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Pakistan

USING DIPLOMACY AS A TOOL BY YASMEEN AFTAB ALI

Uri Dubinin, Professor of the Department of Diplomacy of MGIMO-University of the RF MFA, Ambassador Extraordinary and Plenipotentiary of the Russian Federation defines the role of diplomacy beautifully, “What is the art of diplomacy? While the art of war lies in the ability to claim victory through the force of arms, the art of diplomacy aims to achieve the goals set through peaceful means. It is, therefore, the antithesis of using force to solve international problems. In the art of diplomacy, it is the international community’s accumulated experience that serves as a weapon, as does – and herein lies the essence of it – an innovative, creative approach to problems arising. It is on the basis of this that one acts to provide a solution.”

The first step to successful diplomacy is information gathering. Talks with representatives of other nations must be based on effective information gathering. Only with reliable information can a situation be intelligently assessed and a practical narrative developed for discussions on any emerging situation or area of mutual interest. Smart diplomacy intelligently evaluates the extent to which the concession another may be willing to give in negotiations of any nature. It needs shrewd deductions.

Pakistan lacks a coherent, long-term view on issues that reflects in its poor diplomatic efforts-if any. Governments come and governments go, the thrust towards issues involving nations remains even- of course needing periodic assessment based on emerging situations. War in neighboring Afghanistan is weakening Pakistan as a modern state, policies that are more India-centric than focusing on using diplomacy as a tool to develop better relations in the region as well as internationally makes her muddle her way through emergency situations more on ad hoc basis than based on any long-term strategy.

“Pakistan needs to get out of its in-depth strategic cliché vis-à-vis Afghanistan that has at long last proved to be neither here nor there. How fallacious it was can be seen by the fact that first the Taliban terrorists used Pakistan as their strategic depth and now India has found its strategic depth in Afghanistan to negate Pakistan’s regional importance.” (Wajid Shamsul Hasan, June 15, 2016)

International relations must be based on national interests. There are no permanent

friends or permanent enemies. With Afghanistan, Pakistan has been unable to step out of the paradigm of Cold War era. The ground realities now are different. Different policies or a combination of policies are needed to redefine the relationship.

Pakistan's lack of strong policies are pushing her in a cocoon where she stands regionally and internationally isolated. This is an unhappy situation. Signing of Chabahar Port Agreement by Afghanistan, Iran and India indicates the frustration by the three neighbors towards achieving success in having trade and business with Pakistan. 'The development of the port of Chabahar expands a trade route for the land-locked countries of central Asia that bypasses Pakistan.' (Local newspaper May 23, 2016)

Sir Ernest Satow, author of well-known Guide to Diplomatic Practice, writes, "Diplomacy, is the application of intelligence and tact to the conduct of official relations between the Governments of independent States, extending sometimes also to other relations with vassal States."

Yet Pakistan has yet to appoint a full-fledged Finance Minister, relying instead on Sartaj Aziz, and trained economist with Tareq Fatemi a former diplomat as a junior de facto foreign minister. The Foreign Minister (as the portfolio is with Nawaz Sharif) with the Prime Minister are on a long leave from the country, often photographed shopping at Harrods. "The inadequacies in the Foreign Office appear to be in sync with Sharif's way of running his government where short-term expediencies continue to dominate long-term interests. Since late last month, Sharif has been in London, where he underwent open-heart surgery and is now recuperating. His absence from Pakistan has triggered uncomfortable questions over exactly how the business of the state ought to be run without the prime minister." (Gulf News, June 28, 2016)

Diplomacy needs to be flexible. It must. One must choose one's battles and every battle is not fought with bullets. Gaining trust of other nations' key figures is mandatory to develop a relationship that leads to more listening than demanding. However, by firing salvos of hate and arrows tipped with vituperative poison, how can such individuals gain the trust of host nations where appointed to represent their country? Hussain Haqqani, Pakistan's former Ambassador to Sri Lanka and United States says, "Diplomacy requires flexibility. If a nation binds itself to ideology, flexibility in diplomacy suffers. Since Ayub era, we have an ideological commitment to determining friends and enemies. There is no pragmatism. The most effective diplomats are those who are deemed friends by other countries. But our discourse marginalizes anyone who is liked by those we describe as enemies (Israel, India) or unreliable superpower (US). How can a diplomat who speaks against others be the one to gain their favor? However, the irony is that the moment a Pakistani diplomat earns the trust and friendship of foreigners; he

comes in for attack and abuse at home. Our ideological disposition completely precludes cooperation with India or Israel and we assume that anyone who is a friend of 'kuffar' is not reliable. Moreover, we cannot simply repeat our national narrative to others. They have their own interests and views. Diplomacy requires acknowledging their interests and not denying completely that they know something too. Denial of facts known to all is lying, not diplomacy.”

Talking to a very senior diplomatic friend, I was struck by one thing he said. Pakistan's government, in his opinion should have cultivated a coterie of intelligent people including diplomats and writers. Each group talking in favor of different countries. An extended arm of the government foreign office aimed at developing relationship with and winning confidence of key people there to gain information and assess that information for Pakistan's diplomatic efforts to further her national interests.

Pakistan's foreign policy is unconditionally been formed by the circumstances it came in creation. However, high time the approach and narrative must change with ground realities.

Source: <http://www.pakistantoday.com.pk/2016/07/04/comment/using-diplomacy-as-a-tool/>

PAKISTAN: FLAWS OF FOREIGN POLICY | EDITORIAL

Dr Maleeha Lodhi, Pakistan's Permanent Representative to the United Nations, has recently termed US drone strikes illegal while addressing an important session on global counterterrorism strategy at the UN General Assembly. She stressed upon for the immediate cessation of these strikes that violate fundamental rights and territorial integrity of sovereign states. Moreover, she also added that such strikes promote extremism and add fuel to the fire.

The ambassador's stance is quite valid given the fact that drone strikes have resulted in nothing but misery and despair for the affected areas in FATA. The locals are unable to get a good night's sleep due to the sound of drones hovering over, fearful where the next attack could be.

However, the main issue remains that some areas in FATA were hotbeds of terror activities until recently, and militants assimilated themselves amongst the locals over the years. Hence, it became a precarious task to identify potential terror suspects. Pakistan's views on drone strikes are morally strong, but there has been a great degree of hypocrisy in this regard. In the past, civilian and military officials publicly condemned drone attacks for face-saving purposes, as it was widely known within certain sections of the international community that the strikes had discreet backing of Pakistan's state officials.

The state's security apparatus directly consulted with the US forces on when and where to conduct the drone strikes. Furthermore, the state also provided the US with Shamsi Airbase in Balochistan for the same purpose. There were high risks involved in carrying out the strikes given the fallout resulting from collateral damages. However, defence experts have pointed out that the strikes were far more accurate than carpet-bombing or air force based aerial strikes due to their high precision rate.

Pakistan's role in the War on Terror is highly appreciative, but here is another example where elements of the state remained in a denial mode similar to the stance on drone strikes.

An example of Pakistan's reluctance to act in honesty is the investigation of the 2008 Mumbai attacks. The recent demand of Pakistan government to its Indian counterpart to "provide more evidence" is the manifestation of Pakistan's ambivalence in its policies regarding the India-centric terror. The horrific Mumbai tragedy is a case of many complexities in which the state initially denied that the Lashkar-e-Taiba could be behind the dastardly attacks that shook the world. Former Director-General FIA Tariq Khosa, who headed the team probing the attacks, discussed in detail — in an op-ed written for

Dawn in August 2015 — how the militants planned, coordinated and carried out the attacks from their base of operations in Karachi.

Hence, Pakistan needs to clearly come out of dualism, and remain a responsible state in the international community. The policy of protecting the so-called “strategic assets” has failed and would continue to fail to be of any long-term advantage, and steps need to be taken for stronger defence and foreign policies. Drone strikes are indeed unhelpful in reducing the menace of extremism, but the state needs to define its core objectives in a subtle and transparent manner before anyone else gets a chance to point fingers.

In full recognition of Pakistan’s status as a sovereign state that has its national interests as the core of its foreign policy, and in acceptance of the long-term redundancy of the drone strikes as a workable terror deterrent, Pakistan stands at a point today where the most important thing for its stability is the need to take stock of its foreign policy and the inherent flaws of its diplomatic designs.

Source: <http://dailytimes.com.pk/editorial/05-Jul-16/pakistan-flaws-of-foreign-policy>

KASHMIR: INDIA, PAKISTAN AND THE US BY DR GHULAM NABI FAI

“Is it true Narendra Modi just boarded a flight to visit India?” Tweeted a critic of Indian Prime Minister’s globe-trotting jaunts. “Welcome home, Pradhan Mantriji! How long will you be staying this time?” was another tweet dipped in sarcasm. Modi has already been to 33 countries just this year alone. The Donald Trump of South Asia, the man out to make India great again, a nationalist and a sectarian, divisive at home but the man with the grand plan on the global stage, on June 7, 2016, Modi marked his fourth visit to the US since taking office in 2014.

The joint statement of Modi and President Barack Obama on the occasion, noteworthy for its lack of any real substance, in part says, “...the leaders reviewed the deepening strategic partnership between the United States and India that is rooted in shared values of freedom, democracy, universal human rights, tolerance and pluralism, equal opportunities for all citizens, and rule of law.”

So much opium for the masses. Public rhetoric has become a masquerade, a kind of camouflage to disguise less desirable truths. It is an interesting and perhaps appealing thought that Modi would be sitting around contemplating universal human rights and other eternal verities with major foreign leaders, but I’m sure we would be hard pressed to find such attention to any real agenda. It is classic speech-making in its calling forth of the highest virtues of mankind, and there are indeed certain appearances to be maintained, but when we see what is going on behind the scenes, it’s quite a different story.

In a speech to the United Nations in September 2015, President Obama said, “There are those who argue that the ideals enshrined in the UN charter are unachievable or out of date — a legacy of a postwar era not suited to our own. Effectively, they argue for a return to the rules that applied for most of human history and that pre-date this institution: the belief that power is a zero-sum game; that might makes right; that strong states must impose their will on weaker ones; that the rights of individuals don’t matter; and that in a time of rapid change, order must be imposed by force.”

Such a speech would have been quite appropriate on June 7, 2016. It is an interesting statement that reflects a number of countries in the world whose territories are either occupied or under direct attack, whose human rights are constantly violated, and where civil society is restricted by the ever-present terror of living with foreign troops. And none could be more conspicuous than Kashmir.

While I am convinced that President Obama is sincere in expressing such views, I am deeply dismayed that he would not utter a word even in private to Prime Minister Modi,

his guest, about India's imposition of such conditions on Kashmir. Are we in such a rush for profits from business ventures that we can just walk away from our basic values?

The US was once considered a shining example to the rest of the world of what democracy can mean, and yet now we see a complete breakdown of this grand vision at its very source that awakened generations of people to hope for real change. What is the significance of an alliance when universal principles, democratic values and human rights are completely ignored?

US alliance with India is somewhat convoluted when considering the broader picture. Of supreme importance is China, and US specifically takes into consideration China's relationship with Russia. US neocons have long had both Russia and China in their sights. Both countries represent a threat to America's economic and political dominance in the world. The alliance between the US and India, therefore, has to be viewed as tactical rather than strategic.

India's attitude toward Pakistan has to be viewed in such a context as well. Obviously, still quite hostile on the surface, Prime Minister Modi's remarks during his speech to the US Congress blamed Pakistan for much of the terrorism in the world. Since 1950, China has been a close ally of Pakistan, and has stood with Pakistan on Kashmir. Yet Prime Minister Modi's warm embrace of Pakistan's Prime Minister Nawaz Sharif late last year also needs to be taken into account in trying to understand what the long-term strategy of India is, if it can be understood at all. Perhaps the gesture was genuine, and on the other hand, possibly nothing more than propaganda, nothing more than frosting on a wedding cake that was never intended to be eaten.

The future of Kashmir, of course, is deeply linked to the fate of India-Pakistan relationship. A closer friendship between India and Pakistan, with agreements for trade and cooperation, would give Kashmiris some hope. It would give us all a sense that dialogue would eventually drift toward the crucial issue of Kashmir. But deeper ties between India and the US certainly constrains the latter's hand in addressing any concerns regarding India's human rights violations in Kashmir, which makes for a difficult future without much hope for change in the near outlook. While India could rejoice for its deeper relations with the US, this was hardly a reason for optimism for Kashmir. Money and morality tend to be quite incompatible, wear different robes, and have different rituals.

When the joint statement reaffirmed the two leaders "support for a reformed UN Security Council with India as a permanent member," President Obama conveniently overlooked the fact that the United States was the principal sponsor of the resolution the Security Council adopted on April 21, 1948, which states that the future of Kashmir shall

be decided by the people. How can India become a member of the Security Council when she has not fulfilled the commitment that she made to Kashmir at this Council?

There is no question that human rights in international affairs has almost no standing unless it can be usefully served as a weapon against those who refuse to go along with the game plan. Human rights are now apparently completely ignored among those who do go along, particularly when successful business opportunities are at hand.

Kashmiris have no other option but to reinforce their resolve in raising these issues along with the promise of self-determination at every forum where possible. The world must constantly be reminded of Dr Martin Luther King's statement, "History will have to record that the greatest tragedy of this period of social transition was not the strident clamour of the bad people, but the appalling silence of the good people."

The writer is Secretary General, World Kashmir Awareness, and he can be reached at gnfai2003@yahoo.com

Source: <http://dailytimes.com.pk/opinion/05-Jul-16/kashmir-india-pakistan-and-the-us>

PAKISTAN'S FOREIGN POLICY; 21ST CENTURY APPROACH BY QURATUL AIN FATIMA

The challenges of twenty first century in a strategically important country like Pakistan are indeed daunting. Pakistan's geo strategic location opens door for both opportunities and tests given the politically embroiled and war torn neighbourhood. The main challenges like energy crisis, extremism, terrorism, economic decline have impeded the effectiveness of foreign policy. However, during the past three years, Pakistan under the leadership of Prime Minister Muhammad Nawaz Sharif has remained steadfast in its engagement and cooperation with the international community to fulfil its aspirations for development, peace and security. An overview of three years performance will not only give a deep insight into the present doctrines and their impact but also suggest future possible actions.

Pakistan is desirous of peaceful resolution of all disputes under the UN charter and international law. Through prudent economic diplomacy, It has been able to successfully engage with the world in trade and commerce, seeking market access for its goods and developing healthy economic partnerships. Securing GSP Plus status for duty free access of Pakistani exports to EU countries in December 2013 is a success story of this approach. Pakistan highly values its relations with European Union as a major trading partner. Presently, the government is working on strengthening cultural and educational linkages through the presence of a large Pakistani Diaspora in Europe.

A new narrative wedded to the cause of promoting peace in the region and creating economic linkage for a shared prosperity has been evolved. Pakistan has been making strenuous efforts in promoting Afghan-led and Afghan-owned reconciliation in Afghanistan and fostering cooperation between the two countries in fighting terrorism. The recent border management agreement with Afghanistan is also the achievement of present leadership. Pakistan believes that a new coordination mechanism between Pakistan and Afghanistan, comprising their foreign ministers and national security advisers agreed upon during talks with Afghan Foreign Minister Salahuddin Rabbani in Tashkent on the sidelines of the Shanghai Cooperation Organisation meeting and despite some hic-ups along the way there is a renewed hope of getting things back on track.

The exponential enhancement of economic relations with China under the umbrella of China-Pak Economic Corridor is another testimonial of the success of the new vision. Pakistan has become full member of the SCO, ground breaking ceremony of TAPI and CASA 100 has finally been performed, and relations with Russia have been put on a higher level. The foregoing are verifiable developments and the country undoubtedly is far better off than in May 2013. There is a discernible change in all spheres of the

national life. The ambience of gloom has been transformed into vibrant optimism. These are all very auspicious developments and would go a long way in boosting the already buoyant economy.

Pakistan's intensive diplomatic lobbying, including Prime Minister Nawaz Sharif personally writing to 17 prime ministers, prevented India from gaining entry into the Nuclear Suppliers Group (NSG) which is on record. The NSG failed to reach consensus on India's membership application after several members of the international nuclear trade cartel insisted on adhering to the Non-Proliferation Treaty (NPT) condition for admission.

India and Pakistan are the two non-NPT states aspiring for the membership of the 48-member international nuclear trade cartel. Pakistan stance in this regard is that if India being a Nuclear Non-Proliferation Treaty (NPT) member is given waiver in this regard then Pakistan is also entitled for the same waiver as both the countries fall in the same criteria. The absence of a consensus on the matter proved to be a major diplomatic setback for India and its backers especially the US, Japan and some other Western countries, which appeared to be in a hurry to get India admitted to the group.

In the changing new dynamics of foreign policy, traditional rivalries and hostilities between countries are gradually turning into economic relationships. In the contemporary world, countries prefer the goal of shared economic prosperity and human development over their centuries old intractable disputes. Channels of dialogue and negotiations are kept open and the economic interests of countries take precedence over hard-core ideologies.

Most analyst hold view that 21st century is the century of Asians. In our part of Asia we have two economic giants India and China and share border with both. Pakistan due to its proximity is bound to have spill-over implications of their policies especially because of Sino Pak strategic partnership and friendship. Pakistan needs to put aside its India centric approach in new arena and make a thorough assessment of its current foreign policy and weigh its losses against the benefits. For this to happen, civilian and military officials have to shun their differences and provide space to each other's viewpoint. Present government is well aware that a strong economy, political stability, abundant energy and a satisfactory law and order situation would attract foreign investment, thus building new economic and diplomatic partnerships with other countries is top most priority. Moreover, Pakistan needs active lobbying in powerful countries to push for its interests. A flexible and pragmatic foreign policy would definitely revive Pakistan's lost status in the world.

Source: <http://dailytimes.com.pk/pakistan/06-Jul-16/pakistans-foreign-policy-21st-century-approach>

US, PAKISTAN AND AFGHANISTAN | EDITORIAL

Cooperation is key

With war weariness having become a dominant feeling in the US and Europe, Afghanistan faces an uncertain future. The Taliban control more of the country than at any time since the US invasion in 2001. What is more they are on the offensive. The situation worries on the one hand the US and its allies and on the other Pakistan.

President Obama, who wanted to end the longest US war in history during his tenure, has been forced to announce adjustments in his original troop plans; keeping 8,400 soldiers in the country when he steps down early next year. Meanwhile a high level Afghan delegation led by President Ghani is in Poland to attend the Nato summit in Warsaw. The Afghan government wants a comprehensive five-year financial and military assistance program to support its fight against terrorism.

The visit by the US bipartisan group of senators led by Senator John McCain was aimed at making an assessment of the operation in North Waziristan and of Pakistan's efforts to contain terrorism. Another reason was to find how far Pakistan was willing to go against the Afghan Taliban and the Haqqani network.

Adding to what Sartaj Aziz had called sequencing the operation, Gen Raheel Sharif explained that as consolidation goes on and operational dividends are optimised for Pak-Afghan border region, Pakistan will not allow anyone to use its soil against Afghanistan. He also assured the Afghan government that Pakistan will undertake all efforts to protect the integrity and sovereignty of Afghanistan but expects the same level of commitment from the neighbouring country.

Cooperation between Pakistan and Afghanistan is the key to peace in the region. What stands in the way are mutual suspicions which will not disappear with mere promises. Most Afghans believe that Pakistan is using its proxies to continue the civil war to have a government of its choice foisted on the Afghans. Pakistan thinks the Afghan government is helping India implement its hegemonic agenda in the region. Unless Pakistan takes action against Afghan Taliban and Haqqanis and the Afghans are careful about Pakistan's sensitivities the suspicions will persist.

Source: <http://www.pakistantoday.com.pk/2016/07/10/comment/us-pakistan-and-afghanistan-2/>

KASHMIR UNREST SPARKS PAK-INDIA DIPLOMATIC SPAT BY KAMRAN YOUSAF

ISLAMABAD: The fresh wave of violence triggered by the killing of a young Kashmiri separatist leader in the disputed Himalayan state has sparked a diplomatic spat between Pakistan and India.

Pakistan summoned on Monday India's high commissioner to lodge a formal protest over human rights violations in the disputed region following the killing of Burhan Wani, the 22-year-old commander of Hizbul Mujahideen militant group. But New Delhi was quick to dismiss Islamabad's protest as 'interference in its internal affairs'.

Foreign Secretary Aizaz Ahmed Chaudhry summoned Indian envoy Gautam Bambawale to the Foreign Office and conveyed Pakistan's serious concerns over the recent killings in Kashmir.

Indian-administered Kashmir continues to seethe since the killing in a police encounter of Wani, who was a known poster boy for the Kashmir separatist movement. Violence in the disputed territory has since claimed 30 lives. Pakistan strongly condemned Wani's extrajudicial killing and has sought investigations into his and other civilians' deaths in the disputed valley.

The foreign secretary told the Indian envoy that the use of excessive force against innocent civilians protesting peacefully over extrajudicial killings "is deplorable and a blatant violation of the right to life, right to freedom of expression and opinion, right to peaceful protest, right to peaceful assembly and other fundamental rights", according to a statement issued by the Foreign Office.

He denounced the firing by Indian security forces on peaceful protesters, resulting in the killings of 30 innocent people and injuring more than 300, 50 of them critically. "Such brutal use of force is not acceptable under any circumstances," he added.

Chaudhry called for a fair and transparent inquiry against individuals responsible for these killings.

"It was emphasised that oppressive measures cannot deter the valiant people of the Jammu and Kashmir from their demand of exercising their right to self-determination in accordance with the UN Security Council resolutions," the statement added.

The foreign secretary reiterated Pakistan's call on the Indian government to fulfil its human rights obligations as well as its commitments under the United Nations Security Council Resolutions to resolve the Jammu and Kashmir dispute.

In a knee-jerk reaction, India warned Pakistan late Monday not to meddle in its 'internal matters'.

"We have seen statements from Pakistan on the situation in the Indian state of Jammu and Kashmir. They reflect Pakistan's continued attachment to terrorism and its usage as an instrument of State policy," India's External Affairs Ministry spokesperson Vikas Swarup said in a statement.

"Pakistan is advised to refrain from interfering in the internal affairs of its neighbours."

However, Foreign Office spokesperson Nafees Zakaria dismissed the Indian assertion insisting that Kashmir was a disputed matter. "The dispute of Kashmir has international recognition. It is not an internal matter of India. Such an assertion is a violation of UN Security Council's Resolutions," Zakaria told The Express Tribune. He said the current situation in the Indian Kashmir, in particular and the indigenous movement for self-determination was a manifestation of what Kashmiris wanted.

"They are resisting against the Indian occupation of their territory and want to exercise their right to self-determination.

They want United Nations Security Council to implement the resolutions on Kashmir dispute and fulfil their promise."

Aggressive diplomacy

Pakistan has decided to launch an 'aggressive diplomacy' against India in wake of the current unrest in Kashmir.

A senior Foreign Office official told The Express Tribune that the government has directed all diplomatic missions, particularly those in key world capitals, to brief the host governments about the current situation in Kashmir.

The official while requesting anonymity said the ongoing unrest shows there has been indigenous freedom movement going on in Indian occupied Kashmir. He insisted while rejecting claims and accusations in the Indian media that Pakistan was stoking violence in the valley.

Published in The Express Tribune, July 12th, 2016

Source: <http://tribune.com.pk/story/1139796/kashmir-unrest-sparks-pak-india-diplomatic-spat/>

PRELUDE TO THE SINO-PAKISTANI DIPLOMACY BY DR AHMAD RASHID MALIK

The history of an indispensable partnership

Today Pakistan and China enjoy a cordial relationship free of all doubts. Facts go back to their pre-diplomatic encounters. The purpose of this study to focus on these realities that helped in building a solid relationship between the two nations especially in the 1960s.

The creation of Pakistan on 14 August 1947 was totally in contrast with the liberation of the People's Republic of China (PRC) that took place on 1 October 1949, exactly before 25 months and 14 days as an independent dominion out of the partition of British India. Both countries' emergence wrote distinctive chapters in history and geostrategic significance on world's map.

Pakistan altered the geography of South Asia and created a modern-liberal Islamic State to promote democracy, rights of people, and economic well-being. It was a struggle against imperialism and colonialism too against British imperialists and Hindu bourgeoisie who want to maintain their domination because of their numerical majority of Hindus once the BritishRaj would come to an end.

The inception of Pakistan was regarded as an ideological State to promote the cause of Islam and Muslims all over the world. Over one million Muslims were massacred in East Punjab and other districts in India on the eve of Partition. It was a bloody civil war. Rehabilitation of refugees from India into the newly independent State of Pakistan, financial crunch and external security threats posed by India, inter-alia, were its primary concerns and challenges. Therefore, preservation of its ideological orientations, ensuring territorial integrity, and achieving economic imperatives, and strengthening world peace counted as fundamental objectives of Pakistan's foreign policy.

The PRC was created through a bloody revolution. Hundreds of thousands of people laid down their lives for seeking liberation and establish a Communist State. It was the most successful peasants' revolution ever happened in Asia that changed the course of history. The cause of completion of its Communist revolution slightly remained unfulfilled because of the separation of Kuomintang nationalists under Chiang Kai-shek who declared the Republic of China (ROC), challenging Mao Zedong's Communist declaration.

The split gave a set back to the cause of the people's Communist revolution. This was PRC's immediate challenge, which is well reflected in China's foreign policy since its inception. A large number of Western countries opposed the creation of the People's

Republic of China (PRC) and supported the Republic of China (ROC) and established ties with it. The fundamental objectives of Chinese foreign policy were peaceful co-existence and equality of development.

Pakistan accepted the geographical fact that China, Communist or otherwise, is a neighbour to which it must learn to live. It was like the dictum of the first post-war Japanese Prime Minister Shigeru Yoshida that “red or white, China remains our next-door neighbour.” The same was Pakistan’s wisdom who entered into diplomatic ties with Communist China without any bilateral historical dispute.

Pakistan was not convinced that China was a threat to South Asia. Pakistan took advantage of its close geographical proximity with China. Pakistan was not seeking Chinese protection against India or any other foe. Rather the purpose of the Pakistan-China rapprochement was to build peace in Asia. Mutual understandings were so clear that Pakistan did not need to sign a non-aggression pact with China. It was Pakistan’s bilateralism with China with many of its positive contours. The mutual goodwill and equality laid the foundation stone of the Sino-Pakistani ties.

Pakistan well-read Chinese strategic mind set. China was the largest populated country with abundance of human and natural resources bordering Pakistan. It was a blessing in disguise rather than a security concern. China’s poverty was the result of its exploitation by the West and imperial Japan. China’s liberation was a matter of jubilation for Pakistan.

Similarly, China also well understood the importance of Pakistan. It was the largest Islamic State, bordering Sinkiang Autonomous Region of western China. The stability of Pakistan was thus linked up to the stability of Sinkiang. At the time of independence of Pakistan, some quarters floated the idea of an independent Sinkiang to create another sister Islamic country on the north-west border of Pakistan.

Pakistan did not pay heed to this idea and tried to remain consistent with idea of “One China”. These initial feelings of goodwill strengthened mutual and common understanding on the vital question of China’s integration. China was in search of security because of severe internal pressures and found that part of its security lies just on its border with Sinkiang in Pakistan. Therefore, Pakistan became an instrumental in ensuring security for China on its western border if all divergences were addressed.

Pakistan had an early desire to cultivate good relations with Central Asian States. Pakistan also regarded Sinkiang as a greater part of Central Asia and ancient Silk Road. This is evident in the poet-philosopher Allama Muhammad Iqbal’s ideas. After eastern and southern China, Sinkiang formed the greater part of Silk Road and its culture intermingled with the rest of Silk Road countries such as present-day Pakistan, Afghanistan, Central Asian Republics, Iran, and Turkey. The ethnic origin of Uygur

people is Turkic. The Mughal dynasty in India and Urdu language also traced their origin with Turks. This commonality of ethnicity fostered people-to-people understanding between Pakistan and China.

As Central Asians were an integral part of the Soviet Union but the border was just 20 km from Pakistan Himalayan district of Chiral to Tajikistan and relations with the former Soviet Union could not warm up for one or other of reason. Pakistan found it ultimately a good opportunity to cultivate good relations with China as Uygur culture and people were closer to Pakistan culturally and religiously speaking.

At the same time, Pakistan adopted a policy of non-interference in the affairs of Sinkiang. Moreover, these principles encouraged Pakistan and China to foster cultural relations and Sinkiang had been the focal point to foster cultural understanding between Pakistan and China.

Pakistan and China were indispensable natural partners even before the established diplomatic relations. It was relationship that was supposed to be matured. The pre-diplomatic encounters such as historical and geo-strategic gave impetus to the foundation stone for laying a firm and solid relationship between the two countries in the 1950.

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Source: <http://www.pakistantoday.com.pk/2016/07/12/comment/prelude-to-the-sino-pakistani-diplomacy/>

THE COLD WAR: PAKISTAN'S 'OBSESSION'? BY DR QAISAR RASHID

If any situation appears to give even a delusion of the possibility of a political discord between any two major countries, the first words Pakistani intelligentsia — ranging from retired military generals participating in TV talk shows to the aspiring candidates for passing the examination of central superior services — utter are the “Cold War.” The adjective “new” is added to historically differentiate any fresh political dissonance from the one dubbed as the Cold War that continued for four decades from 1949 to 1989 between the US and the former Soviet Union.

Interestingly, the major war as per its duration and multiplex nature that Pakistan experienced after its birth was the Cold War. One reason Pakistani intelligentsia is obsessed with the Cold War may be that it helped Pakistanis do nothing but take sides and play second fiddle to the power Pakistan was allied with. The trappings of the alignment were affluence, weapons and prominence. The second reason may be that it empowered Pakistanis in two different ways: nationalistic and ideological. As per a given situation, Pakistanis became entitled to declare any dissenting voice of a fellow Pakistani either a traitor or an apostate, the ultimate fate of which was death.

In those four decades, Pakistan kept on practising the same. Old habits die hard. Pakistan still persists with them but the stock of justifications is fast running out. Instead of doing away with the maladies that somehow devoured thousands of Pakistani lives, Pakistani intelligentsia have been waiting for a new Cold War since 1990 to take place in the region to benefit Pakistan in some form. Pakistanis who reaped the benefits of the Cold War — whether politically, religiously or institutionally — still wish for its recurrence.

When the US and its allies attacked Afghanistan in October 2001, one of the theories bandied about in Pakistan was that the attack would herald the beginning of a new Cold War. However, the regime in Kabul was changed, the Taliban fled away, an interim government was installed, and general elections took place twice in Afghanistan, but no signs of any new Cold War appeared to rescue the Taliban or take the revenge of the past. Russia remained reticent and disinterested. Even the late General Hameed Gul kept waiting for a decade to let the new Cold War start in the region but nothing of the sort happened. Contrary to Gul's peddled prophecies, the US did not dig wells to tap any ounce of hidden oil from Afghanistan's land, nor did the US excavate Afghanistan's mountains to extract precious stones and metals. Similarly, the US did not declare Afghanistan an alternative place to a would-be independent valley of Kashmir to construct a mega-monitoring centre to look over the whole region of Central Asia, including activities of China and Russia. All hopes to revel in the possibility of a new Cold War in the region have yet not been fulfilled.

When a disagreement appeared between the US and Russia on Syria in October 2011, the time the Syrian crisis broke out, and in September 2015 when Russia defended the regime of the Syrian President Bashar al-Assad from crumbling under any external or internal pressure, the proponents of the new Cold War again became vocal in Pakistan. Instead, Russia started pressurising the Syrian regime to figure out a political solution to the crisis. However, in November 2015 when a Turkish air force jet shot down a Russian jet near the Syria-Turkey border, the proponents again became sure of the beginning of a long overdue Cold War. However, in June 2016, Turkish President Tayyab Edroğan who was siding with the US apologised to Russia over the downing of the Russian jet, and with that the hopes for the new Cold War shattered again.

Any US-China disagreement appearing in the Pacific Ocean, especially in the South China Sea, also raises hopes for the beginning of the new Cold War, this time between the US and China to include Pakistan as well. Pakistani intelligentsia have a firm belief that India is willing to act as a handle of the door the pivot of which lies in the South China Sea. Whether or not the pivot theory enthralls Indians, Pakistani intelligentsia thinks that the US intends to use India to counterbalance China in the region. This point is further supported by the argument that this was the main reason why the US offered a nuclear energy deal to India in October 2008 and not to Pakistan. It is not known how many times India has been used in the past to contain China; similarly, it is not known if Indians who are endeavouring to make India an economic giant are ready to afford a conflict with China to appease the US. However, it is known that in September 2008 when the US sought exemptions for India from the Nuclear Suppliers Group (NSG) to let the US and some other countries enter into nuclear commerce with India for civilian nuclear fuel and technology, China did not veto the exemptions. The then US president George W Bush had telephonically persuaded the then Chinese president Hu Jintao to allow India exemptions. Similarly, it is known that in September 2014, Chinese President Xi Jinping pledged to invest US \$20 billion in India over five years, including setting up two industrial parks. India is still trying to persuade China to let it enter the NSG in the near future.

Unfortunately, the countries famous for launching a Cold War have changed their survival tactics. First, they have learnt that countries falling in their bloc feed on the conflict and seep away their resources. Secondly, any troublesome incident affecting their Cold War ally would be blamed on them. Thirdly, they have made Pakistanis inured of the Cold War. Hence, they have learnt to keep the doors of negotiations and alternative options open, and keep on disappointing Pakistani intelligentsia.

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Source: <http://dailytimes.com.pk/opinion/13-Jul-16/the-cold-war-pakistans-obsession>

CRITICALITY OF WATER: THERE ARE NO DOVES IN PAKISTAN BY M ZIAUDDIN

Pakistan seems to have decided to move the International Court of Arbitration (ICA) to restrain India from building two major hydropower projects on rivers assigned to Islamabad under the Indus Water Treaty. An eight-member delegation led by Secretary Water and Power Mohammad Younas Dagha has recently returned from India after having final talks on resolving the dispute bilaterally or to seek arbitration.

Pakistan's experience with both international forums - neutral expert and ICA - has not been satisfactory for varying reasons and outcomes, partially due to domestic weaknesses, including belated decision-making. Pakistan first challenged Baglihar Hydroelectric Project before the neutral expert and then Kishanganga Hydroelectric and Wuller Barrage before the ICA.

An official has been quoted by the media as having said that Pakistan now again felt its water rights were being violated by India on two rivers, the Chenab and Jhelum, through a faulty design of 850MW Rattle Hydropower Project and 330MW Kishanganga Hydropower, respectively. He is further quoted to have said the government had originally decided to take up the matter at international forums provided in the 1960 treaty in December 2015 but the process was delayed for unknown reasons. He said even two US law firms, Three Crowns and Willams & Connelly, had been selected at the time.

Both Pakistan and India have already declared their failure to resolve the issues pertaining to the designs of Kishanganga and Rattle hydropower projects at the Permanent Commission of Indus Waters (PCIW). Pakistan believes Kishanganga's pondage should be a maximum of one million cubic meters instead of 7.5 million, intake should be up to four meters and spillways be raised to nine meters.

On Rattle, Pakistan has four objections. Freeboard should be one meter instead of two meters, pondage should be a maximum of eight million cubic meters instead of 24 million, and intake level should be at 8.8 meters and spillways at the height of 20 meters. It believes the Indian design of Rattle project would reduce Chenab flows by 40 per cent at Head Marala and cause a profound irrigation loss to crops. The Rattle dam is believed to be three times larger than the Baglihar dam.

The India-Pakistan water dispute started immediately after the subcontinent was partitioned to form the two countries in 1947. The dispute is serious not just because it concerns water, but also because of the ongoing political rivalry. The Indus Water Treaty, which was signed in 1960, has remained intact for more than 55 years even

during periods of unrest. Under the treaty, India gained control over the Sutlej, Ravi, and Beas rivers, while Pakistan received control over Chenab, Indus, and Jhelum. However, since the Pakistan-controlled rivers first flow through India, in the background of mutual hostility and suspicion between the two countries, Pakistan believes that the water scarcity that they experience is somehow attributable to India.

The Indus Water Treaty, at the time, was the best option that both countries could get after a long negotiation of eight years. It wasn't the best treaty, but it was the only one that was acceptable by both. As time passed, increased water needs have put new demands on both countries. In order to address the current situation, the treaty needs to be amended, but this doesn't seem likely because of recurring conflicts and ongoing bilateral tensions.

One of the reasons why Pakistan suffers greatly with respect to water is because of its weak lower riparian status. Also, the country does not have a good supply-side management structure. This results in wastage of almost 35% of its water resources. An imbalance in water distribution across Pakistan is also another reason for some areas getting less water than required.

For a long lasting solution to the water problem, the Indus water Commissioners must learn to trust each other. Rather than a source of conflict, both countries must start looking at water as a source of cooperation. Though it may not immediately solve any problems, the change in narratives will definitely have an impact in thinking for the future.

The following excerpts from a piece on the issue by an expert put the matter in its right perspective: "Because the relationship was not normal when the Indus Water Treaty was negotiated, Pakistan would agree only if limitation on India's capacity to manipulate the timing of flows was hard-wired into the treaty. This was done by limiting the amount of 'live storage', the storage that matters for changing the timing of the flows, in each and every hydropower dam that India would construct on the two rivers. While this made sense given the knowledge in 1960, over time it became clear that this restriction gave rise to a major problem. The physical restriction meant the gates for flushing silt out of dams could not be built, thus ensuring that any dam in India would rapidly fill with silt off the young Himalayas. This was a critical issue at stake in the Baglihar case. Pakistan stated that the gates being installed were violation of the specification of the treaty. The finding of the neutral expert was essentially a reinterpretation of the treaty, saying that the physical limitation no longer made sense. The finding in the case of Baglihar left Pakistan without the mechanism - limited live storage--which its only, albeit weak-protection against upstream manipulation of flows in India. This vulnerability was driven home when India chose to fill Baglihar exactly at the time when it would impose maximum harm on farmers in downstream Pakistan. If Baglihar was the only dam being

built by India on the Chenab and Jhelum, this would be a limited problem. But following Baglihar is a veritable caravan of Indian projects - Kishanganga, Sawalhot, Pakudul, Bursar, Dul Huste and Gyspa. The cumulative live storage will be large, giving India an unquestioned capacity to have a major impact on the timing of flows into Pakistan (War or Peace on Indus? By Briscoe John - The Southasian idea).

The surface water resources of Pakistan mainly consist of flows of the Indus River and its tributaries, which bring in about 138 million acre feet (MAF) of water annually. The Indus River alone provides 65% of the total river flows, while the share of Jhelum and Chenab is 17 and 19%, respectively. The alluvial plains of Pakistan are blessed with extensive unconfined aquifer, with a potential of over 50 MAF, which is being exploited to an extent of about 38 MAF by over 562,000 private and 10,000 public tube-wells. Due to enormous amounts of sediments brought in by the feeding rivers, the two major reservoirs - Tarbela and Mangla - have already lost their storage capacity, by 25%, which has further aggravated the water-availability situation.

Since agriculture is the major user of water, therefore sustainability of agriculture depends on the timely and adequate availability of water. The increasing pressures of population and industrialisation have already placed greater demands on water. Though, once a water-surplus country with huge water-resources of the Indus River System, Pakistan is now a water-deficit country. At present, the annual per capita water-availability in Pakistan is about 1,100 cubic meter (m³); below 1,000 m³, countries begin experiencing chronic water stress. The situation in Pakistan indicates that the country is nearing conditions of a chronic water stress. Meanwhile, the gap between demand and supply of water has increased to levels creating unrest among the federating units.

In Pakistan agriculturally inefficient irrigation uses up 97 per cent of the country's water resources to support one of the lowest productivities in the world per unit of water. Pakistan's excessive cultivation of water intensive cash crops like sugarcane has increased stress on water. Thirtyeight per cent of Pakistan's irrigated lands are water logged and 14 per cent are saline; and saline water has intruded into mined aquifers in Pakistan. There exists an alarming level of decline in water tables in Balochistan, and an increased reduction in sweetened water in the lower Indus basin. It seems an accepted fact that the Indus Basin irrigation system, the only source of water in Pakistan is vulnerable and there exists a need to explore alternative water resource development and management techniques. Dams are losing their ability to supply water. For example, the Tarbela Dam has lost 30 per cent of its storage capacity since the 1970s and now retains so little water that irrigation supplies are often threatened.

According to the Asian Development Bank report, Pakistan is one of the most water stressed countries in the entire world. Pakistan is likely to be classified as water-scarce

country soon. Pakistan draws a lot of water from its existing reserves, thus putting the country in great danger of water shortages in the future. According to the Asian Development Bank, the water storage capacity of Pakistan amounts only to a 30 day supply, significantly lower than the 1000 days that is recommended for countries that have a similar climate.

Source: <http://www.brecorder.com/articles-a-letters/187:articles/66949:criticality-of-water-there-are-no-doves-in-pakistan/?date=2016-07-20>

SCO MEMBERSHIP & PAKISTAN BY MARYAM NAZIR

Pakistan last month signed the Memorandum of Obligations (MoOs) at the SCO Summit in Tashkent to obtain the full membership of Shanghai Cooperation Organization. The process of granting full membership of SCO to Pakistan got underway in Ufa during Prime Minister Nawaz Sharif's visit in July last year. Since its inception in 2001, SCO has emerged as a regional force, gaining key place in the Asian security dynamics. Two of its members Russia and China are the permanent members of United Nations Security Council. The Shanghai Cooperation Organization (SCO) being a Eurasian political, economic and military organization has the vision to counter three evil forces: separatism, extremism and terrorism in the region.

Besides increased military cooperation among member states, the organization has been working on economic issues with particular concerns towards energy security for the entire region. After Pakistan, the prospective entrance of Afghanistan, Belarus, Mongolia, India and Iran as permanent members in coming years, the SCO might evolve into an even more important player in world politics by going beyond its regional reach. SCO's permanent membership opens up various gateways of opportunities for Pakistan. The economic and political interests of SCO are now expanding to the South Asian region. The main focus of SCO is on non-traditional security challenges, the fragile situation in Afghanistan, issues of regional stability and economic development. Regional powers have the utmost desire to transform this region into trade hub by using historic routes that includes Pakistan and its neighbouring countries.

On diplomatic front, SCO's permanent membership for Pakistan diversifies its foreign policy options, enabling it to play more effective role in the regional stability. Also, the vision of SCO of combating separatism, extremism and terrorism is very close to the counter-terrorism narrative of Pakistan. SCO countries have been tackling issue of terrorism through institutionalised platform; and Pakistan can help contribute its efforts proposing a joint regional framework for the experience it holds in this regard.

Seeing the conflictual situation of South Asia, inclusion of Pakistan and India in SCO certainly calls for efforts in maintaining regional peace and stability. There are issues specifically between South Asian powers i.e. India and Pakistan which are preventing an environment of cooperation and harmony to exist. The Umbrella presence of SCO could help reduce tensions, urging states to observe 'Shanghai Spirit', hence playing a constructive role in South Asia.

Pakistan has added value, to be a permanent member of SCO, due to its strategic and geographical location. Pakistan is considered a natural ally of SCO, for its ideal location and as a source of regional economic integration. The significance of Pakistan as

permanent SCO member is based on the Pakistan's potential as a viable trade corridor for the landlocked Central Asian Republics, China and other members. Chinese assistance in developing the China-Pakistan Economic Corridor in Pakistan (CPEC), developing Gwadar Port and Kashgar as special economic zones, upgrading the Karakorum Highway (KKH) and linking Gwadar with Kashgar and Central Asia via the KKH, are steps being taken with the SCO's efforts to create trans-continental overland connectivity. At the moment, Pakistan alone can promise an economic turnaround to the entire region.

Situation in Afghanistan is one of the main concerns of SCO member states. The fragile and volatile Afghanistan is a threat to the plans laid out for regional stability and cooperation by SCO. Russia and China have been supportive of establishment of peace in Afghanistan. However, these states consider Pakistan as a key stakeholder in the Afghan situation. Pakistan has stated peace as incumbent to the development in Afghanistan, calling the process to be Afghan led and owned. Also, as Afghanistan wishes to be a member of SCO, it has to fight this menace as a contribution to regional cooperation. And stable and peaceful Afghanistan holds altogether a different meaning for SCO as it would then be a country which could contribute positively to its regional ambitions.

While evaluating Pakistan's case, it has all the requisite credentials — a constructive role in Afghanistan, successful campaigning against terrorism, extremism and separatism, promising and prospective energy and trade corridor for the region, historical and cultural ties with Central Asian Republics, close strategic and economic ties with China, and growing relations with Russia — that supports Pakistan's enhanced presence at the SCO.

SCO membership would enhance Pakistan's stature in the diplomatic ranking of the region, provided Pakistan plays its cards well. SCO is much bigger platform and has proven its effectiveness in conflict resolution and prevention mechanisms. Pakistan can consider SCO as an alternate forum to resolve its disputes with India. SCO membership can address Pakistan's regional interests related to security architecture specifically, enabling it to acquire an important position in SCO's 2015 to 2025 vision. However, Pakistan must prepare itself to avail opportunities offered by SCO through best diplomatic means.

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Source: <http://pakobserver.net/2016/07/24/sco-membership-pakistan/>

PRO-WOMAN LAWS | EDITORIAL

About time

Progressive legislation, even when triggered by persistent needless tragedy, is welcome. But surely PML-N realises that getting a parliamentary committee to agree on anti-honour killing and anti-rape bills is only one small step in a long process. It must now prepare for the usual right-of-centre onslaught, especially from clerics who have opposed such reforms for years. However, having won points for initiative and optics, the ruling party cannot afford a replay of March, when the Anti-Honour Killing Laws Bill and Anti-Rape Laws Bill were presented at a joint session of parliament, only to be bulldozed by the mullah lobby.

Also, a few points need clarification. The admissibility of DNA in rape cases, for example, which has been disputed by the Council of Islamic Ideology (CII). For one thing, it is unclear how the government reconciles with the Council's position on the matter. For another, it is also unclear whether DNA will be considered primary or secondary evidence. Then there is the matter of implementation of these laws. Even if it passes the joint session of parliament shortly, getting these laws implemented in letter and spirit will be another challenge. How the government follows through on its promises on these matters will be a crucial part of the national narrative; which should show zero tolerance towards such regressive tendencies in society.

It is sad, once again, that it takes death and disgrace for the government to act. In a country where an average of 500 girls are killed in the name of honour every year, and hundreds more are raped without hope of justice, the government needs to act with great urgency to ensure provision of basic rights to women. This is a far cry from the Fort of Islam that Pakistan was supposed to be, where everyone's rights would be protected. The government is already very late in floating this legislation. Now it must make sure it serves its purpose.

Source: <http://www.pakistantoday.com.pk/2016/07/23/comment/pro-woman-laws/>

ISLAMABAD NEEDS NARRATIVE AGAINST US-INDIA NUCLEAR DEAL BY IKRAM JUNAIDI

ISLAMABAD: The Nuclear Suppliers Group (NSG) was created in reaction to the nuclear test conducted by India in 1974 but now efforts are being made to give NSG membership to New Delhi. However, it has become difficult for India to join the group as Pakistan has also applied for membership.

This was stated by former law minister and senior lawyer Ahmer Bilal Soofi at a workshop, “Violation of the Non-Proliferation Treaty (NPT)” on Thursday. The workshop was organised by the Strategic Studies Institute Islamabad (SSII) in collaboration with the Research Society of International Law.

Mr Bilal said though Pakistan’s case was strong, it should make its move under the cover of the law. Laws are used as a reference for all sorts of actions against any country.

Expert says Pakistan should base efforts to protect its interests on international nuclear law

“Though the use of law increases the impact of foreign policy, there is no trend to study the law. We are ready to die for Kashmir but unfortunately we never bother to carry out a research on it,” he said.

“In the current situation, a country cannot start a war with another country without an excuse of self-defence. So laws such as the NPT have become very important,” he said.

Mr Bilal said the NPT was created in the 1960s and the International Atomic Energy Agency (IAEA) is responsible for its implementation.

“According to the NPT, a country cannot give nuclear weapons or provide assistance to any other country to produce such weapons. Nations which do not have nuclear weapons cannot acquire them. Whenever a country wants to use nuclear energy, the IAEA checks it,” he said.

“We have got some equipment from Canada and China for the civilian use of nuclear energy but the IAEA officials keep on visiting the country to ensure that these are not used for military purposes,” he said.

“In the US-India nuclear deal, the chances of diversion from civilian to military have increased. So we need to study the law and incorporate it in all the steps taken by the government against it,” he said.

“We should launch courses in universities and law colleges to understand the nuclear law of the NPT. The IAEA is also ready to support such programmes.” He said the nuclear law cannot be left at two officers of the Ministry of Foreign Affairs to deal with. India has 30 to 40 lawyers in its foreign office while the UK has around 200. Similarly, other countries also have lawyers in their foreign offices.

Mr Bilal said countries possessing nuclear weapons should be recognised as nuclear states otherwise Pakistan cannot sign the NPT.

“India is getting nuclear assistance from the US, which is a threat for Pakistan. The balance of weapons should not be changed otherwise Islamabad will also try to increase its arsenals. We have to build a narrative against the US-India nuclear deal,” he said.

SSII Director General Dr Shireen Mazari said there was a need to study the law and get awareness about it because the government cannot defend its case without having experts on nuclear laws.

“While India and the US have a nuclear deal, we could not build up our case. The deal was a clear violation of the NPT but we could not take a stand and thought that if New Delhi entered into a deal, Islamabad would also get one, without realising that the US would never treat us at a par with India,” she said.

Currently, Pakistan, India and Israel have not signed the NPT and we should ask for a nuclear state status saying the NPT has been violated by the US, she said.

In reply to a question, Dr Mazari said both the bureaucracy and the establishment did not want to come out of their narrow thinking and never wanted to get an advice from those who possessed knowledge about the issue.

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Source: <http://www.dawn.com/news/1273888>

DEMOCRACY IS FUTURE OF PAKISTAN BY UMME HAJIRA

ROLLING back democracy is talk of the town these days as the drawing room politics seems busy in spreading rumours that serious differences between the democratically elected government and the establishment are leading to a head-on collision. They say Gen Raheel has not contacted Prime Minister Nawaz Sharif even once to enquire after his health after his return from London following his open-heart surgery and government circles were concerned about this situation. The government circles were sure that the Army Chief would pay a courtesy visit to the Prime Minister and bring a bouquet for him as a goodwill gesture, but it didn't happen. This development, they say, caused anxiety in government ranks. It was taken as strange that the two most important figures of the country did not have any contact over the past 11 days. However, all these apprehensions and anxieties proved only speculations. The nation witnessed that the Prime Minister chaired a high level security meeting in Islamabad in which the Chief of Army Staff was the main participant.

In the background was the example of the recent coup against Turkey's elected government staged by the Turkish military. Many in Pakistan started feeling the heat of a possible military coup, with a difference that the coups in Pakistan have never failed. They made comparisons with the Turkish military and drew conclusions that the coup there was ill-planned and there were divisions within the ranks of the brass. However, the majority here in Pakistan, like the people of Turkey, favours democracy.

We must understand the fact that democracy is our future and this understanding has also reached the top levels of dispensations. Democracy is by a long way the most interrogating form of government for the people and the government, it's a harmony in which every individual is treated equally. It promotes everyone's loyalty and desires for everyone in the country. It's a procedure in which the fair-minded system is used for the voters. A system in which people should not be afraid of their government, they must be having freedom of speech, freedom to live according to their own legitimate ways.

The past history of Turkey and Pakistan has various similarities. Both faced four martial laws. Both hanged a Prime Minister. Both are embroiled in civil war in the neighbour: Syria in Turkey's neighbour and Afghanistan in Pakistan's neighbour. Both have the spill-over of the events. Both are hosting millions of refugees and therefore bearing the economic and social brunt. Militaries of both the countries have been intervening directly; both having the backing from Washington.

Why this time the coup failed in Turkey is because; the military hadn't put up the flaming attack. Secondly it failed to get support from the people; they came out in the streets and sacrificed their lives for the President and the democracy. Thirdly, Erdogan was able to use social media including WhatsApp and Mobile phones in order to mobilize the public. Although some of Erdogan's policies have been criticized, yet the Turkish President earns people's confidence by his bold decisions on reforms, strengthening economy and looking into the enemies eyes boldly and courageously.

Pakistanis draw lessons from their political leaders and divisions in the ranks and files on various counts and reasons. Successful governance, sober internal politics and foreign policy relations based on mutual benefits and economic interests are the key to prosper and block the possibility of a coup. Pakistan doesn't have a Foreign Minister that puts a question mark on its foreign policy agenda. One must hope what happened in Turkey will not be going to happen in Pakistan because the Turkish people seem satisfied with their government's policies, unlike Pakistanis. According to Imran Khan they would welcome dictatorship – God forbid.

But this dismay must not be for one reason or the other to roll back the entire democratic system. Political dispensation must build a capacity to mend its ways and bring in-house change if necessary. The meddling in affairs of other pillars of the state has time and again proved to be dangerous for the security and solidarity of the country. There has to be sustainable democracy.

Pakistan is now seemingly on a sustainable democratic path, the fact that has been recognized by many. Besides political stability, economic sustenance however is a need of the hour for our people's prosperity and country's security. A number of initiatives have been taken including the China Pakistan Economic Corridor, which are not only the focus of political government but also the military establishment has taken the task of its security. There is a hope of economic revival despite impediments in its way. A number of economic models have been followed to gain strength and stability but a system, democracy, that offers a comprehensive solution to the problems of people is indeed the best one to be followed in letter and spirit.

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Source: <http://pakobserver.net/2016/07/31/democracy-is-future-of-pakistan/>

RE-SHAPING EDUCATION | EDITORIAL

Given that it is going to take a generation to bring state education in Pakistan to anything on a par with most of the subcontinent, every little effort helps. Thus it is that we welcome recent developments in Punjab, which include a long overdue upgrade in the payscale for teachers in primary schools, and the recruitment of around 43,000 new teachers. There are to be 36,000 additional classrooms by 2018 and the power supply of 5,000 schools will be shifted to solar energy, which was overdue given the abundance of sunlight in Punjab generally. Punjab is partnering with the British Department for International Development (DfID), which is funding 5,000 of the new classrooms. An attempt at improving education quality by monitoring the performance of 5,000 poor-performing schools and transferring them to a public-private partnership if they fail to improve, is also welcome — but there are caveats.

That there is an education crisis is undeniable and it is not confined to a single province. There are again going to be cries that Punjab gets the icing on the cake and the other provinces have to make do with whatever crumbs come their way. To a degree this is true, but donors and governments look to spend their money wisely in straitened times. For DfID, putting British taxpayers' money into education in Punjab is a reasonably safe investment — there is a proven capacity to spend effectively, much of the money will actually get where it is supposed to go and not leak away via corruption (even though some will) and the downstream improvements are sustainable. Education improvements will now mean a better educated workforce down the line, with obvious economic and socio-cultural benefits — but in terms of national development, the divide between Punjab and other provinces is only going to widen unless similar interventions are made elsewhere. Sindh and Balochistan remain pitifully under-resourced educationally, Khyber-Pakhtunkhwa less so and we would be heartened to see an uptick in their educational fortunes in the near future as well.

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Source: <http://tribune.com.pk/story/1151383/re-shaping-education/>

World

THE WORLD AFTER BREXIT BY SHAHID JAVED BURKI

On June 23, voters in Britain, by voting 52 per cent to 48 per cent to exit the European Union, shocked the world — in particular, the global financial markets. The immediate effects of this momentous decision were far and wide. That the pound, the British currency, would take a beating and the London stock price would plunge was anticipated in case Britain voted to leave. What was not fully appreciated was that the consequence of this move would not just ripple across the world but generate a huge tidal wave. On June 24, the Dow Jones Industrial Average in the United States plummeted more than 600 points in one of the most harrowing days of trading in several years. The decline was even more dramatic in Europe and Asia, where major stock market values sank seven per cent or more. The combined world stock values shed \$2.5 trillion in value. This loss was equivalent to India's 2015 national income of \$2.1 trillion. There was further loss when the markets opened on Monday, June 27. While most of the indices picked up on Tuesday, it was clear that extreme volatility would persist until the political world on both sides of the English Channel decided how to handle the relationship of Britain with the European Union.

There was a virtual consensus among experts from the fields of economics and as well as political science about the main causes of Brexit, the move to take Britain out of the European Union. London was not an original member of the club — it had joined in 1973. A segment of the British population voted against those who had governed their country. Most western nations were ruled by elite that had drawn political comfort and economic benefits from the process generally referred to as globalisation, leaving the masses behind. The masses were now reacting on both sides of the Atlantic.

Much of the support for the less-than-normal candidacy of Donald Trump in the United States was coming from the same socio-economic class that prevailed in the United Kingdom that voted in favour of Brexit. The British vote has led to two developments that will have enormous consequences for the British Isles, for London's relations with other parts of the federation that make up the United Kingdom, for what kind of contacts Britain will have with the remaining members of the European Union, and how it would affect the special relationship London has enjoyed with Washington. Both, President Barack Obama and John Kerry, his secretary of state, have said that their country's relations with the UK will not change materially. They have thus reversed the earlier position when they were threatening to focus more on Europe than on Britain.

The first development is the great upheaval in the structure of politics in the country. The Conservatives and Labour are in the process of choosing their new leaders. David Cameron, who will remain as a caretaker until October 1, will be replaced by a much more conservative politician while Jeremy Corbyn, the Labour Party leader, is being challenged by the backbenchers in his own party. A vast majority of the Labour members of parliament have voted against their leader but the leader is refusing to bow out. Economic and political crises don't normally come together. Revolutions result when they do.

The second development is also troubling and unsettling. This relates to the relationship of the country's citizens with millions of migrants. Britain's large foreign community that makes up 10 per cent of its population is made up of three distinct communities: the people who began to arrive after London left its colonies in Asia and Africa, those from the relatively poorer countries in the eastern and southern parts of the European Union, and, more recently, tens of thousands of people who have come from war-torn countries in the Middle East and Afghanistan. There are significant numbers of people of the Muslim faith among the first and third groups.

As in America, Islamophobia is on the rise in Europe as well. In the West, there are popular movements directed at controlling the arrival of Muslims; Donald Trump gained a lot of popularity after announcing that he if were elected president, he would ban the entry of all Muslims into his country while undertaking serious surveillance of those who were already in.

Brexit, therefore, has raised the spectre of what one American political scientist called the "clash of civilisations." Those who lead such extremist movements as the Islamic State in Iraq and Syria and al Qaeda in several Muslim parts of the world would benefit from the application of Islamophobia in the West and its application to the making of public policy. These developments would help in increasing the flow of new recruits to the IS and al Qaeda. As President Obama keeps pointing out, this kind of talk is relished by the extremists.

Those who led the Brexit campaign rushed into the territory they had not visualised. Theirs was a simple-minded campaign. There was a belief that leaving the EU would save London a great deal of money; the funds it contributes to the Union's budget could be applied to improving social services at home. Also, by controlling its borders, London will admit a much smaller number of people bringing in the skills the economy needs. What they have unleashed are many forces that seem hard to control, which was why

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many in the country are now talking about another referendum. The play is still being written and the drama may not be performed to the script that was originally composed.

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THE RISE OF A NEW WORLD BY TAHA NAJEEB

Not too long ago, the wham bam of successive world wars taught us a simple lesson: peace is better than war. Ceaseless command and control was to give way to the subtler principles of game theory. Trade and technology, we imagined, would deliver us into a brand new age — the age of income equality, universal rights for all, and a world safer and more just. We thus saw the birth of collaborative unions and global organisations — the European Union (EU), the UN, the World Bank system via Bretton Woods and so on.

So how far have we come along this long trek to a terrestrial paradise? We can all agree if paradise is indeed a place on Earth, it's surely not in the Middle East. Syria is in ruins, Egypt is in ruins, most of Iraq is in ruins; the rest is on the razor edge of inferno. As of this writing, Istanbul airport is up in flames from two blasts, which have already claimed 34 lives and counting. This is not new anymore. Istanbul has been hit before, multiple times in fact, just in the last one year.

Closer to home in South Asia, there is little cheer and plenty of phantasmagoria. Just recently, Pakistan and Afghanistan exchanged crossfire along the Torkham border. Mullah Mansoor's incriminating presence in Quetta before his death via drone, and the spectacular failure of Afghan Taliban peace negotiations — QCG — admits of little hope for peace, if any. Not that it's all rainbows and sunshine elsewhere. As India flirts with America via LEMOA and NSG, while Pakistan offers itself to China via the CPEC, it seems the region wishes to remain a playpen for strategic sadists and megalomaniacs for some time to come.

Turn your attention to the greatest nation on Earth, and all it takes is a single glance at a Donald Trump rally for a cruel reminder of how decades of steady progress is not guaranteed to fly you far from the perch of transcendental stupidity.

At least Europe is peaceful, the optimists would say. Having swallowed most of the inhabitable world in their expansionist land-lust, before chopping it up in arbitrary chunks, the Europeans, it appeared, were a happy bunch. But as Brexit has shown, even this grand Basilica has cracks in its foundations.

It wasn't too long ago that the allied powers of Great Britain and the US were on fire. Dresden was pounded high up from the skies. Hiroshima and Nagasaki were introduced to uranium and plutonium atomic bombs — radioactive death that came in cute names "Little Boy" and "Fat Boy" — every bit the "rain of ruin" of which Harry Truman had warned the Japanese. Today, though, Germany and Japan are both healthy economies.

As for the allied forces, one just voted itself out of the EU, and the other boasts a presumptive presidential nominee who stands to remind us, with every new day and every new tweet, we share 99 per cent of our genome with chimps.

In this context, Brexit comes to us as both symptom and reinforcement of things we've suspected all along. First, it points to the flakiness of the modern-day economic system. Within hours of the referendum result, the British pound had plunged to 30-year lows, while the yen had shot up. Reckless financial speculation is, perhaps, one of the reasons for such dramatic swings in economy. The wanton printing of paper money by central banks and the vagaries of fiat currency are part of a greater problem no one wants to talk about.

Second, we are reminded that red tape and over-governance is a disease which can eat up the best of us. There is an irony here. One of the main advantages of something like the EU is that it opens borders, trade and movement of labour between member countries. But what good is it if excessive bureaucracy and regulations imposed by Brussels kills the very fluidity and mobility for which the Union was conceived in the first place.

Third, we are also reminded of the frailty of majoritarian consensus. Are referendums the way to go when it comes to matters of great import? Surely, this referendum will only convince the crazies on the far right that the democratic project (at least its majoritarian variant) is doomed.

And finally, say what you will about globalisation, but we see a resurgence of nationalism, and dare I say, tribalism in much of the world today: Golden Dawn in Greece, Marine Le Pen in France, AfD in Germany and so on. It appears a generation of people, some that fought the bloodiest wars in recent history, are not all too keen on linking up arms and singing Kumbaya with the 'other'. Millennials may have a different mindset altogether, having grown up in the pampered sappy era of Facebook and Instagram, but borders and flags remain important to the older lot that spilt sweat and blood to secure them. And this is where we see the bloody signs of a new world emerging from the birth canal of an old one: a new generation which views the world not through the narrow chink of corralled, incorrigible nationalisms but rather through a perspective expanded by the boundary-dissolving agency of the internet. Which is why a great many younger people were on Bernie's camp in the US, and the pro-Union camp in Britain. But this demographic trend can run the other way as well — especially in countries previously colonised, where issues of identity and inherited resentments

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derange young minds to great acts of terror. How things ultimately pan out remains to be seen, but the process of birth, of the new emerging from the old, is seldom painless.

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WILL NPT EVER ACHIEVE ITS OBJECTIVES BY MALIK MUHAMMAD ASHRAF

In the domain of nuclear non-proliferation the Nuclear Weapons States (NWS) have undertaken not to transfer to any recipient nuclear weapons or other nuclear explosive devices, and not to assist a non-nuclear weapon state to manufacture or acquire such weapons. The non-nuclear states have pledged not to receive nuclear weapons and other explosive devices from any source or accept assistance for the manufacture of such weapons or devices.

In regard to disarmament, the signatories to the treaty have affirmed the desire to ease international tensions and strengthen international trust so as to create, someday, the conditions for a halt to the production of nuclear weapons and a treaty in general for a complete disarmament that liquidates, in particular, nuclear weapons and their delivery vehicles from the national arsenals.

The third pillar of NPT recognises the right of the non-nuclear states to the acquisition of nuclear technology for peaceful purposes under the incisive glare of the International Atomic Energy Agency (IAEA), provided they can prove verifiably that they are not engaged in developing nuclear weapons.

Ostensibly, all these objectives of the NPT are beyond any reproach, but the reality is that the NPT has failed to stop nuclear proliferation or in evolving a credible mechanism for disarmament. According to the former IAEA chief, Mohammed ElBaradie, there are 35-40 states that possess the knowledge to develop nuclear weapons in addition to 13 others who have installed facilities for enrichment of weapon grade uranium. Israel beyond doubt is an undeclared nuclear power. North Korea is also well on course to become a nuclear power. Iran has been persuaded to cap its nuclear programme after a protracted process of dialogue.

The failure of the NPT to prevent nuclear proliferation and achieve its objective of disarmament is mainly attributable to the breach of treaty provisions by the NWS, and some intrinsic inadequacies in the treaty itself. The NWS under the treaty committed not to provide nuclear technology or weapons to any other state or use nuclear weapons against a non-nuclear state. But in violation of this commitment the US -- which has been crying hoarse to urge the non-signatory states to join the NPT -- has provided nearly 180 B61 nuclear bombs to Belgium, Italy, Germany, Netherlands and Turkey for use.

The US also targeted its nuclear warheads at North Korea, a non-NWS, from 1959 until 1991. Former secretary of defence UK, Geoff Hoon, explicitly invoked the possibility of the use of nuclear weapons in response to a non-conventional attack by “rogue states.” In January 2006 the then president of France, Jacques Chirac, indicated that an incident of state-sponsored terrorism on France could trigger a small scale nuclear retaliation aimed at destroying a rogue state’s power centres.

The failure of the NWS to bring about a major reduction in their nuclear arsenal, to halt the production of nuclear weapons, the inability to hammer out a treaty on general and complete disarmament, and their reluctance to agree on a complete disarmament within a prescribed time-frame has also contributed to lack of progress in this regard. This has angered many non-nuclear states, and also provided justification to many of them to develop nuclear programmes of their own.

The dilemma with the third pillar of NPT is that the commercially popular light water reactor nuclear power station uses enriched uranium fuel, which either has to be enriched by those countries themselves or purchased from the international market. The countries concerned can easily switch to nuclear weapons programme if they so desire, leading to the spread of enrichment and reprocessing capabilities. That perhaps explains why in 2004 US declared the prevention of further spread of uranium enrichment and plutonium as a major pillar of its non-proliferation policy, and why it has been pressurising a number of countries including Pakistan to sign the Fissile Material Cut-Off Treaty.

But the issue still remains unresolved, and even the process to negotiate has not taken off the ground. The sticking point is that while the US, UK and Japan favour a treaty that limits future production of fissile materials, other states including Pakistan believe that the treaty should also address fissile materials already produced and stockpiled. Pakistan holds the view, and rightly so, that a fissile material treaty that does not address existing stockpiles will “freeze existing asymmetries” that threaten its security, and is therefore unacceptable. This, undoubtedly, is a manifestation of its concern regarding regional rival India, which possesses much larger stockpiles of fissile material.

Pakistan maintained the same principled position in the first committee meeting of the Conference on Disarmament (CD) in 2009 and 2010, as a result of which a deadlock still persists. Islamabad’s position is likely to prolong the stalemate in the CD, which operates on a consensus basis. The US, Japan, Australia and several other countries

have announced that they would support moving negotiations for a fissile material treaty to another forum if the deadlock in the CD continued.

The apprehensions expressed by Pakistan have proved true. The US violated the NPT by entering into agreement with India -- a non-signatory state to the NPT -- for the transfer of civilian nuclear technology in 2008 to prop it as a counterbalance to China, and also to exploit its lucrative market. UK and France followed suit. India has agreed to accept IAEA supervision for only 14 nuclear reactors out of 22. Pakistan views it as a discriminatory act, and has a considered opinion, in view of its Indo-centric security paradigm, that India will utilise this to enhance its nuclear capability and that might lead to a nuclear arms race in the region.

The NSG waiver to India, as apprehended by Pakistan, has helped the former to exponentially increase its fissile material stocks. This is borne by reports of US-based Institute For Science And International Security and Nuclear Threat Initiative. It is pertinent to mention that the Stockholm International Peace Research Institute and HIS Jane's Intelligence Review in their reports for 2014 also mentioned India's plans for a new uranium enrichment facility aimed at expansion of its naval capacity, and India's efforts to pursue a thermo-nuclear option to enhance its nuclear weapons capability.

The US and its allies are working against the objectives of the NPT, and their actions could give a new direction to nuclear arms race in South Asia, as Pakistan could not afford to remain oblivious to its security concerns in view of the Indian doctrine of "cold-start." I am afraid it might push Pakistan to go for a full spectrum of nuclear deterrent as against the present stance of maintaining minimum nuclear deterrent. In view of the double standards practised by the NWS, there is little hope of the NPT ever achieving its objectives. Through their discriminatory actions they are actually promoting nuclear proliferation.

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Source: <http://dailytimes.com.pk/opinion/09-Jul-16/will-npt-ever-achieve-its-objectives>

CHANGING POLITICAL LANDSCAPE OF WORLD BY MOHAMMAD JAMIL

On Friday, China warned that the plans by the US and South Korea to deploy a missile defence system on the Korean Peninsula could destabilize the region, and were not conducive to achieving the objective of “denuclearisation”. The deployment of the Terminal High Altitude Area Defence (THAAD) anti-missile system was decided jointly by the US and South Korea, announced in a late night statement on Thursday. “The Chinese side is strongly dissatisfied with and firmly opposed to this,” China’s Foreign Ministry said in a statement. The move goes against efforts made in calming regional tensions through dialogue, and severely harms the security interests of countries in the area including China, it added. The Chinese foreign ministry also said that it opposes the imposition of unilateral sanctions on North Korean leader Kim Jong-un for the first time, citing human rights abuses.

The United States should do nothing to harm China’s sovereignty and security in the South China Sea, China’s foreign minister told US Secretary of State John Kerry, ahead of a key court ruling on China’s claims in the disputed waterway. Tensions and rhetoric have been rising ahead of a July 12 ruling by an international tribunal/arbitration court hearing the dispute between China and the Philippines over the South China Sea in The Hague. The judgment comes against the backdrop of frequent military brushes between China and its Asian neighbours the Philippines, Vietnam, Malaysia, Brunei and Taiwan, which ring the waters believed to hold untapped oil and gas reserves. China is conducting military exercises around the Paracel Islands in the north of the region, while US destroyers had been patrolling around reefs and islands in the contested Spratly Islands to the south.

China has accused the United States of militarizing the waterway, while Washington has expressed concern about China’s building of military facilities on islands it controls in the South China Sea. Since Ukraine crisis, Russia is also asserting its position, and is poised to regain influence in the Central Asian Republics that were once part of the Soviet Union. One can see the progressively deepening China-Russia friendship, which will impact our region and the world. Indeed there is powerful and coherent voice of resistance against the US-led world order rising in unison from Moscow and Beijing. It was written on the wall even before last month’s meeting between President Xi and President Putin in Beijing. The joint statement on strengthening strategic global stability signed by the two leaders indicated that they were ready for a more closely coordinated and assertive role in world affairs.

President Putin said: “This document legally recorded the strategic partnership between Russia and China, relations of a new type, based on mutual respect, friendship and consideration of each other’s interests, a partnership which not only serves the fundamental interests of our peoples and the task of long-term development of the two states, but also serves as an important factor in global and regional security and stability”. It appears that both China and Russia are now confident about the solid foundations of mutual trust, multi-faceted cooperation and institutional coordination that they have built bit by bit between them, confident enough to go out and act as one in the international arena. Also the fast-changing global scenario has motivated them to closer joint action. Both countries share the vision of multipolar world, and due to sincere diplomacy and effective coordination between them, a multipolar world could emerge.

China and Russia have similar stances on regional and world affairs already. The joint statement heralded a new phase of their friendship, taking it a notch higher. They are now ready to step together into the international arena, to expand multipolar cooperation and to act collectively against forces of instability and lawlessness. Pakistan has lately realized that improved relations with Russia would strengthen Pakistan’s position, and the US is likely to review its policy towards Pakistan. Already, there appears a visible change in the attitude of the US leadership. In the first week of July, Chairman of the U.S. Senate Arms Services Committee, Senator John McCain visited Pakistan as the head of a congressional delegation for talks on how to reduce tensions between the two countries. He said that Pakistan and Afghanistan are not to blame for situation in Afghanistan, but the US policies are responsible for it.

Anyhow, when the leaders of Russia and China talk about strengthening global and regional security and stability, it is a direct challenge to the lawless adventures of the US cabal, to what it is doing in Syria, Afghanistan, in so many places all over the globe. Besides, they are learning fast about the absolute deviousness of the US diplomacy and the futility of any well-meaning dialogue with it. Of course, it helps that China-Russia friendship is on the right side of history, as the world is ready for change to break free from the tyranny of the US-led empire and the global world order that it would like to impose on every country on the planet. This is being done in the name of bringing democracy and freedom through armed interventions, terrorists proxies and donor-driven color revolutions where necessary, killing innocent civilians, robbing resources and controlling territories in the process.

Last month at the end of its two-day plenary in Seoul, the NSG declared its firm support for the full, complete and effective implementation of the NPT as the cornerstone of the international non-proliferation regime despite the US lobbying for India. It was a clear indication that no exception will be made in the case of India. The statement by the 48-nation grouping, however, said that it will continue to have discussions on participation of countries, which have not signed the NPT. It is nearly impossible to enter the nuclear club in which every member has veto. Indian Prime Minister Narendra Modi visited 42 countries during the last two years including countries of Nuclear Suppliers Group (NSG) to seek their support for becoming the member of the NSG. Earlier, Switzerland had showed willingness to support Indian inclusion in the NSG but took a U-turn to join the group of countries that opposed India's entry in the group.

—The writer is a senior journalist based in Lahore.

Source: <http://pakobserver.net/2016/07/12/changing-political-landscape-of-world/>

IRAN NUCLEAR DEAL HOLDING BUT MORE WORK NEEDED

TEHRAN: Iran's nuclear deal with world powers is holding a year after it was agreed but more needs to be done to ensure its full implementation, a top Iranian negotiator said on Wednesday.

"The total process has been relatively satisfactory despite the difficulties that we see in the implementation," Hamid Baeidinejad told a press conference in Tehran for the first anniversary of the agreement.

"We believe that the deal has not been violated so far and efforts continue to resolve the remaining issues," Baeidinejad said.

The deal between Iran and the P5+1 group of powers limited Tehran's atomic programme in return for the lifting of some international sanctions, which took effect in January.

There has been some disappointment in Iran that the lifting of the sanctions has not yet led to significant investments, with many international investors and banks still wary of doing business with the Islamic republic.

Despite the lifting of nuclear-related penalties, Washington and the European Union maintain some sanctions on Iran over its human rights record and ballistic missile testing.

Asked if Iran had oversold the deal to its people, Baeidinejad said: "We knew exactly what was agreed upon in the deal and what was not."

He said Tehran "had more expectations on the removal of economic, banking and financial restrictions, but despite all these deficiencies there is a feeling of hope inside our country to remove these obstacles" through more talks.

"We will not agree to anything less than the full implementation of the JCPOA," he said, referring to the Joint Comprehensive Plan of Action, the official name of the agreement.

The agreement caused "great optimism" in Iran on "unrelated issues", Baeidinejad said, but those expectations are "fortunately being balanced and adjusted to reality".

President Hassan Rouhani on Wednesday also praised the “new atmosphere” created by the accord, saying it can lead to “better economic, defence, and technological activity” for Iran.

Published in Dawn, July 14th, 2016

Source: <http://www.dawn.com/news/1270636/iran-nuclear-deal-holding-but-more-work-needed>

US'S 'SILENCE' ON THE ISSUE OF KASHMIR | EDITORIAL

According to the US State Department, the United States has been quietly engaged with both Pakistan and India for the need to have a peaceful resolution of the Kashmir dispute. More than 37 Kashmiris have been killed, and more than 3,000 have been injured by the Indian forces during the protests that followed the killing of the Kashmiri militant leader, Burhan Wani. Despite growing tensions between Pakistan and India in the past few weeks, the US had avoided taking a public position on the situation, other than expressing concerns over the violence. The muted US response gave the impression that the US government takes the Kashmir issue as purely an internal Indian matter, and that the United States was minding its own business not getting involved in what it calls a bilateral issue between Pakistan and India. But the State Department in a news briefing clarified that it was in touch with both India and Pakistan on the issue.

The relations between the US and India have improved significantly in recent times. The US in its position as the world's sole superpower must not remain quiet on the issue of human rights violations and the killings in Kashmir following the emergence of reports of widespread violence and civilian deaths in international media. Amid the tussle between the two nuclear-armed South-Asian nations, it is the people of Kashmir who are facing the brunt of the situation. Not just the US, other major powers, as well as the UN, should be concerned about the situation in the region. The movement by the Kashmiris is not a recent one. The State of Jammu and Kashmir as it existed on 14th of August 1947 is a disputed territory, as recognised by the UN. Despite both Pakistan and India claiming the territory, the main stakeholders, however, are the people of Kashmir. Over the years, there have been several uprisings against the oppression of Indian forces in the region.

Indian Prime Minister Narendra Modi has visited global powers around the world for the sake to improving ties and economic relations. In the wake of the prevailing situation in Kashmir under the Indian forces, there might be concerns about the Indian "image" in the international community. Increasing concerns in the international media could push India to clarify its position on the situation in Kashmir, including human rights violations. India should realise that by suppressing the voices in Kashmir, it is not doing anybody justice. It should look into the concerns of the youth who is rising against the Indian occupation of the valley, with Burhan Wani being the face of the youth that has taken to armed militancy.

In the current situation where the people of Kashmir are suffering, it should not be about taking sides for the US. It should ask India to avoid the use of violence in the region.

Moreover, India cannot continue to blame everything on Pakistan, and should listen to the plight of the people of the region who are the main victims here. In 2010 Kashmir unrest, massive protests had erupted following the assassination of three people portrayed as “Pakistani infiltrators” by the India forces, who were later found out to be locals murdered in an encounter. Therefore, India should focus on the issue at hand as to why the youth is moving for liberation movements. A peaceful resolution of Kashmir issue is necessary for lasting peace in the region.

Source: <http://dailytimes.com.pk/editorial/17-Jul-16/uss-silence-on-the-issue-of-kashmir>

IS WORLD READY TO FACE GLOBAL WARMING | EDITORIAL

ACCORDING to a warning by World Meteorological Organization (WMO), the world is on track for its hottest year on record and levels of carbon dioxide in the atmosphere have reached new highs, further fuelling global warming. It said the El Nino event developed in 2015 and contributed to the record temperatures in the first half of 2016 before disappearing in May but climate change, caused by heat-trapping greenhouse gases, will not (disappear). This means we will face more heat-waves, more extreme rainfall and higher impact tropical cyclones.

The warning must be taken seriously by all countries of the world and a strategy must be adopted to mitigate the impact. This is because already in many countries of the globe the effects of greenhouse gases and other changes in weather conditions are playing havoc with the lives of people. There is also manifestation of this change in China where excessive flooding in different regions has resulted into loss of precious lives and disruption of normal life. The Beijing city government issued an orange alert on Wednesday, the second highest alert in country. Similar weather patterns in other parts of the world raise fears that harsh and extreme weather conditions might prevail in months and years to come with serious consequences for people and ecology. One important aspect of problem is that third world and less developed countries are bearing brunt of environmental changes just because of excessive gases being produced by developed world. Therefore, they should not only take measures to contain greenhouse effect but also provide financial and technical assistance to the poor countries to help them address challenge. Individual efforts might have salutary impact but in view of the gravity of the issue for entire world, it would be appropriate if the United Nations plays a lead role in this regard.

Source: <http://pakobserver.net/2016/07/23/is-world-ready-to-face-global-warming/>

WORLD NUCLEAR PERFORMANCE REPORT BY BEENISH ALTAF

The world nuclear performance report 2016 by the World Nuclear Association has given an updated account on the nuclear energy for sustainable development while critically evaluating the recent industry highlights; the history of global nuclear industry has been recorded with missed outcomes. This is a fact that the industry is mounting, albeit too gradual and leisurely, the number of reactors are increasing in Asia and especially in China. The number of reactors currently under construction is at one of the highest points of the past two decades but in the United States and Europe premature reactor retirements are outstripping the rate of capacity addition. According to the report by the World Nuclear Association (WNA), there were 66 power reactors under construction across world last year, and another 158 planned. Of those being built, 24 were in mainland China. In what it promises will be an annual update of industry's progress, WNA presents a rosy picture of the future of industry, which it hopes will produce ever-increasing amounts of world's power.

The number of reactors is increasing instead of reducing in number. The report recounts addition of reactor each year, particularly in 2016 report, an addition of 3 reactors is seen as compared to the 2015 report. It is acknowledged that in the start of 2015 there were 436 reactors around the world that were operable and by the end of year there were 439. Despite of the fact that seven units of reactor were given up from working, this increase in reactor numbers is seen even then.

Since the last 25 years, a vast amount of increase is observed in the construction and implementation of nuclear power reactors industry. Additionally, the 10 new reactors that are in line, is a record breaker from the past 25 years. 2015 demonstrated improving new build performance all round. The existing global fleet generated roughly 10% of the world's electricity, making up around one-third of the world's low-carbon electricity supply. Currently, the industry provides 10% of the world's electricity, but its target is to supply 25% by 2050 – requiring a massive new build program. The plan is to open 10 new reactors a year until 2020, another 25 a year to 2030, and more than 30 a year until 2050.

On the other hand, the situation facing the nuclear industry globally is challenging. The World Nuclear Association's vision for the future global electricity system consists of a diverse mix of low-carbon technologies – where renewable, nuclear and a greatly reduced level of fossil fuels (preferably with carbon capture and storage) work together in harmony to ensure a reliable, affordable and clean energy supply, by the report. Despite its optimism, the WNA admits that the situation globally for the industry is

“challenging”, particularly in Europe and the US, where low electricity prices are making nuclear power uneconomic.

The brightest prospect is China, where nuclear power is shielded from market forces. Eight new reactors were connected to the grid in 2015, with many more scheduled for construction as part of China’s bid to phase out coal and improve air quality. This mix must find the optimal balance between the need for human development and the protection of the natural environment. To achieve this, the role of nuclear energy must be expanded. The key metrics launched in the report on the nuclear power plant performance and reviewing recent developments in the global nuclear industry includes: 1) More nuclear reactors are under construction and more reactors came on line last year than at any time in the last 25 years, 2) Nuclear reactor performance has improved steadily over last 35 years. Importantly, reactor performance is not fundamentally affected by reactor age; older plants operate as well as younger plants, 3) Construction times for new reactors have improved over last 15 years, with reactors coming on line in 2015 having an average construction time of around six years.

The cotemporary years have been some of the most challenging for global nuclear power plant fleet, but major new build programs, new technology developments, reactor restarts in Japan and strengthening public support mean prospects for years ahead are brighter. Even though new build levels are at a 25 year high, rate of new grid connections will have to increase significantly to support global economic growth, alleviate energy poverty and provide enough clean energy to meet agreed climate change targets. The WNA considers that there should be 1000 GWe of new nuclear build by 2050, with nuclear generation supplying 25% of global electricity demand.

— The writer works for Strategic Vision Institute, a think tank based in Islamabad.

Source: <http://pakobserver.net/2016/07/23/world-nuclear-performance-report/>

INTERNATIONAL LAW & FOREIGN POLICY BY AHMER BILAL SOOFI

THE recently released Chilcot Report of the Iraq Inquiry has created quite a stir in international law and politics. Crucially, its bruising fallout for the UK and US also offers important takeaways for our own government and judiciary. Chief among them is to cultivate the understanding that the full spectrum of the rule of law also includes adherence to the international rule of law. International law, therefore, cannot be simply airbrushed or taken lightly.

While cataloguing the transgressions of the Blair and Bush administrations, the Chilcot Report's findings have retrospectively affirmed the viewpoints of several leading international lawyers and diplomats. Back then, I had cautioned against sending Pakistani troops to Iraq while also questioning in several op-eds the legality of intervention for lack of explicit UN Security Council authorisation.

My writings included a refutation of Henry Kissinger's position that UNSC Resolution 1551 passed in 2004 legitimised the 'occupation' of Iraq through its mandate to establish a governing authority in Iraq. The Chilcot Report, with its unambiguous conclusion that a fresh UNSC resolution explicitly authorising the use of force was indeed necessary for any lawful and legitimate intervention in Iraq, has similarly shredded all such dubious assertions.

States cannot set strategic goals which contradict existing or even evolving international norms.

In affirming the centrality and indispensability of international law to the conduct of states, the report makes it abundantly clear that all actions of states must have a legal basis that is firmly anchored in international law.

States, therefore, cannot set strategic and foreign policy objectives which contradict existing or even evolving international law and norms. And when states fail to conform to this calibration, particularly with respect to conduct outside their territories, they face grave consequences, perhaps not always immediately but certainly in the long-term.

To be spared global embarrassment and also to enhance the likelihood of achieving their strategic and foreign policy objectives, states are crucially guided by potent self-interest in ensuring that their actions are in harmony with international law.

Another important lesson to be drawn from the Chilcot Report by our government and judiciary is to develop awareness about UN-based legislation, especially the Chapter VII resolutions passed by the Security Council, which has now also become a global legislative forum. This is critical because our foreign policy goals and objectives must also be aligned with these UN international legal instruments.

About 15 years ago, when UNSC resolution 1373 was adopted, I remember bringing it to the attention of the then law secretary who simply brushed it aside as if it was of no relevance. But, sensing the new shifts in international law as a result of legal instruments rolled out by the Security Council in the aftermath of 9/11, we initiated a series of workshops at the Research Society of International Law, Pakistan, in which the participants invited from the government sector were made aware of the significance of these fresh UN obligations.

In the meanwhile, the Foreign Office and other relevant government quarters in Pakistan began to realise the seriousness of the Security Council resolutions and the work of its counterterrorism committee. The state, accordingly, began to readjust its foreign and domestic policy, particularly with respect to non-state actors, in order to conform to the Security Council resolutions on counterterrorism.

Yet another UN law on non-proliferation was laid down in UNSC Resolution 1540 in 2004, creating extensive legal obligations for states to take measures against proliferation of weapons of mass destruction through controls over their employees and sites etc. Pakistan responded to this by enacting the National Command Authority Act which in its statement of objectives refers to 1540.

More recently, Pakistan's improved legal understanding of the UN legal instruments has primarily driven the decision to investigate and prosecute the perpetrators of the Mumbai and Pathankot attacks.

The rule of international law also occasionally displaces the rule of domestic law including settled constitutional jurisprudence. This may not sound pleasing to some but the reality is that the traditional all-encompassing conception of state sovereignty under international law has been whittled down in the interest of achieving international rule of law.

If Pakistan thus ratifies an international treaty, its domestic law may have to yield to implement that treaty and the judiciary may even find limitations on the arguments about supremacy of the Constitution. This is also in line with Article 27 of the Vienna

Convention on the Law of Treaties, 1969 pursuant to which domestic law will yield to international law in cases of conflict between the two.

In the Chilcot inquiry we sense the desperation of a political government manoeuvring favourable legal advice for the simple reason that even the most powerful countries in the world do require legal support to advance their strategic objectives.

Similarly, in the case of US drone strikes, the US government sought legal advice from Harold Koh, its State Department's legal adviser, who in a White Paper attempted to fashion a justification for US drone strikes under international law by controversially arguing that America's armed conflict with non-state actors permitted it to use force against them wherever they may be found. This White Paper though was successfully rebutted by our law ministry in 2013 during the interim government period.

But, despite such positive trends, there is still a serious dearth of international law capacity in the country. It is high time for Pakistan to make this strategic intellectual investment, just as China is doing at the moment.

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SYRIA MAY CRUMBLE DOWN | EDITORIAL

FIVE years of civil war has left Syria bleeding but little is being done to help end the conflict that has already claimed the lives of over 400,000 people and now spiralling beyond the boundaries of the country. The so-called ceasefire in place since February exists only on papers as killing of innocent population has become a routine occurrence there. In the latest horrific attack, a massive bomb blast killed at least forty-eight people and wounded dozens others on Wednesday in Qamishli city in what is being described as the largest and deadliest attack to hit the city since the beginning of Syrian conflict in 2011.

Deplorably the conflicting interests of the big powers have made the country a battleground – the sufferers of whom are only the Syrian people many of whom have left their homes to find refuge at foreign lands while those who opted to stay back in their country are faced with worst humanitarian crisis and food shortages. The situation has deteriorated to the level that even the hospitals and medical facilities are not being spared from aerial bombardments. These attacks on hospices are further compounding the miseries of the distressed and ill-fated Syrian people. In fact the war in Iraq and the worst handling of situation there did not teach any lesson to the influential countries and while treading the same path, they are now bent upon tearing apart Syria as well – something that will not augur well not only for the region but the world at large in terms of peace and stability. Given the serious and disastrous repercussions that the aggravation of Syrian conflict may inflict, it is time for United Nations, OIC and Arab League to take serious notice of the situation and take some concrete and out of way steps to restore peace and normalcy in the country, and devise a course of action to salvage the region from conflicts – otherwise outside forces will continue to play havoc with their territories.

Source: <http://pakobserver.net/2016/07/29/syria-may-crumble-down/>

Economy

CPEC AND ECONOMIC RESTRUCTURING BY M ZIAUDDIN

In the initial years while the China-Pakistan Economic Corridor (CPEC) project is being completed and perhaps even at least a decade from the completion Pakistan is likely to undergo a phased transformation from an overwhelmingly import-based economy to a lucrative trans-shipment economy necessitating speedy expansion in the capacities of Pakistan's port and drastic reduction in turnaround time at the ports. Indian ports are said to require an average of 84 hours to turn around a shipment. Busier ports like Hong Kong and Singapore get the job done in seven. At present, it takes more than a week to turn around a shipment in Pakistan.

The country's ware-housing capacity would also need to be expanded at least by 25 times over the period of completion of the CPEC project and with the increase in trans-shipment activity following the completion of the project this capacity would need to be kept expanding continuously dictated the volume of shipments crossing the country.

Since a lot of raw materials, intermediaries and even durables in knock-down conditions plus finished and semi-finished products would be passing through with Pakistan serving as the hub to and from markets located in the immediate and not-so-immediate vicinities, ample opportunities are expected to open up for local reprocessing along with simple as well as high-end value additions.

The phased transformation of the economy from one based essentially on imports to trans-shipment or ware-house economy is expected to unleash widespread restructuring process with many of the currently viable economic activities becoming unviable and in their place brand new business opportunities would crop up and new entrepreneurs technologically well-versed and sharp enough business-wise would stand to take full advantage of the new opportunities.

In order for the trans-shipment economy to grow without any let or hindrance, and at a faster pace the government of the day would need to realise that it would have to significantly lower the tariff and non-tariff barriers for a smooth and economic flow of goods in and out of the country. In the beginning, government's income from trade-related duties would sharply decline in the process but the income from toll taxes as well from value additions in the domestic warehouses would more than make up the losses and in fact the income from these sources would be many times more than the

government would have collected from normal trade-related tariffs and levies in an import-based economy.

In order to put the matter in its right context one would like to recall here Afghan President Ashraf Ghani's speech at the Heart of Asia Conference held in Islamabad in December 2015:

"I want to express our gratitude to the government of Turkmenistan for having taken a cluster approach to the development of infrastructure and linkages. Turkmen railways, transmission lines, highways, gas pipelines, and oil pipelines are reaching Afghanistan. This is a very significant transformational event and hopefully also we will sign a 500 KV transmission line from Turkmenistan through Afghanistan to Pakistan, which will significantly change the energy picture in both of our countries. With Kyrgyzstan, Tajikistan on the one side and Uzbekistan and Turkmenistan on the other sides, two major other transmission lines, respectively called CASA 1000 and TUTAP are moving from ideas to implementation. We are also extremely pleased that the Port of Chabahar, jointly invested by Iran and India is moving from conception to implementation and the related railway structures. Also with China, the five-nation agreements on railways and related sets of connectivities is rapidly moving. In short, Afghanistan is rapidly moving towards regional integration towards Central Asia, East Asia, and West Asia."

Meanwhile, India is planning to double its port capacity to 3,000 million metric tons of cargo annually by 2020. India has already invested almost \$38 billion in the shipping and port sector. A new study shows that cargo traffic moving through India's 13 major ports and several hundred minor ports will rise by almost 60 per cent between 2015 and 2017 to a whopping 1,758 million metric tons.

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Source: <http://tribune.com.pk/story/1137790/cpec-economic-restructuring/>

IMF ELEVENTH REVIEW BY DR HAFIZ A PASHA

The IMF completed the penultimate (eleventh) quarterly review of the Extended Fund Facility to Pakistan recently. The cumulative loan from IMF under this programme has reached \$6 billion. The Staff Report on the eleventh review has been released on the 5th of July 2016, soon after the end of the financial year, 2015-16.

The report has an optimistic perspective on the outcome in 2015-16 and on the outlook for 2016-17. Clearly, the IMF wants to declare victory as the three-year Programme comes to an end in September 2016. However, it must be recognised that the report does try to qualify the optimism by identifying several risk factors in the short- and medium-run. Also, it highlights the unfinished agenda of structural reforms which will need to be implemented beyond the Programme if the growth process is to be sustainable and inclusive.

Detailed comments on the review are presented below.

Higher Growth Rate of the GDP in 2015-16 despite major cotton crop failure, fall in exports and no big jump in investment

At the start of the financial year, 2015-16, the IMF Eighth Review had projected growth rate for the year at 4.5 percent. This was based on a growth rate of 8 percent in investment and export growth of over 2 percent. The eleventh review now projects that the outcome will be a smaller 5 percent increase in investment and a big decline in exports of over 9 percent..

Nevertheless, the IMF has opted to raise the growth rate in 2015-16 of the GDP from 4.5 percent to 4.7 percent in line with the Government's estimate. What are possibly the hidden factors which may have contributed to the higher growth? Is it higher CPEC infrastructure investments? However, these aggregate to less than 0.2 percent of the GDP in 2015-16. Is it a boom in construction activity? Here also, according to the PBS, investment in housing has increased in 2015-16 by only 4 percent. Clearly there is need for the IMF to explain the upward revision in its GDP growth rate estimate for 2015-16, when independent estimates are that it is between 3 and 3.5 percent only.

Inflation could be higher in 2016-17 due to monetary overhang, higher oil prices and a low base effect.

The IMF projects the inflation rate in 2016-17 at 5.2 percent. It could be significantly higher due to, first, a strong monetary overhang with almost 28 percent increase in

currency in circulation and 27% growth in reserve money, second, because of the large 37 percent increase in the global price of oil last quarter and the possibility of further increases and, third, due to a low base effect of low inflation in 2015-16. It is possible that the rate of inflation may approach the average of 7 percent in 2016-17.

Budget deficit of 4.4 percent of GDP in 2015-16 is possible only with significantly lower PSDP spending.

The MoF reported in the budget documents of 2015-16 to the Parliament a combined PSDP spending of the Federal and Provincial Governments of Rs 1393 billion. The IMF has since been informed that the actual development spending is Rs 1040 billion. This implies a more or less, last minute cutback of 353 billion, equivalent to 25 percent. It is important that such inconsistency in reporting be avoided.

Budget deficit target of 3.8 percent of GDP in 2016-17 will also imply much lower size of PSDP

The budgets presented by the Federal and Provincial Governments target a total PSDP of Rs 1840 billion in 2016-17. However, according to the IMF, limiting the consolidated fiscal deficit will require restricting the overall size of the PSDP to 1236 billion, over Rs 600 billion less than budgeted. This highlights the restricted `fiscal space` today for achieving higher economic growth in Pakistan by pushing up the level of development activity.

Inconsistent estimates of inflows from Coalition Support Fund

The IMF reports Federal non-tax revenues of Rs 823 billion in 2015-16. These include Rs 170 billion of defence receipts (from the CSF). But in the balance of payments statistics, IMF indicates CSF receipts at \$937 million (Rs 97 billion). Therefore, non-tax revenues have been overstated by Rs 73 billion. This implies that the fiscal deficit is higher by over 0.2 percent of the GDP in 2015-16.

Similarly, the CSF inflow is also potentially overstated in 2016-17. The IMF includes Rs 171 billion as the CSF inflow in projected non-tax revenue but about Rs 100 billion (\$900 million) in the balance of payments. This implies that the fiscal deficit could approach 4 percent of the GDP in 2016-17. It could be even higher as inflows of even \$900 million in 2016-17 from CSF are uncertain at this time.

Big decline in official project and programme assistance in 2016-17

The government has highlighted in its budget documents that gross bilateral and multilateral project and programme assistance will decline from \$6 billion in 2015-16 to \$3.2 billion in 2016-17. Almost \$3.5 billion will have to be raised externally by flotation of bonds and borrowing from commercial banks.

However, the IMF balance of payments projections ignore this likely development. As much as \$8.7 billion is estimated to become available from official sources in 2016-17. This is over 140 percent above the projection by Government. The IMF also assumes that there will be no flotation of bonds in 2016-17.

The bottom line is considerable uncertainty about the level and nature of external borrowing in 2016-17. If the full targeted amount does not materialise then foreign exchange reserves could come under pressure.

Budget Projections for 2016-17 do not incorporate costs of the agriculture relief package and salary hike

The IMF has largely accepted the Government budget estimates on current expenditure at the Federal level. However, no provision has been made for the cost of the agricultural relief package of Rs 50 billion and of Rs 57 billion due to the salary hike. This will take the fiscal deficit to the even higher level of 4.3 percent of the GDP.

Further, the same level and pattern of salary increase has been granted by the four Provincial Governments in 2016-17 and an agricultural package of Rs 50 billion by the Government of Punjab. As such, generation of a combined cash surplus of 1 percent of the GDP by these Governments looks unlikely.

Revenue target of FBR is ambitious

The IMF has endorsed the FBR revenue target of Rs 3621 billion for 2016-17, representing a growth rate of 17 percent. But this does not allow for the payment of outstanding sales tax refunds by end-August 2016. Also, the sales tax per liter of petroleum products is tending to fall as international prices rise. Further; a growth rate of 21 percent in direct taxes is unlikely. As such, the FBR revenue target looks ambitious.

Direct tax expenditure is substantially understated

The IMF has accepted the Federal tax expenditure estimates given in the Pakistan Economic Survey of 1.3 percent of the GDP. These include only 0.2 percent of the GDP as the cost of exemptions and concessions in income tax. According to the estimate by

the World Bank in 2014, tax expenditure in income tax is substantially higher at 1.2 percent of the GDP.

Major tax expenditures in direct taxes which have not been included in the PES/IMF estimate are the revenues foregone due to accelerated depreciation allowance, limited coverage of capital gains on shares and property, concessionary tax rate on export income, regional/sectoral tax holidays, tax deduction against loan provisioning by banks, various personal tax deductions and so on. Most of these provisions benefit the rich and powerful.

The IMF has rightly supported the reduction of SROs in indirect taxes. But the elite is largely immune from any pressure for elimination of tax concessions to them. This is yet another reason why the country's tax system has become more regressive over time.

The VAT features of the General Sales Tax have been badly affected

The Eleventh Review report claims that the Authorities aim to modernise the GST regime on goods and services in close co-ordination with the Provinces. In fact, the opposite has happened in the Budget of 2016-17. The federal government has taken unilaterally the decision not to accept the input tax invoices of services in the Provincial tax base against the GST on goods. The consequence is 'cascading' of the tax burden on goods. If the Provinces retaliate by not honouring input tax invoices of goods in services, this will then contribute to further increase in the tax rate by up to two percentage points of the GST from 17 percent to 19 percent.

The other move is the ingenious method devised by FBR to zero-rated exports of five sectors without the need for refunds. This is to be achieved by exempting input into these sectors from sales tax. This mechanism is potentially subject to leakages. Also, a 5 percent non-invoiceable GST has been introduced. One such case is fertiliser. In fact, this is one item which is subject simultaneously to taxation and also enjoys a subsidy. This again testifies to the creativity of FBR.

The balance of payments position is increasingly fragile due to a large number of risk factors

The IMF review has rightly identified a number of risk factors including further appreciation of the already 20% overvalued rupee due to the rising dollar; lower growth in China and the GCC affecting exports and remittances; lower non-China foreign direct investment; faster-than-expected rise in oil prices; growing debt repayment obligations and profit repatriation related to the CPEC; political uncertainty and security conditions.

The list is actually even longer. It includes uncertainty about inflows from the CSF; implications on exports, remittances and grant assistance due to Brexit and growth in imports of LNG and coal for new power projects.

It is indeed a relief to see that despite the above risk factors, the IMF expects the foreign exchange reserves to continue increasing to almost \$23 billion by 2019-20, compared to \$18 billion currently.

External debt and external financing needs will rise exponentially

The IMF has revised upwards its projections of the external debt of Pakistan in the latest review. It is now likely to reach \$88 billion by 2018-19 from the present level of under \$72 billion. This is a conservative estimate as it is based on relatively limited borrowing for the CPEC projects from Chinese banks. It could exceed \$93 billion in 2018-19 if the proposed big expansion in power generation capacity is to be achieved. At this level, external debt could exceed 300 percent of exports by 2018-19.

Simultaneously, external financing needs are expected by the IMF to rise exponentially from \$7.3 billion in 2015-16 to \$15.1 billion in 2018-19. These amounts are needed to finance the current account deficit plus amortisation of external debt. The financing needs could be even larger. The big question is whether gross external borrowing and foreign non-debt creating inflows will be adequate to cover these large financing needs.

Overstatement of improvements in the power sector

The IMF commends the Government for major improvements in the power sector including a decline in power blackouts and distribution losses, enhancement in tariffs and introduction of surcharges. Consequently, the tariff differential subsidy has been reduced substantially.

The State of Industry reports by Nepra reveal a different story. Despite much hype, electricity generation capacity has expanded by 4 percent only between 2012-13 and 2014-15. Distribution losses have remained, more or less, unchanged at 20 percent up to 2014-15. The electricity consumption per industrial consumer is up by only 1 percent annually between 2010-11 and 2014-15. This is unlikely to have eliminated load shedding fully in the industrial sector.

The billing recovery rate has remained stagnant at 89 percent. In one year, 2014-15, arrears in payment were as high as Rs 123 billion. Tariff increases have been largely neutralised by the appropriate policy of NEPRA to transfer the benefit of lower fuel costs

to consumers through negative fuel charges adjustment on a monthly basis. Consequently, the circular debt has continued to accumulate and currently stands at over Rs 650 billion. No concrete plan has been put in place to retire this debt.

Pending agenda of structural reforms remains wide ranging after the end of EFF

The IMF has rightly emphasised that many structural reforms remain to be implemented. These include broadening the tax base and elimination of tax expenditures in income tax; restructuring and/or privatising loss-making public sector enterprises; completion of energy sector reforms; implementation of business climate reform and a reduction in costs of doing business.

Other necessary reforms which have not been emphasised by IMF upfront are full implementation of the 18th Amendment; finalisation of the 9th NFC award; achieving greater economy in non-salary expenditure and full autonomy to the SBP and other regulatory agencies. Prime importance must be placed on design and implementation of an effective Trade Policy for at least doubling exports by 2020-21. Otherwise, the sustainability of external debt will be doubtful.

In conclusion, the IMF must be thanked for its sympathetic approach to monitoring performance under the EFF. This was not the case in previous programmes, especially in the decade of the 90s. Over twelve waivers have been given by the Executive Board of IMF in eleven reviews. However, based on the above risk factors, there remains the possibility that the incoming government in 2018 after the elections may have to invite back the Fund once again.

(The writer is Professor Emeritus and former Federal Minister)

Source: <http://www.brecorder.com/articles-a-letters/187:articles/64055:imf-eleventh-review/?date=2016-07-11>

GLOBAL ECONOMIC CHALLENGES BY ZAFAR AZEEM

When bad politico-economic events happen, they cause huge financial market swings. Till recently, the global economy was in the midst of absorbing these events, however the falling prices of commodities, weaker capital flows and subdued global trade reduced the global rate of growth. These trends of deceleration in the emerging and developing economies are still continuing. And the existing politico-economic conditions require stabilisation of commodity prices, balancing of the financial markets and the improvement in the Chinese economy.

The growth of global economy otherwise can be undermined by the factors like emerging risks and uncertainty which cause turmoil in the world's financial markets. Why such turmoils happen? The fact is that these uncertainties emerge from sudden shifts in borrowing cost, heightened geopolitical tensions and lingering vulnerabilities.

The recent development of Brexit also did accentuate and support the negative global forces building up for years; these forces are now directing the vicious cycle of political uncertainty and are causing harmful trends on the global economy. Unfortunately, the emerging economic externalities have not been removed by the political forces in the affected economies as they were unable to limit the impact of the negative sentiments.

The global economic conditions have further deteriorated due to recent political and economic events. This emerging turmoil is accelerating due to unleashed powerful negative forces. The interacting forces on global economy include low inflation, strong dollar, weaker monetary policy, low interest rates, slow growth and political instability. Let us examine how these forces are affecting the global economies:

Oil glut The easy availability of oil and other commodities in the market is causing a glut of labour thereby leading to high levels of unemployment throughout the world despite the fact that inflation has been low (below the 2% mark).¹

The pace of emergence of these forces is very fast. It is evident from the low prices of oil and bonds. The resultant easy availability of commodities is discouraging spending and investments by making the debt more oppressive. The US bond market is showing persistence low inflation (may be at the level of 1.34 per cent) and in the global markets there appears to be a general trend of low inflation.²

Rising dollar The dollar has gained 25% against the major currencies in the last 2 years; the trend is continuing, that is why the Fed is not increasing the interest rate. It also

shows that economies of major countries will remain weak in the near future. Resultantly the markets will be heavily reliant on the US economy.

The MNCs and big businesses around the globe maintain their debt in US dollar, a strong dollar will make their debt to rise and making the maintenance of the competitive edge more difficult and the trend may create spill-over of economic weaknesses.

American exports may be undermined by the strong dollar, thereby decreasing the growth rate in US. The recent referendum in Britain has given strengths to the emerging chaos.³

Ineffective monetary policy The hitherto debated forces are effectively affecting the directions of global economic system, that is why many central banks are interfering too quickly to reduce the impact of uncertainty and negativity. It is evident that the EU and Japanese central banks are in the midst of pumping money into their financial systems in order to reduce the impact of negative symptoms being shown by investors. The Fed and the Bank of England too for these reasons are delaying the increase in the interest rate.

The future trends of the global economic policies are going to be determined by the emerging direction, that's why the developed economies have to prepare themselves to face the confronting challenges. It looks the interest rates will either remain static or low in the near future.

Low interest rates At the moment, yield from the treasury bonds stands at 2.3 per cent and there appears to be a declining trend. The longer term rates are constantly falling. The interest rate in several EU countries is also low, obviously if someone buys bonds at this moment and keeps them for a specific time, he will lose the money. That is why we are losing investors as the expectations of investors stand doomed.⁴

Slow growth All the major economies are slowing, and there is obviously slow growth in Japan. However, limited growth has been registered in a few European countries. The reasons for this slowdown amongst other include defective economic policies, falling productivity and negative political sentiments. Prospects for global economy are now looking bleak. In the coming days, the trend of slow growth is emerging everywhere. Furthermore, the uncertainty caused by Brexit will also affect the productivity and growth of the EU.

Political instability At the moment right wing nationalists are attracting the voters in continental Europe, Britain and the United States. The current political environment is becoming toxic leading to polarisation by attracting immature politicians from outside the mainstream. This widening of political spectrum will lead to uncertainty and negativity, and it all may lead to a negative growth in the global economy and financial markets.

An inter-related cause and effect spectrum appears to be emerging as is evident from the recent Brexit

vote. This vote has fuelled negative thinking in the voters mind, thereby making the future of global economic outlook bleaker.

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1. This low inflation is going to persist for some time.
2. This trend will slow down the growth.
3. Resultantly, the US dollar in the market has further climbed up.
4. However, a fear of premium may force them to invest into bonds even if they lose money.

Source: <http://www.brecorder.com/articles-a-letters/187:articles/65083:global-economic-challenges/?date=2016-07-14>

WHO CONTROLS THE CPEC? | EDITORIAL

Reports have surfaced that the Chinese are have been suggesting, rather insisting, that the government formally rope in the Pakistan army to ensure the management and smooth execution of the billion-dollar CPEC project. Sources have maintained that the Chinese were “unhappy with the overall management of the project, particularly the involvement of various ministries”, which were causing unnecessary delays. The Ministry of Planning and Development, headed by Mr. Ahsan Iqbal is overseeing the project and has done an appreciable job so far of bringing in the concerns of the provincial governments to the table and addressing them. The delays are a part of the democratic process of ensuring that the project is executed while involving all stakeholders and maybe the impatience of the Chinese is slightly unwarranted.

Sun Weidong, the Chinese Ambassador to Pakistan, even called on Chief of Army Staff General Raheel Sharif in June to reiterate Chinese concerns for the management of the project and the Army’s extended role beyond providing security. Considering that the COAS has played an exemplary role in trying to keep out of civilian affairs over the past three years and does not believe in extending his role in a larger capacity than what is his duty, such demands by the Chinese will most likely be met with an assurance that the government will manage the CPEC in a timely and efficient manner and deliver the project as promised.

The army is already playing an integral role in providing security to the project as it created a special security division for the protection of Chinese engineers, project directors, experts and workers employed for the CPEC. A total of 10,000 troops have been dedicated to this purpose out of which 5,000 will be from the special services group of the Pakistan Army who are specially trained for counter-terrorism and security. To expect the army to extend its resources to manage the entire project is perhaps asking too much of it when the civilian government is clearly very willing to priorities the project and is very committed to ensure its successful completion.

The idea of creating a separate ‘CPEC Development Authority’ to provide all relevant stakeholders, including provincial governments and the army, a formal forum to make decisions regarding the project has been in the cards since the Chinese have voiced these concerns. As much as Pakistan is grateful for the assistance of its ally in making this idea of regional connectivity a reality, it has to be allowed to take the decisions regarding internal matters and how the project should be executed.

Source: <http://nation.com.pk/editorials/19-Jul-2016/who-controls-the-cpec>

MISSED ECONOMIC TARGETS | EDITORIAL

Analysing the performance of the PML-N government over the past three years tells us that the ruling party appears obsessed with infrastructure projects. Has it taken this obsession too far? An independent think tank in its recent report has now stated that the government has missed the large majority of the targets it set out in its election manifesto, abandoning much-needed economic reforms in favour of measures that were more populist in nature. In three years, the report adds, the PML-N government has only achieved four out of 89 targets it set itself. It has been motivated by gaining political mileage and has been unable to implement projects with a long-term view that could have benefitted a larger segment of the population.

If one took political point-scoring out of the equation, it can also be said that the opposition has not dissected this matter seriously either. It has quickly jumped from one topic to another, failing to hold the PML-N to account for its economic measures with meaningful criticisms and constructive debates. As a result, the PML-N has got away with its less-than-satisfactory negotiations with traders, proposing tax amnesty schemes when protests over taxation have become loud and it has stalled the privatisation of literally every organisation that needed restructuring. Whatever stakes it has managed to sell have been those of profit-making entities, reinforcing the view that money generated from these sales has only been used to finance the budget.

Nevertheless, certain economic indicators have improved in the last three years. The PML-N took over when Pakistan was still reeling on the economic front and was left with just enough foreign exchange reserves to finance three months of import. Today, reserves have risen to a record level, but a large part of the increase has come on the back of the IMF's bailout programme and huge amounts of debt. Aided by the fall in oil prices, Pakistan has managed to shrink its trade deficit, but a continuous fall in exports has halted progress. Remittances continue to be the salvaging grace, but impetus to production has been missing. Pakistan continues to bank on traditional sectors to foment growth and bailout packages keep getting announced for the agriculture and textile sectors.

These measures and packages are part of a larger plan to keep the PML-N's vote bank secure. But do these help the economy in the long-term? Misplaced priorities have already resulted in most state-owned entities being dependent on taxpayers' money with the taxpayers themselves being burdened each year by higher tax rates and indirect taxation. Even falling oil prices have failed to give relief to the public due to unprecedented levels of GST rates on petroleum products. This has enabled the PML-N

to cut down on its subsidies and adopt a tight-fisted approach when it comes to doling out cash for the power sector. However, circular debt keeps on increasing that would only be parked in the last year of the government's five-year tenure. The \$46-billion CPEC may very well be the best piece of news during the PML-N's five-year tenure, but real progress is still a long way away. Security concerns are being tackled — although it took the tragic APS attack to breathe life into anti-terror efforts — and foreign investors are slightly calmer. But the reality is that hard measures and tough decisions, aimed at reforming the economy, are missing. The privatisation of the power sector has been stalled and meaningful reforms are missing. No private entity would want stakes in inefficient state-owned companies anyway. Billions were spent in pursuing a privatisation strategy that was ultimately shelved. The PML-N has not taken pressure situations too well and it is quite evident that it does not want to sacrifice its precious vote bank at the expense of real economic progress. Years of impressive stock exchange performance have taken Pakistan back to the emerging markets index, which will take effect from next year, but the on-ground reality of our economy tells a different story. Slow progress in important areas means Pakistan is set to miss a golden opportunity to catch the development bus. There isn't much time left.

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