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## HIGHLIGHTS

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### I Overview

#### **Pakistan:**

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- Pakistan-India
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#### **Afghanistan:**

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## II Developments in Pakistan

### Economy

Uncertainty continued to prevail on further release of funds by IMF under its Extended Fund Facility (EFF), even as Pakistan stared at a default on its external repayment commitments. Alarmed by the situation, Pakistan's top business body, Pakistan Business Council, recommended a demarche by the government to seek debt forgiveness from creditor countries. In spite of import restrictions imposed by the government, the country's foreign exchange reserves were down to a little over \$3 billion by the beginning of February. Facing elections later this year, the government was reluctant to take the harsh economic steps demanded by IMF. It tried to seek financial help from its traditional friends to improve its bargaining position vis a vis the Fund. The new army chief visited UAE and Saudi Arabia primarily for this purpose. Prime Minister Shehbaz Sharif visited the UAE. UAE pledged to roll over \$2 billion debt repayment over the next two months and provide additional support of \$1 billion. The Saudi Fund for Development signed an agreement to fund \$1 billion worth of oil imports by Pakistan on deferred payment. However, beyond the above, Pakistan's traditional financial supporters, including China, advised it to resolve its differences with IMF before they rendered further assistance. World Bank delayed approval of two loans worth \$1.1 billion pending implementation of the energy sector reforms demanded by IMF. Finally, waking up to the realities, the government took the first step of allowing the Pak Rupee-Dollar rate to be determined by the market, leading to a sharp decline in the Rupee value, to signal its willingness to engage in serious discussions with the Fund. An IMF delegation came to Pakistan in end January to discuss a staff level agreement for release of the next tranche under EFF. The delegation went back without reaching an agreement, but provided a list of demands to the government. Left with no other option, the government bit the bullet by raising power tariffs, hiking sharply gas price (Pakistan's large circular debt has been one of the major factors impeding continued IMF funding) and preparing the ground for imposition of additional taxes of around 170 billion Pak Rupees. The two sides thereafter resumed their talks virtually to finalise their agreement. If finalised, the agreement would deblock not only the next EFF instalment of \$1.2 billion from IMF, but also funding from other international financial institutions and bilateral partners.

Pakistan claimed to have received close to \$10 billion pledges for flood relief in a UN sponsored donors meet held in Geneva, over 90% of it being in the form of loans. The largest pledges were made by the Islamic Development Bank (\$4.2 billion) and the World Bank (\$2 billion). Much will depend upon the actual money that flows in and the pledges are of no immediate relief to the beleaguered Pakistani economy.

### Terrorism

Pakistan suffered over forty TTP attacks in January in Khyber-Pakhtunkhwa and Balochistan, culminating in an attack on a police mosque in Peshawar during the afternoon prayers at the end of January, which killed over a hundred persons and injured close to two hundred. It was a suicide attack and the bomber

came to the mosque in a police uniform. Islamic State claimed responsibility for the attack, but the Pak authorities believe it to have been committed by TTP. A political slugfest broke out over the growing incidence of terror and the government blamed Imran Khan for having authorised return of TTP cadres from Afghanistan during his tenure as Prime Minister as part of the Afghan Taliban brokered peace talks with TTP. While admitting that he had approved their return to the tribal belt, Imran Khan blamed the current violence on their mistreatment by the authorities after he was ousted from power. While the government again vowed to deal with terrorism with a firm hand in the wake of the Peshawar attack, there was no clarity on the strategy that they wished to follow. The only silver lining was protests by the people in Khyber Pakhtunkhwa against the rising wave of terror. A large protest took place in South Waziristan in early January. Similar protests had taken place in other areas of Khyber Pakhtunkhwa earlier. No such protests had been seen against rising terror in these areas in the first decade of this century.

### **Political Situation**

With the PTI supported Chief Minister of Punjab, Parvez Elahi, winning a vote of confidence in the provincial assembly, the PDM government lost out the battle to prevent dissolution of the assembly by him and a provincial election, which must follow within ninety days as per the constitution. This was followed by the PTI Chief Minister of Khyber-Pakhtunkhwa dissolving the assembly of that province. The PDM government was thus faced with early elections in two provinces, including the all-important Punjab province, at the time when it is the object of public wrath due to the harsh economic conditions and tough measures required to fix it and Imran Khan remains popular. Till the time of this writing, there was no clarity on elections in the two provinces being held within ninety days as mandated in the constitution, with some reports suggesting that the government might find ways to delay them until the time of the national elections, due in the normal course in the last quarter of 2023.

The government continued its attempts through the Election Commission and judicial action to disqualify Imran Khan from holding public office and the position of PTI head. His close political aide, Fawad Chaudhry was arrested on the charge of threatening the Election Commission, but later released on bail.

As a preparatory move to the impending elections, Nawaz Sharif's charismatic daughter Maryam Nawaz returned to Pakistan from UK and was made the Vice President of PML(N). However, there was no clarity on the return of Nawaz Sharif, who still faces judicial action, once he is back. Maryam, though more charismatic than PM Shehbaz Sharif, may not be able to provide the unifying and inspiring leadership to her party that only her father can do; though given the serious situation that PML (N) faces, it is doubtful whether even Nawaz can retrieve it fully.

### **'Gilgit-Baltistan' Protests**

'Gilgit-Baltistan' saw large scale protests in January with participation of its population cutting across geographic and sectarian lines and support of different political parties as well as trading bodies. The

protests were against land rights regulations, taxation, extensive power cuts; as well as reduction in the quantity of subsidised wheat provided by the federal government to the territory. In the past, the territory has also seen protests over its ambiguous constitutional status and a demand for grant of provisional provincial status to it, which has been stonewalled by federal governments.

## **Pakistan-India**

In an interview to the UAE based Al Arabiya TV channel, PM Shehbaz Sharif said that wars between India and Pakistan had brought more misery, poverty and unemployment to people, adding that Pakistan had learnt its lessons and wanted peace with India, provided the genuine problems between the two countries were resolved. He gave a call for serious and sincere talks on the Kashmir issue. He alleged “flagrant human rights violations” in Kashmir and persecution of minorities in India. He also said that he had discussed the issue with the UAE President during his visit there and the President could play an important role in bringing the two countries to the negotiation table. A subsequent clarification issued by the Pak PM’s office said that talks with India could take place only after “India has reversed its illegal action of August 5, 2019”. Taken in its totality, this apparent peace offer by Shehbaz Sharif was largely a hollow move. In view of the highly fractious political environment and impending elections in Pakistan, any positive steps in the bilateral relationship are unlikely for the time being.

In its capacity as the Chair of the Shanghai Cooperation Organisation (SCO), India has extended invitations to the Chief Justice and Foreign Minister of Pakistan to attend the meetings of chief justices of SCO countries in March and Foreign Ministers in May respectively. Pak media quoted official sources as saying that a decision regarding participation in the above meetings will be taken in consultation with all the stakeholders.

India has invoked article XII (3) of the Indus Waters Treaty to ask for its modification, which can be done through mutual consent. The existing provisions of the Treaty regarding resolution of differences and disputes concerning its implementation provide for a graded mechanism of Indus Commissioners of the two countries trying to resolve the issue, followed by a neutral expert; with only complex legal issues going to a Court of Arbitration (COA). Pakistan has of late shown the tendency to take all such matters to COA and India would like greater clarity on the issue in the Treaty text. Thus, after initially asking for a neutral expert to address Pakistan’s objections to India’s Kishanganga and Rattle hydroelectric projects, Pakistan changed its mind and sought constitution of a COA. India’s preference was for a neutral expert. Faced with lack of agreement on the issue between the two sides, the World Bank, which has a role under the Treaty in appointing a neutral expert or constituting a COA, took the unprecedented step last year of appointing both a neutral expert and constituting a COA (India stayed away from the first sitting of the COA on January 27). This could potentially produce different verdicts on the same issues from the two mechanisms and seems to have been the immediate trigger for the Indian move. The Indian media has also quoted official sources as saying that they would like to incorporate the lessons learned over the last 62 years in the Treaty. Though Pakistan said that the Indian move should not distract attention from the work of the COA, its formal response to the Indian demarche is still awaited.

## **Pakistan-China**

Pak PM had a telephonic conversation with the Chinese Premier in the beginning of January, ostensibly to discuss CPEC and assure him of the necessary steps by Pakistan for security of the Chinese nationals working on CPEC projects. However, the real aim was to request China for rolling over loan repayments due later this year and financial help to tide over the current economic crisis. As mentioned above in this report, the Chinese have been counselling Pakistan to sort things out with IMF before they provide the needed assistance. However, China pledged additional flood aid of \$100 million to Pakistan, bringing its total flood aid to around \$300 million. President Xi Jinping called the Pakistani President and strongly condemned the Peshawar mosque suicide bombing. He pledged China's support to Pakistan in promoting its national counter-terrorism action plan and maintaining social stability.

## **Pakistan-Russia**

The eighth session of the Pakistan-Russia Inter-Governmental Commission (IGC) on Trade, Economic, Scientific and Technical Cooperation took place in Islamabad and resulted in three agreements on cooperation in customs and aviation sectors. According to a joint statement, the two sides reached an agreement in principle on supply of Russian crude oil and oil products to Pakistan, with technical details to be finalised by March. Responding to questions at a joint press conference, the head of the Russian delegation did not make an immediate commitment on supply of LNG, pleading existing long term sale contracts with other countries. He also said that transactions between the two countries could be done through the currencies of friendly countries, in an apparent reference to the Chinese Renminbi.

Foreign Minister Bilawal Bhutto paid a visit to Russia on January 29-30. Addressing a joint press conference with his Russian counterpart, he called for a diplomatic resolution of the Ukraine conflict and referred to its adverse economic impact on developing countries. He pledged continued high level contacts with the Russian Federation, describing it as an important player in West, South and Central Asia.

## **III Developments in Afghanistan**

### **Abysmal Human Rights and Humanitarian Situation**

The human rights and humanitarian situation in Afghanistan continued to be abysmal. In a meeting in Kabul with the UN Secretary General's Deputy Special Representative for Afghanistan, Markus Potzel, the Taliban Acting Minister for Higher Education told him that the Taliban administration had not decided on an absolute ban on women's education, but postponed the issue due to external factors. He added that the 'Islamic Emirate' would not accept any demand through pressure and the international community should not ask the Taliban to take steps in conflict with Sharia. In a subsequent visit to Kabul, the UN Deputy Secretary General Amina Mohammed expressed concern over violations of women's rights. The

Taliban ban on women workers in NGOs continued to seriously hamper humanitarian work. During a visit to Kabul, the UN aid chief Martin Griffiths asked the Taliban to make exceptions, if they could not lift the ban altogether, so that essential work could continue. He said that some exemptions had been granted in the area of health and education, but more were needed. A spokesman for the World Food Programme has said that malnutrition rates in Afghanistan are record high with half of its population enduring severe hunger throughout the year.

In a further act of defiance, the Taliban banned girls from registering for the next university entrance examination.

With all influential members of the international community and regional countries engaging with the Taliban due to their security concerns and/or the need to provide badly needed humanitarian assistance to the Afghan populace, the Taliban, particularly those among them driving the Sharia agenda, have little reason to change. Their Kandahar faction that is the main driving force behind this agenda does not seem to be particularly concerned about issues such as running of a sophisticated economy or formal international recognition. Therefore, we may not see much improvement in the human rights situation in Afghanistan under the Taliban.

### **Afghanistan-Pakistan**

The Pakistan Foreign Office denied a report in the Afghan daily Hasht-e-Subh that Pakistan had launched an air strike on TTP strongholds in the Nangarhar province. The two sides also continued to have differences over arrests of Afghan citizens in Pakistan. The Taliban envoy in Islamabad said that no country had the right to arrest refugees. While the Taliban condemned the Peshawar police mosque attack, their Foreign Minister, Amir Khan Muttaqi, said that Pakistan should not put the blame for the attack on Afghanistan. Reacting to the statement of the Pak Interior Minister in their Parliament after the Peshawar attack that the terrorists were in Pakistan's neighbourhood, Muttaqi said that Pakistani ministers should take care of their problems in their own country instead of blaming others. Pak media reports, quoting official sources, stated that Pakistan had decided to seek the intervention of the Taliban head, Haibatullah Akhundzada to deal with the TTP problem.

### **Afghanistan-China**

Afghanistan signed a contract for extraction of oil from the Amu Darya basin with the Chinese company, Xinjiang Central Asia Petroleum and Gas Company (CAPEIC) for a period of 25 years. Speaking on the occasion, the Taliban minister of mines and petroleum said that the first three years will see exploration activities with a total investment of \$540 million. He added that the Chinese company will be extracting oil from an area of 4500 square kilometres in northern Sar-e-Pul, Jawzjan and Faryab provinces. The contract came at a time when the US Special Inspector General for Afghanistan Reconstruction (SIGAR) said in a report that in spite of the US government spending nearly \$1 billion to fund critical mineral

surveys in Afghanistan over the years, Afghanistan's extractives industry had not achieved its potential due to multiple factors including corruption and illegitimate and unregulated mining.

The Islamic State claimed responsibility for a suicide blast outside the Afghan Foreign Ministry in Kabul, which killed five persons and injured around forty. The blast took place around the time when a Chinese delegation was expected to visit the Ministry. China strongly condemned the attack and expressed the hope that the Afghan government would protect citizens of all countries including Chinese nationals.

The new Chinese Foreign Minister Qin Gang had a telephonic conversation with the Taliban Foreign Minister and expressed China's support for building an inclusive political structure in Afghanistan. A spokesman of the Taliban Foreign Ministry said that the two sides discussed bilateral relations and provision of security for Chinese investment and nationals in Afghanistan. According to the spokesman, the Chinese minister said that China respects the "independence, sovereignty and religious and cultural values" of Afghanistan.

### **OIC Communique on Afghanistan**

The OIC Executive Committee met in Jedah in January to consider the situation in Afghanistan following the Taliban decision to close down schools and universities for girls and women and prevent women from working in all national and international NGOs. The communique of the meeting reaffirmed solidarity with the people of Afghanistan and stated, inter alia, that education is a fundamental right, which all individuals must enjoy on the basis of equal opportunity and in a non-discriminatory manner. It expressed its disappointment at suspension of female education in Afghanistan and the ban on women from working in NGOs and called upon the Taliban to abide by the provisions of the international human rights covenants, particularly regarding the rights of women, children, youth, the elderly and people with special needs. It also called upon the Afghan authorities to strive towards reopening schools and universities for girls and women and allowing women to exercise their rights and contribute to the social and economic development of the Afghan society.

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