammu based BJP cadres that cross LOC trade be closed also contributed to the general sense of uncertainty about the future of this important CBM which dates back a decade. The suspension of official dialogue for over three years and the frequent bouts of tension on the LOC has meant that pressing issues pertaining to trade and travel on these routes have remained unattended, contributing further to a loss of momentum.

Indus Waters Treaty Meeting: The Indian and Pakistan Water Secretaries met in Washington in the end of July under the aegis of the World Bank to discuss two hydroelectric power projects- KishanGanga and Ratle. Meetings at this level have been held in the past on multiple occasions to find a bilateral way forward when the respective Indus Commissioners are at a deadlock. From the Salal Project in the 1970s upto the Tulbul Navigation project in the composite dialogue, this was an instrument frequently used. Nevertheless, a meeting at this level under the aegis of the World Bank is new and is the outcome of a peculiar deadlock that developed in late 2016.

A brief background is as follows: The Kishanganga project (330 MW) has been under discussion between the Indian and Pakistani Indus Commissioner for many years now without any convergence on a range of issues. As these discussions continued, work on the Project began in 2007. In 2010, Pakistan claiming a violation of the Indus Waters Treaty took the matter to the Permanent Court of Arbitration in The Hague under the terms of Treaty. The Court in its ruling in December 2013 allowed the project to go ahead and upheld inter tributary transfer of water- the basic engineering principle on which the project is based- i.e that water from the Kishanganga river can be diverted to discharge to the Jhelum through a power station. At the same time conditions were also put on India with regard to maintenance of minimum flows on the Kishanganga (Neelum River in POK). Pakistan has thereafter been objecting to the design of the project in meetings of the Indus Commissioners. It had also raised objections to design features of the Ratle project (850 MW) on the Chenab river. India asked the World Bank to appoint a 'neutral expert' to resolve these issues; Pakistan approached the Bank for setting up of a Court of Arbitration. In November 2016, the Bank decided to proceed with both these resolution mechanisms simultaneously. In December 2016, and following objections by India, it recognized the pitfalls of doing so. India had incidentally pointed out that in case these two different processes gave different rulings then the basic foundations of the Treaty would get eroded. The December 2016 announcement of the World Bank therefore announced a 'pause' before taking any further steps. (By way of background, the Indus Treaty has a layered approach to settling of interstate issues which may arise: "questions" are handled by the Indus Commission; "differences" are to be resolved by a Neutral Expert; and "disputes" are to be referred to a seven-member arbitral tribunal called the "Court of Arbitration.")

The August 2017 meeting thus was an effort by the Bank to break the impasse which had further cemented on account of its November 2016 announcement. The meeting was described as having gone well and another meeting is scheduled to be held later in September. India's approach appears guided by two considerations. Work on the Kishanganga project is proceeding expeditiously and the completion date is near. The Ratle project is still at the implementation stage- the foundation stone was laid in June 2013 by the then PM Manmohan Singh. Enabling the World Bank to reenter to provide a platform for India -Pakistan meetings is therefore sensible especially given the decision of November 2016 which the Bank had to performe reconsider.

III Developments in Afghanistan

Internal: The security situation remained fragile with terrorist attacks continuing in major cities and district headquarters as also combat operations against militants. During the month, major terrorist attacks were reported from Kabul, Helmand, Herat etc.

Border management with Pakistan: A delegation of the Afghan National Army (ANA) visited the Peshawar Corps Headquarters on 5th August to discuss security and border mechanisms. The Afghan military delegation was led by ANA's Commander 201 Corps and the director generals of military operations of both armies and Inspector General of the Khyber Pakhtunkhwa's Frontier Corps were also present at the meeting. Reservations on both side however are deep and Afghan statements have been calling on Pakistan to focus on the Taliban and Haqqani network's militants in Quetta and elsewhere inside Pakistan. The Afghan government has also been opposing fencing of the border.

President Trump's new Policy on Afghanistan: The President's speech and announcement on 21st August was the cause of much debate and for many in Afghanistan it provided a great deal of satisfaction. Much of the latter was derived from the considerable consternation in Pakistan at some of the Presidential remarks. The new policy announced comes at the end of a fairly long inter agency review in the US government. To many Afghans the most significant part of the new policy was the frank admission of the President that he had reconsidered his own original instinct that the US must pull out of Afghanistan. US core interests, the President said, were seeking 'an honorable and enduring outcome' of the sacrifices made over the past 16 years. The consequences of a rapid exit would moreover be 'both unpredictable and unacceptable' and create conditions that led to the 9/11 attack. The mistake of the Iraq pullout (an obvious implied comment on his predecessor) would not therefore be repeated. The core of US policy in Afghanistan and Pakistan would be to defeat terrorists and all its instruments- economic, diplomatic and military-would be directed towards this goal. "We are not nation building again", the President put it, "we are killing terrorists". The speech was short in detail and this it was clarified was because 'it was counterproductive' for the US to announce in advance time lines or force levels and levels. "Conditions on the ground, not arbitrary time tables" would guide US policy since "America's enemies must never know our plans".

It was two other elements in this new policy that have drawn most comment and attention. On Pakistan, the President was uncompromising and in fact harsh. He used language not in itself unfamiliar to what has been said by US in the past. The difference was that this was the President himself articulating these views without any great effort to softening or even nuancing them. Pakistan often gives, he said, 'safe haven to agents of chaos, violence and terror'. While it had suffered greatly from terrorism it also sheltered organizations attacking the US. The US had paid Pakistan billions of dollars while 'they are housing the very terrorists we are fighting'. This, the President said, will have to change 'immediately'. This blunt talk on Pakistan was accompanied by the statement that the US's new policy would be 'to further develop its strategic partnership with India'. India must, he said, help us 'more with Afghanistan' especially in the area of economic assistance since it made billions in trade with the United States.

These three pillars of the new US policy- no early withdrawal and robust military action on counter terrorism, more pressure on Pakistan and a greater role for India is at one level a remix of older strategies. Yet their upfront and blunt statement in itself amounts to a substantive shift in the US approach.

Afghan Reactions: These were expectedly positive particularly on the clarification that the US did not contemplate an early closure to its Afghan involvement. The increased pressure on the Taliban was also welcomed although doubts remain on how exactly this would stem their continued terrorist attacks and steady expansion territorially. What received most acclaim was the stridency of the language with regard to Pakistan.

Pakistan reactions: The dismay and anxiety in Pakistan by contrast- both in government and elsewhere- was palpable. A statement by the new Foreign Minister Khawaja Asif summed up part of these responses- Pakistan was being made a scapegoat for past US policy failures in Afghanistan. In

general, the reactions were a mixture of defensiveness and indignation- the latter prompted in large part by the enhanced US expectations from India. A statement issued after a meeting of the National Security Council chaired by the Prime Minister said that Pakistan was "committed to not allowing its soil to be used for violence against any other country. We expect the same from our neighbours." That sanctuaries in Afghanistan were being used for terrorist attacks on Pakistan formed one part of the rebuttal; reservations about India was another. "India cannot be a net security provider in the South Asia region when it has conflictual relationships with all its neighbours and is pursuing a policy of destabilizing Pakistan from the east and the west." Yet counter statements apart, Pakistani anxieties are considerable and in this context the relationship with China appears even more valuable. In response to the statement Pakistan cancelled a visit by the US acting assistant secretary of state for South and Central Asian affairs and postponed a visit to the US by its Foreign Minister. The latter would instead, it was announced, visit China, Russia and Turkey first. The National Assembly and the Senate have also adopted resolutions rejecting the US President's statement and allegations. Disregard of Pakistan's sacrifices, condemnation of calls for enhanced Indian involvement, support for self-determination in Kashmir, are themes running through these statements. The National Assembly resolution also recommends that the Government 'consider' steps such as postponement of diplomatic visits to and from the US, suspension of cooperation through providing ground and air lines of communication to Afghanistan, prepare a blueprint for return of Afghan refugees, mount a diplomatic initiative with foreign countries etc. All this however is in the nature of initial moves as the government and the military, beset as both are by domestic preoccupations, strive to understand US policy and what it holds for the future. Setting aside differences over Afghanistan, US frustration and cynicism about Pakistan is not new yet in the past the realism of key individuals in the State Department, CIA and the Military has helped bridge the gaps. In Pakistan too, despite widespread disillusionment and antipathy to the US the realities of trade, military hardware, diasporic and educational links has enabled minimum stabilities to be preserved. How and if all this will change with a Pakistan that is embroiled in domestic contestation and with a US President with his own way of saying and doing things is in the future.

(The views expressed are personal)
