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HIGHLIGHTS

- Overview
- Developments in Pakistan
- Developments in Afghanistan

I Overview

Pakistan: Cross LOC firings and allegations and counter allegations of diplomats of the respective countries being harassed by intelligence agencies were symptomatic of poor state of the bilateral relationship with India. It had appeared nevertheless earlier in the month that some slight easing of tensions was in motion. Internally in Pakistan, former PM Nawaz Sharif found himself facing another onslaught from the Supreme Court. He in turn also responded with further criticism of the judiciary of acting in concert with unnamed forces to disrupt democracy in Pakistan. Elections to the Senate showed that the PML(N) remains a power to contend with. The election thereafter for the post of the Senate Chairman, won by a relatively unknown Senator from Baluchistan, showed the capacity of Pakistani intelligence agencies and the military to intervene in politics and also their determination to keep Nawaz Sharif and his supporters out of key posts, incumbency in which will continue into the next government.

Afghanistan: The security situation remained bleak and punctuated by terrorist attacks as also intense fighting between Government troops and the Taliban. The two stage inauguration (ground breaking) of the Turkmenistan Afghanistan Pakistan India Pipeline gave some temporary profile to a project which has been continuously under discussion for a number of years. By far the most attention focused on a comprehensive package presented by President Ghani in Kabul at the beginning of March and which has been described by some as the most comprehensive peace proposal of the past decade and a half.

II Developments in Pakistan

External:

United States: Through the month, reports continued of Pakistan's attempts to engage with the United States at different levels and tone down the intensity of its displeasure exemplified by President Trump's New Year tweet followed by suspension of military aid and reimbursements plus other strong statements. Lisa Curtis, the Senior Director for South and Central Asia at the US National Security Council, was reported as being in Islamabad in end February for meetings with the Foreign and Interior Ministries. The

Pakistan Foreign Secretary visited Washington on 7-8 March 2018 and is described as having met the Deputy Secretary of State and the Deputy National Security Advisor. Thereafter later in the month PM Shahid Khaqan Abbasi met with United States Vice President Mike Pence in Washington during a private visit. Although few reliable details of these meetings are known it would appear that Pakistan is trying hard to convince the US of its bonafides in trying to persuade the Taliban to initiate some kind of a dialogue with the Government of Afghanistan.

In the midst of this troubled period in US Pakistan relations there have been press reports that the Pakistan Ambassador Aizaz Chaudhry was being replaced. Chaudhry, earlier the Foreign Secretary, had taken up the Washington posting in March 2017 and should have been in place for about three years notwithstanding his impending retirement in March 2018. The replacement being mentioned is Ali Jahangir Siddiqui, currently the Prime Minister's special assistant on investment and whose father is believed to be a major investor in the PM's own business ventures.

FATF and GSP: The final confirmation that the Financial Action Task Force Council had finally decided in the last week of February to place Pakistan back on its 'Grey List' was received with some disappointment in Pakistan which had apparently placed some hopes on the hope that China and Turkey may be able to prevent this. The fact that the actual listing will be only in June 2018 enabled the Government to release news about this development piece meal and thereby cushion the effect of the sense of isolation such news inevitably strengthens in Pakistan.

Virtually simultaneously with this were however two contrary developments. The European Parliament's Committee on International Trade agreed to extend the Generalized System of Preferences Plus (GSP+) scheme for Pakistan for a further two years. This has been of some real benefit to Pakistan notwithstanding the fact that it has also resulted in a certain amount of trade diversion. As a result of duty-free access available to Pakistan its exports to the EU increased roughly from 4.5bn euros in 2013 to 6.3 bn euros in 2016.

Separately in the second week of March, the US House of Representatives passed a bill to renew the GSP scheme allowing duty free access for goods from 120 countries including Pakistan for the next three years. The scheme expired on December 31, 2017. The Bill provides an extension up to December 2020. The bill will now be presented in the US Senate and if passed will require to be signed into law by the President. In Pakistan, utilization of the scheme has been limited over the past years. GSP-based exports account for only 5 per cent of Pakistan's total exports to the USA. Non-GSP exports to USA stood at \$3.4 billion in the year 2016-17.

Iran: The Foreign Minister of Iran, Dr. Javad Zarif visited Pakistan from 11-13 March, 2018. According to the Pakistan Foreign Office the two sides reiterated their resolve to achieve the target of \$ 5 billion by 2021 (current level \$ 1.2 billion), conclude a Free Trade Agreement (FTA) on priority and deepen connectivity between the ports of Gwadar and Chabahar. Dr Zarif delivered a lecture at the Institute of Strategic Studies Islamabad to commemorate the 70th anniversary of the establishment of Pak-Iran diplomatic relations and in this he is quoted as having also said "We offered to participate in the China-Pakistan Economic Corridor (CPEC). We have also offered Pakistan and China to participate in Chabahar."

The Iranian visit is to be seen in the context of generally troubled Pakistan Iran relations and the three-day, high-profile visit of Iranian President Hassan Rouhani to India in mid-February which was seen by many in Pakistan as Iran's outright partisan attitude towards India. During this visit amongst the agreements signed was one relating to the Chabahar port.

Russia: The 12th Meeting of Pakistan-Russia Consultative Group on Strategic Stability was held on 2 March, 2018. The Russian delegation was led by Sergey Ryabkov, Deputy Foreign Minister. The Pakistan Foreign Office inter alia said that "In the backdrop of a fast-evolving strategic landscape, the talks were marked by a commonality of approach and convergence on a range of contemporary issues" and that "Both sides agreed on the need to further capitalize on the positive trajectory of the overall bilateral relations by exploring avenues for mutually beneficial bilateral cooperation." The Pakistan-Russia Consultative Group on Strategic Stability was set up in 2003. It will be recalled that the Pakistan Foreign Minister Khawaja Muhammad Asif, had made a visit to Moscow on 21st February for meetings with the Russian Foreign Minister Sergey Lavrov.

Nepal: Prime Minister Shahid Khaqan Abbasi visited Nepal, on 5-6 March 2018. A statement by the Pakistan Foreign Office said during the visit the PM reiterated Pakistan's commitment to the SAARC process and urged the leaders of Nepal to play their role for early convening of the SAARC Summit in Islamabad. According to the Pakistani statement the Nepalese leadership underscored the importance of the visit of the Prime Minister of Pakistan as the 'first visit' by any foreign dignitary to Nepal after the formation of the new Government.

India: The situation on the LOC remained tense with frequent ceasefire violations with exchange of small arms and also mortar fire. This was a trend continuing from earlier months with civilian and armed forces casualties also being regularly reported. A further escalation appears to have taken place with use of artillery in the Uri sector in the last week of February. This is possibly the first time since the 2003 ceasefire that there have been artillery exchanges on the LOC.

By way of background it is useful to recall that the bulk of the cross LOC firings in 2017 and early 2018 has been south of the Pir Panjal. The action north of the Pir Panjal in Uri is therefore a departure from this pattern and may be related to deterring actual or anticipated infiltration from Pakistan Occupied Kashmir into J&K.

The LOC situation was compounded from early in the second week of March with both the Indian and Pakistani Foreign Offices alleging that their diplomats were facing intimidation and harassment. Even greater attention was drawn to the issue with the Pakistan Foreign Office announcing that the Pakistan High Commissioner in India was being called back for consultation- which was initially interpreted by a section of the media that he was being recalled permanently.

The situation regarding diplomats is generally symptomatic of the overall state of the relationship. Incidents of the kind now reported by both sides were frequent in the 1990s and upto 2003 but have however been rarer since then. In August 1992, not otherwise a particularly propitious period of India Pakistan relations, both governments had agreed to a "A Code of Conduct for Treatment of Diplomatic/Consular Personnel in India and Pakistan" as an attempt to ring fence diplomats from the daily vagaries of India Pakistan relations. Through the 1990s and upto 2003 and even thereafter while there were numerous infringements of this and tit for tat responses, the Code of Conduct has remained as a standard to be invoked and reiterated to reset things at a more stable level.

This heightened period of tension and recrimination followed in fact what appeared to be attempts to reset relations on some day to day issues. In late February there were reports that the Commerce Minister of Pakistan had been invited to a World Trade Organization ministerial consultation being held in Delhi on 19-20 March. On 7th March the Pakistan Foreign Office confirmed that it had accepted proposals from India for exchange of prisoners over 70 years old, facilitating visits of medical experts to examine mentally challenged prisoners and revival of a Judicial Committee set up over a decade ago to look at prisoner related issues.

The spike in tension following the mutual allegations of harassment of diplomats however interrupted this 'process'. While the prisoner exchange and related issues may still go through in due course, the Pakistan Commerce Minister will not be attending the ministerial meeting. Its Foreign Office also conveyed that visas were not issued by India for the visit of over 500 Pakistani pilgrims to participate in the Urs of Hazrat Khawaja Moinuddin Chishti at Ajmer Sharif from 19-29 March 2018.

Internal:

Nawaz Sharif- Supreme Court Tussle: The ongoing contest between the former Prime Minister and the Judiciary entered another stage when a Supreme Court bench headed by Chief Justice of Pakistan Saqib Nisar ruled on 21st February that because Mr. Sharif has been disqualified from parliament he was ineligible to be president of the PML-N. It will be recalled that after the verdict that had unseated Nawaz Sharif as Prime Minister, his party had passed an amendment to an election law that allowed the former prime minister to resume leadership of his party. The current verdict strikes down that amendment. The verdict was welcomed by the opposition parties but generally condemned by liberal opinion as judicial overreach and marking a new phase of judicial activism.

In response to the Supreme Court's verdict the Central Working Committee of the ruling Pakistan Muslim League-Nawaz elected Punjab Chief Minister Shahbaz Sharif as its interim president and Nawaz Sharif its 'Quaid' (supreme leader) 'for life'. It is noteworthy that a similar arrangement was resorted to almost two decades ago by making Javed Hashmi the party president and Nawaz Sharif, who was then in exile, the 'Quaid' during the military rule of Gen Pervez Musharraf.

Nawaz Sharif sees and projects his ongoing contest with the judiciary almost on an epic scale as part of Pakistan's contested history of Military intervention. In his speeches and rallies he has frequently hinted at the military acting in concert with the judiciary and drawing analogies between Pakistan's current situations with earlier instances of military intervention with the judiciary's backing. His frequent references to General Musharraf are to be seen in this context and after being appointed 'Quaid for life' he said: "To me, taking oath under Provisional Constitutional Order (PCO) is a big crime. On the doctrine of necessity, martial laws in the country were endorsed and the military dictators were allowed to amend the Constitution." The reference is to numerous judges who had taken oath under the PCO subsequent to the Coup of 1999 and the subtext is the current Chief justice of the Supreme Court who had also done so then as a judge of the Lahore High Court. This strategy of playing the victim card at the hands of the establishment has so far paid off – his popularity has risen, his public meetings are well-attended, and by all accounts rather than crumbling before a series of judicial verdicts, his base has rallied to him. Pakistan's current reality is that Nawaz Sharif remains a very popular leader in Punjab.

Senate Elections: The elections to fill 52 vacancies in the Senate were held on 3rd March. The outcome showed the effects of a certain extent of horse trading, cross voting and apparently some obvious attempts by the intelligence agencies in favour of certain candidates. In the final tally the PML (N) now has 33 seats in the 104-member Senate (up from 27) the PPP 20 (down from 26) and the PTI 12 (up from 7). More surprising was the result of the election for the post of Senate Chairperson: Sadiq Sanjrani, an independent senator became the first-ever Senate chairman from Balochistan and was elected with the support of the Pakistan Peoples Party, Pakistan Tehreek-i-Insaf, independent candidates from the Federally Administered Tribal Areas and some other opposition parties. The candidate backed by the ruling Pakistan Muslim League-Nawaz faced defeat. The post of deputy chairman was won by Saleem Mandviwalla of the PPP and a close acolyte of Asif Ali Zardari. This outcome and in particular the PTI and the PPP coming together is evidently a setback for Nawaz Sharif but is also believed to represent the maneuverings by the intelligence agencies to keep the ruling party in check.

III Developments in Afghanistan

External:

TAPI: Ground-breaking (link-up) ceremonies of Turkmenistan-Afghanistan- Pakistan- India (TAPI) gas pipeline project were held on 23rd February. Pakistan Prime Minister Shahid Khaqan Abbasi and Afghan President Ashraf Ghani were present at the ceremony of the 1,814 kilometer (1,130 mile) gas pipeline. The President of Turkmenistan Gurbanguly Berdimuhamedov, and the Minister of State for External Affairs of India M.J. Akbar also attended the two part groundbreaking ceremony - the first part of the inauguration took place in Turkmenistan, on the border with Afghanistan's western province of Herat, followed by a ceremony in Afghanistan.

Pakistan Exports: The Pakistani Chairman of the Pakistan-Afghanistan Joint Chamber of Commerce and Industry made the news when he informed the Pakistan press that India has steadily made inroads into the Afghanistan market and succeeded in reducing the market share of Pakistan by more than 50 per cent in the last two years. The claim is more sensational than anything new as Pakistan exports have been falling for a variety of reasons related to Pakistan Afghanistan border tensions for the past two years. The statement underlined that Pakistan's trade with Afghanistan fell to \$1.2 billion from \$2.7bn within in the last two years and the country has been losing even traditional markets of flour, men and women's clothes and red meat. According to press reports citing the Pakistan Bureau of Statistics, Pakistan exports to Afghanistan dropped to \$1.271bn in FY17 from \$1.437bn in FY16. Exports in the first quarter of 2017-18 stood at \$319 million.

Internal:

Kabul Peace Package: The second meeting of the Kabul Process for Peace and Security Cooperation was held in Kabul on 28 February 2018 and saw the presentation by the Afghanistan President of proposals for peace talks with the Taliban. It came with conditions that women's rights and the basic values of the constitution are not open for negotiation. The offer includes mention of a ceasefire, an office in Kabul for the Taliban and the lifting of sanctions on those Taliban leaders who would join the negotiation.

President Ashraf Ghani's "comprehensive plan to the Taliban and Pakistan," has been described as the most complete peace offer that has been publicly announced since 2001. He said that this proposal was offered "without any preconditions," although he made clear at the same time that the basis for any negotiation would be the current constitution. Nevertheless, at the same time, he offered a partial "review" and "amendment" of it. So far the Taliban had rejected the constitution in its entirety and had demanded that a new constitution be drafted, if negotiations were to commence. Ghani made it very clear, repeatedly throughout his presentation, that the "right and duties of all citizens, in particular the women" must be secured in this process "according to the current constitution."

Ghani's proposals also comprise: ceasefire, the recognition of the Taliban as a political party, free and fair elections, release of Taliban prisoners and the lifting of sanctions. He stipulated that the government of Afghanistan should be officially recognized by the Taliban. He also said that the National Unity Government had agreed that the Taliban should be offered an office in Kabul which would also be "the preferred venue" for talks, but also offered Muslim countries that are not engaged in the conflict.

No clear Taliban reaction to the proposals is as yet evident. Statements from Pakistan have been supportive but whether the move will gather traction remains to be seen. Fighting between the Taliban and the Afghan Army continues in different parts of Afghanistan such as in the Faryab province. Terrorist attacks have also continued. The major attack on Navroz day in Kabul which led to 26 civilians being killed saw however the Taliban denying responsibility and the IS claiming the attack.

(The views expressed are personal)
