

This E-Bulletin focuses on major developments in Pakistan on a weekly basis and brings them to the notice of strategic analysts and policy makers in India.

EDITOR'S NOTE

The London meeting of the PML-N was the most important highlight of this week. Shehbaz Sharif's candidature for the 2018 election has helped PML-N to resurrect itself as a strong political party and a strong contender in the next election. Though Gen Bajwa's remark on the economic performance continued to occupy media attention, the Sharifs remained the big story of Pakistan politics. The current account deficit for July-September jumped 117.3 per cent year-on-year, reflecting the country's rapidly growing trade imbalance. The government paid \$8bn in debt servicing while the current account deficit amounted to \$12.4bn in 2016-17. Finance Minister Ishaq Dar's performance will remain under the scanner as he has been implicated as part of the ongoing investigation in the Panama paper leaks.

COMMENTARY

The End of the Nawaz Era?

*Dr Ashok K Behuria**

The Nawaz era seems to come to a close. It goes to Nawaz Sharif's credit that he preferred his party to his own personal interests. Perhaps he had no other option. The alternative would have been to be guided by his (and his daughter's) concerns about possible marginalization in case he passed on the leadership baton to either his brother Shahbaz Sharif or someone else within the party. That would have been suicidal, especially when those steering the accountability process appear to be in an unprecedented hurry to convict him and his immediate family members in the

disproportionate property case unearthed by the Panama-leaks case.

Shahbaz Sharif now enjoys the confidence of the party. Nawaz' decision in London on October 29, to anoint Shahbaz as the leader of PML-N was partly forced on him. He wanted to avert the threat of a possible split in the party. It all ended well. With Shahbaz as leader and prime ministerial candidate of the party in the 2018 elections, the PML-N remains in the reckoning. Imran Khan now has to go beyond his minus-Nawaz campaign and look for some other catchy slogan to stay politically relevant.

His decision to face the accountability court was a bold move. This showed Nawaz's grit and political fortitude. He wants to fight it out rather than seek early retirement as a political exile in London. The unpredictable twists and turns in Pakistani politics will determine whether he will go down as a martyr or a hated convict at the end of the accountability process. That he has considerable popular sympathy has been partly proved in the victory that his wife scored in the NA 120 by-election, in September, earlier this year.

Shahbaz has been more conservative of the two Sharif brothers. His son Hamza has also been more circumspect than her cousins-- especially Maryam, whom Nawaz would have liked to choose as his successor because his son, Hussain and Hassan, do not have as much political ambition. Maryam's rather pumped-up and undiplomatic jibes at the deep state following NA 120 by-election betrayed her petulant and grumpy disposition, which is a liability in politics. Shahbaz and his son stuck to their position that it was not necessary to antagonize the military and this cut ice within the party. Had it been a normal democratic country, Maryam's tactics would have passed muster. In

a country beholden to the military it was courting needless risk.

There is a strong perception that Nawaz's ouster was scripted in the GHQ by the military leadership. One would have expected Gen Qamar Javed Bajwa, whom Nawaz chose as the chief disregarding pressures from unseen quarters to extend ex-army chief Raheel Sharif's tenure for another term, to be more lenient towards him. On the face of it, Nawaz was undone by a bolt from the blue—the Panama-leaks, which led to a political ruckus (rather circus) Nawaz did not make any serious attempt to resolve politically.

Finally, it landed up in the Supreme Court of Pakistan which ordered an investigation and disqualified Nawaz in July. It is rumoured that the spy agencies played a critical role in swaying the decision of the joint investigation team against Nawaz Sharif and the courts had little choice other than to disqualify him. There are many in Pakistan who see some nexus between the military and judiciary to topple Nawaz, who had earned the wrath of the military by disregarding military's advice on national security issues and advocating a soft line on India. Whatever it is, Nawaz fell a victim to his careless and defiant attitude towards life and politics.

With Shahbaz at the helm, the party has to take the next big decision to choose the chief ministerial candidate for Punjab-- the most consequential state for PML-N. Hamza may not be acceptable to Nawaz's family and to elder political leaders within the party. Anyone else managing the show in Punjab may be politically counterproductive to the Sharifs.

The political maelstrom that took Nawaz Sharif by surprise has started affecting the fortunes of the party that he had managed to keep together as a strong political force over the last three decades by striking opportunistic yet successful alliances with feudal leaders on the one hand and conservative religious groups on the other. Neither machinations by a military dictator nor populist politics by a reborn political maverick like Imran could unsettle PML-N in Punjab. Now that the military dominated system has managed to shame and dethrone Nawaz, it remains to be seen whether this alliance will continue to thrive under Shahbaz's leadership or collapse like other editions of Muslim league in the past.

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THE WEEK AT A GLANCE

POLITICS

Pak, US come close cautiously

Pakistan and the United States (US) are hoping to trust each other after a verbal war that threatened to end the reluctant alliance forever. Senior officials at the foreign ministry told The Nation that the two nations were holding each other's hand cautiously due to the below par confidence level. "The problem with both the countries is that they can't live without each other and can't trust each other. They are finding a way out to use one another and keep moving," a senior official, privy to Pak-US relations, said. He said the Pak-US ties normally hang over a media statement. "If the US praises Pakistan, we start celebrating and if they say something unpleasant, we start to mourn. There is a dearth of trust despite decades of partnership," he said.

<http://nation.com.pk/16-Oct-2017/pakistan-us-come-closer-cautiously>

Army chief has every right to comment on country's economic situation: Abbasi

Prime Minister Shahid Khaqan Abbasi has said a chief of army staff has every right to discuss or comment on the economic condition of the country. "The army chief has expressed his opinion. He went to address an economic forum ... everyone does that," the prime minister maintained in an interview to a private TV channel, in the backdrop of a recent controversy which started following Gen Qamar Bajwa's remarks during a seminar on economy. The prime minister clarified that there was no tension in the civil-military relations. "I agree with ISPR chief. Every decision must be taken by the parliament and according to the constitution. If democracy is attacked the country will suffer," he said.

<https://dailytimes.com.pk/126303/army-chief-every-right-comment-countrys-economic-situation-abbasi/>

US wants to build ties with Pakistan: Pence

The US on Wednesday reaffirmed the importance of relations with Pakistan and said it would like to further build this relationship for peace and prosperity of the region. US Vice-President Mike Pence telephoned Prime Minister Shahid Khaqan Abbasi and thanked the

government of Pakistan and praised the professionalism of Pakistan Army and intelligence agencies for swift response and safe recovery of US national Caitlin Coleman, her husband Joshua Boyle and their three children.

<https://dailytimes.com.pk/127307/us-wants-build-ties-pakistan-pence/>

Court indicts Sharif family for corruption

An accountability court on Thursday indicted former prime minister Nawaz Sharif, his daughter and son-in-law in the London properties reference. The same court will indict Mr Sharif in another reference, related to Flagship Investments and other offshore companies, on Friday (today). Accountability Court Judge Mohammad Bashir indicted Mr Sharif in the Avenfield Properties and Al-Azizia Company references through his pleader, while charges against Maryam Nawaz Sharif and retired Captain Mohammad Safdar were framed in their presence. The Sharif family, meanwhile, pleaded not guilty, claiming that they were denied the fundamental right to a fair trial.

<https://www.dawn.com/news/1364934>

ECONOMY

No need for IMF at the moment: Dar

In blistering remarks at the first public appearance since his indictment on corruption charges, Finance Minister Ishaq Dar tried on Monday to dispel the impression that the country is facing an economic emergency and will need to return to the International Monetary Fund (IMF) soon because of depleting foreign exchange reserves. Mr Dar also dismissed all suggestions that he was disengaged from his job due to the pressure of the court case against him as well as all talk of a possible resignation. “The party and the prime minister will decide about my resignation,” he said when specifically asked the question. “Just wait,” he said haltingly while gesturing nervously with his hand. “You will get your answer.” The event was held at the Federal Board of Revenue (FBR) headquarters. The minister was flanked by Special Assistant to Prime Minister on Revenues Haroon Akhtar and FBR Chairman Tariq Pasha. “There is no need to go to the IMF at the moment,” he claimed,

pointing to foreign exchange reserves of \$14 billion.

<https://www.dawn.com/news/1364334>

Khattak to monitor CPEC projects himself

Khyber-Pakhtunkhwa Chief Minister Pervez Khattak said he would head a monitoring committee to ensure accelerated work on circular railway and other communication projects under the China-Pakistan Economic Corridor (CPEC) initiative. The implementation and monitoring committee would monitor the process of implementation of different phases of the projects and would ensure quality of work. The committee would comprise representatives of federal and provincial governments, the chief minister said while presiding over a meeting that focused different projects under the CPEC, including the circular railway, inter-connectivity of six districts, Chashma Lift Irrigation Scheme, commercial rate fixation of University Town and other projects.

<http://nation.com.pk/18-Oct-2017/khattak-to-monitor-cpec-projects-himself>

Govt takes \$450 loan to prop up sliding forex reserves

Pakistan has obtained a \$450-million short-term foreign commercial loan from a Credit Suisse-led consortium of banks aimed at arresting the slide in official foreign currency reserves that have depleted \$4.4 billion in just one year. The consortium consists of Credit Suisse AG, United Bank Limited and Allied Bank Limited, sources in the Ministry of Finance said on Thursday. They did not disclose the interest rate that the government would pay on the short-term facility. It is the third loan agreement that Pakistan has signed with Credit Suisse in the past five months, indicating its growing dependence on an unusual source of foreign financing. Earlier, the finance ministry signed two agreements for a loan of \$650 million with Credit Suisse on June 7 and May 18.

<https://tribune.com.pk/story/1536093/govt-takes-450m-loan-prop-sliding-forex-reserves/>

Current account deficit swelled 117pc in Jul-Sep

The current account deficit for July-September jumped 117.3 per cent year-on-year, reflecting the country’s rapidly growing trade imbalance. The State

Bank of Pakistan (SBP) reported on Friday the current account deficit in the first quarter of 2017-18 rose to \$3.55 billion compared to \$1.63bn a year ago. This indicates the mounting pressure on the economy because of ever-increasing foreign payments. Finance Minister Ishaq Dar said recently that the country needs \$18bn to meet foreign obligations during 2017-18. The government paid \$8bn in debt servicing while the current account deficit amounted to \$12.4bn in 2016-17.

<https://www.dawn.com/news/1365138>

SECURITY

Hunt for kidnappers: Four troops martyred in Kurram IED attack

An army officer and three Frontier Corps personnel were martyred as three IEDs exploded in the border village of Kharlachi in the Kurram Agency, prompting security forces to shut the Pakistan-Afghanistan border on Sunday. According to Inter-Services Public Relations, the military's media wing, the border security forces were looking for accomplices of the men that kidnapped a Canadian-American family rescued by Pakistan Army on Thursday. The FC men were near the border check-post of Kewra when a powerful blast occurred.

<https://tribune.com.pk/story/1531861/four-fc-personnel-martyred-in-kurram-agency-ied-blast/>

'TTP militants' among six killed in US drone attacks in Paktia

Another drone attack on an alleged hideout of militants in the Pak-Afghan border region close to Kurram Agency killed six suspects on Tuesday. Sources said that Umar Khalid Khorasani aka Abdul Wali, the chief of the outlawed Jamaat-ul-Ahrar (JuA), was wounded in the drone strike that took place in Afghanistan's Paktia province. He was moved to an unknown location by his accomplices. On Monday, a drone strike killed 14 suspected militants associated with the Afghan Taliban

and the Haqqani network in the same border region. Later, the area was pounded by jet fighters which targeted alleged hideouts of the militants.

<https://www.dawn.com/news/1364510>

7 martyred in suicide hit on police truck

A suicide bomber rammed his car into a police vehicle Wednesday morning in Quetta, killing six police officials and one civilian. Balochistan Home Minister Sarfraz Bugti confirmed the death toll, saying the elite police were targeted as they headed to work during morning rush-hour, at 8:25 am. The minister said that 21 others were injured in the attack on Sariab Road near Darakhshan Railway Phaatak, while a police official put the number of wounded at 25. Later in the day, unidentified gunmen shot dead CTD Police Inspector Abdul Salam at Qambrani Road of the provincial capital, said police. Talking about the Sariab Road attack, Bugti said that a car rammed the police vehicle before catching fire, adding it was "apparently a suicide attack".

<http://nation.com.pk/19-Oct-2017/7-martyred-in-suicide-hit-on-police-truck>

Tide of terrorism 'reversed', Pak tells D-8

Pakistan on Friday told the D-8 that through a comprehensive strategy and unwavering resolve, the country has successfully turned the tide against terrorism, as it sought enhanced trade and economic partnerships with member states through stronger rail, road, air and sea links, a win-win for all. "We faced unrelenting terrorism emanating from instability in our neighbourhood and the environment in the region and beyond. However, as a result of a comprehensive strategy and unwavering resolve, Pakistan has successfully turned the tide," Prime Minister Shahid Khaqan Abbasi said while addressing the opening session of 9th D-8 Summit being hosted by Turkey in Istanbul.

<https://dailytimes.com.pk/128305/tide-terrorism-reversed-pakistan-tells-d-8/>

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