

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.

## EDITORIAL

The killing of two Chinese nationals in Quetta grabbed the headlines in Pakistan last week. Subsequently, the government has taken measures to streamline regulations that guide the issuance of visas to Chinese nationals. There were several bomb blasts in Pakistani cities of Quetta and Parachinar, killing nearly 70 people and injuring many. On the economic front, Pakistan reportedly received FDI worth \$161 million from China (out of a total of \$ 295) in May 2017.

## COMMENTARY

### Securing Chinese interests in Insecure Pakistan: Challenges Ahead

*Priyanka Singh\**

Two Chinese nationals in their 20's were abducted from Quetta in Balochistan province on May 24 by men disguised as security personnel. Both were brutally murdered a few days later and the ISIS claimed responsibility for their killing. The purpose of the deceased Chinese nationals' visit to Balochistan is still not clear though the initial reports noted that they could either be engaged in teaching Mandarin or learning Urdu. However, in a high-level meeting, the Interior Minister, Choudhry Nisar Ali Khan, said that according to information received by him, the two were involved in 'preaching instead of business activities'.

The incident was underplayed by Hua Chunying, spokesperson of Chinese Foreign Ministry. She

categorically rejected any link between the killing and either the Belt and Road Initiative (BRI) or the SCO summit. At no point she blamed Pakistan or its dismal internal security situation for the abduction and murder of the two Chinese nationals.

Both Pakistan and China have taken care to project that the killings will not impact bilateral ties. However, there are explicit concerns regarding procedural mechanism that is being followed in issuing visa by the Pakistani government. The government of Pakistan has now decided to review and perhaps tighten the visa policy for the Chinese citizens. It is noted that the deceased Chinese nationals obtained a business visa in Beijing before proceeding to Quetta on the pretext of learning Urdu from a South Korean national Juan Won Seo, owner of ARK Info Tech. Interior Minister Chaudhry Nisar Ali Khan proposed maintaining a data base of Chinese nationals present in the country by the National Database Registration Authority (NADRA) and asked NADRA to share it with all security agencies.

Attacks on Chinese nationals in Pakistan and PoK (Pakistan occupied Kashmir) are not new. The Chinese government has taken such attacks in its stride, taking care not to express its concerns regarding the safety of its nationals working in various projects in Pakistan openly. The uneasiness in bilateral ties that usually occurs in the aftermath of such incidents are always handled with absolute care.

In 2007, for example, when vigilantes from the Red Mosque sieged a Chinese massage parlour and held Chinese nationals working there hostage, there was a quiet but "stern protest" from Beijing. This had

prompted the Musharraf government that was previously oblivious to the activities of the Red Mosque to launch 'operation silence' in order to set the hostages free. In the 2013 grisly terror attack at a base camp near Nanga Parbat in Gilgit Baltistan, Chinese mountaineers were amongst several other foreign nationals killed. At this point also, the Chinese had reportedly asked Pakistan to "severely punish" those who were involved in the killing, without raising the issue publicly.

The latest episode is, therefore, reminiscent of past incidents where Chinese workers and nationals are targeted. The anti-China sentiments are particularly soaring high in Balochistan. The persisting conflict in Balochistan is a fight not just for the political rights of the Baloch people but also about resources and local ownership. Over a period of time, the Chinese stakes in Balochistan have increased and reached an all-time high with Gwadar being the centre of gravity of the much-hyped China Pakistan Economic Corridor (CPEC). The ethnic Baloch have resisted Pakistan's move to provide China unfettered access to what they consider their own resources and land. The Baloch resistance was evident when the administration of Gwadar Port was handed over to China in 2013. The Baloch people have also resented the award of contract of the Saindak mines in the Chagai Hills to the Chinese Metallurgical Construction Group (MCG).

Security of Chinese workers is an abiding concern of the Pakistani state. Considering the fact that Pakistan is a country so deeply infested with variety of terror groups, security of Chinese-aided projects and protection of the Chinese workers have remained a predominant concern of Pakistan's security agencies especially given the deep strategic relationship between the two countries. Raising a multi-billion dollar worth economic corridor in an acutely restive belt has remained a perceptible concern despite showcasing CPEC as a grand inter-connectivity development project. Nonetheless, behind the "all weather" friendship, there are underlying apprehensions about how to safeguard the Chinese nationals working in several projects. As a pre-requisite, China has, quite understandably, sought repeated reassurance from Pakistan regarding the safety of its nationals. In this context, Pakistan has decided to raise two brigades dedicated exclusively to protect CPEC and the Chinese workers involved in the project.

The latest killing of Chinese nationals is amongst a series of incidents that have shaken up Sino-Pak bilateral equations. Such incidents may not, however, dent this strategic partnership, which is deeply steeped in mutual interests. The problem, however, is that militancy and violence have been so intricately interwoven in the societal and political structures of Pakistan that in the wake of such attacks it becomes difficult to demarcate where the state ends and the so called "non-state" begins. The unceasing romance of the Pakistani state with terrorist elements (the so called non-state actors or good jihadis) has made the society too malevolent to be effectively controlled by the security managers of the state.

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## THE WEEK AT A GLANCE

### ECONOMY

#### **Pakistan among top remittance recipients**

Asia is the originating region of the highest number of migrants, 77 million, with 48 million of them remaining within the continent, and annual remittances to the Asia-Pacific region increased by 87 per cent during the past decade, reaching \$244 billion, according to a report released by the International Fund for Agricultural Development (IFAD). Of the total global remittances, 80pc are received by 23 countries, led by China, India, the Philippines, Mexico and Pakistan. The most dynamic growth in remittances over the past decade has been in Asia, which now receives 55pc of all flows. The amount of money migrants send to their families in developing countries has risen by 51pc over the decade far greater than the 28pc increase in migration from them.

<https://www.dawn.com/news/1340279>

#### **Chinese FDI increases in May**

Foreign Direct Investment (FDI) in Pakistan rose to \$295 million in May, up by 154% from \$116 million in to the same month of the previous year. Cumulatively, FDI increased by 23% to \$2.03 billion in the first 11

months (Jul-May) of the ongoing fiscal year compared to \$1.65 billion in the same period of the previous year, according to data released by the State Bank of Pakistan (SBP). China leads the list of individual countries pouring investment in Pakistan in the first 11 months (Jul-May) of the current fiscal year with \$879 million, up by 34% from \$657 million in the same period last year. In May alone, the country received net FDI of \$161 million from China.

<https://tribune.com.pk/story/1441550/china-dominates-fdi-increases-154-may/>

### **Exports to Afghanistan drop by over a quarter in a year**

Pakistan's exports to Afghanistan fell by a significant 27 per cent over the past one year, thanks to growing mistrust between the two countries as well as downgrade of NATO presence in the war-ravaged nation. For the first time, the commerce ministry of Pakistan admitted that frequent closures of the Pak-Afghan border had also contributed to the steady decline in exports to the neighbouring country. Another reason was the diversion of Afghan trade to Iran. Pakistan's exports to Afghanistan had reached an all-time high of \$2.4bn in 2010-11. It remained over \$2bn annually in the subsequent two years 2011-12 and 2012-13. Since then, exports started to dwindle and hit \$1.43bn in 2015-16. In the first quarter of the current fiscal, exports were recorded at \$362.5 million. It clearly reflects that the annual exports to Afghanistan will now be around \$1bn when the figure for the 2016-17 was finalised. Contrary to this, imports from Afghanistan have witnessed a growth of 26pc as it reached \$409m in 2015-16 against \$323m in the previous year.

<https://www.dawn.com/news/1340270>

### **Tackling power crisis may cost govt dearly**

The government may be heading towards a series of liquidity damages and swelling capacity payments as it works towards ending power cuts by the end of the year. Official documents seen by Dawn suggest that even though the government has lined up imported Liquefied Natural Gas through independent bidding, it is having

difficulties in the off-take of these quantities due to infrastructure bottlenecks. On the other hand, the country's power generation capacity is expected to outperform demand by the end of October for the first time in over a decade. Surplus power generation would continue during the winter months (between October 2017 and March 2018) and would even out in April, May and June 2018, when demand and supply would reach an equilibrium around the 25,000 megawatt-mark.

<https://www.dawn.com/news/1340385/tackling-power-crisis-may-cost-govt-dearly>

## **POLITICS**

### **Pakistan starts fencing of Afghan border in trouble zones:**

Fencing along the Pakistan-Afghanistan border has commenced in an effort to improve the security situation along the international boundary, according to Inter-Services Public Relations (ISPR). The construction of the fence will take place in two phases. In the first phase, the 'high-infiltration prone' border areas in Bajaur, Mohmand and Khyber agencies will be sealed off; while in the second phase, the fencing of the remaining border areas of Balochistan will take place, the ISPR statement said.

<http://dailytimes.com.pk/pakistan/21-Jun-17/pakistan-starts-fencing-of-afghan-border-in-trouble-zones>

### **New visa regulations for Chinese unveiled**

The government of Pakistan introduced new regulations in its visa regime, at least in three categories of business visa, work visa and visas on arrival, for Chinese nationals as part of its efforts to ensure maximum security for the Chinese visiting Pakistan. The step was taken as part of the last week's decision of the ministry to streamline and strictly regulate its visa regime for Chinese following the abduction and subsequent killing of two Chinese nationals, as claimed by ISIS in Balochistan.

<http://nation.com.pk/national/22-Jun-2017/new-visa-regulations-for-chinese-unveiled>

## SECURITY

### JF-17 shoots down Iran's spy drone

Pakistan Air Force shot down an Iranian spy drone flying in Panjgur airspace. The incident is first of its kind in the history of two Islamic countries, which share a 900-km-long porous border.

<http://nation.com.pk/national/21-Jun-2017/jf-17-shoots-down-iran-s-spy-drone>

### CTD seeks ban on 25 websites spreading 'terrorism, extremism'

The Counter-Terrorism Department of Sindh police has prepared a consolidated list of websites, web pages and social media accounts spreading extremism and terrorism. The CTD has written a letter to the Pakistan Telecommunication Authority, Federal Investigation Agency and other authorities for closing/banning of such websites, web pages and social media accounts to foil the designs of banned militant organisations. "We have identified 25 such websites, which were involved in spreading religious and ethnic extremism and terrorism," said Additional IG Dr Sanaullah Abbasi heading the CTD.

<https://www.dawn.com/news/1341033/ctd-seeks-ban-on-25-websites-spreading-terrorism-extremism>

### 13 killed in suicide attack on Quetta's Gulistan road

At least 13 people including five policemen lost their lives, while 19 others were injured in a suicide blast that shook Shuhada Chowk in Quetta's Gulistan Road area on June 23, morning. Security was tightened across the city following the attack.

<https://www.dawn.com/news/1341271/13-killed-in-suicide-attack-on-quettas-gulistan-road>

### Multiple attacks on the eve of Eid stun Pakistan

Bombs targeted civilians and security personnel in Parachinar and Quetta on June 23, Friday, leaving at least 100 people dead and over 200 injured. Two blasts in Parachinar in a crowded market accounted for 85 dead and about 200 wounded. The first bomb went off as people were shopping for Eid and the second bomb was detonated when people gathered at the explosion site to carry out rescue work. Jamaat-ul-Ahrar, a splinter group of the banned Tehreek-i-Taliban Pakistan (TTP) and, the militant Islamic State group claimed the responsibility.

[https://www.dawn.com/news/1341425/multiple-attacks-on-  
eid-shoppers-cops-stun-nation](https://www.dawn.com/news/1341425/multiple-attacks-on-eid-shoppers-cops-stun-nation), & <https://www.dawn.com/news/1341501>

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