Indo-Pak relations at an impasse even as both countries vie for Nuclear Suppliers Group (NSG) membership.

Relations with Afghanistan worsen following Afghan Taliban leader Mullah Mansour’s death in Balochistan, and mounting cross-border tensions.

China-Pakistan Economic Corridor (CPEC) construction gathers pace as both sides agree to deepen energy sector cooperation.

Pakistan awards $2 billion gas pipeline contract to Russian firm, pledges to boost bilateral trade.

Report No. 3

May 1 – July 15, 2016
Introduction

The purpose of this series of quarterly monitoring reports (2016) is to monitor and track the actions, public statements of five key STAP RP regional actors (India, Iran, Russia, China, Saudi Arabia) on Pakistan; the development of, and their participation in relevant international and regional discussion meetings, including the Istanbul Process, Heart of Asia, RECCA, SCO; the five key regional actors’ economic decisions and agreements, including, but not limited to, the energy and infrastructure sectors, which have implications for the identified sources of tension in Pakistan with regional implications (see CIDOB STAP RP Mapping Document at www.cidobafpakproject.com).

The Sources of Tension (SoTs) identified in the Mapping Document are used as reference points to determine relevance and are specifically monitored in Section 1.

The content includes short summaries by topic and by country, on actions taken, public statements made, regional meetings held and how these develop as mechanisms for dialogue, and the participation of the key regional powers in relevant regional and international events, as well as in subgroups of international fora, such as the Heart of Asia and SCO. Economic activity and investments by the key regional powers in Pakistan are also monitored, together with progress on, and shifting alliances in planned or actual economic projects. A short subsection on commentary from the media (in English) is included in each section. Section 2 focuses on the key regional powers. Section 3 looks at regional dynamics and crosscutting issues; and conclusions on the events of the past quarter are presented in Section 4.
## 1. The Context

### Governance

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/05/2016</td>
<td>Opposition parties discuss terms of reference for judicial probe into the Panama Papers investigation.</td>
</tr>
<tr>
<td>04/05/2016</td>
<td>Muttahida Qaumi Movement (MQM) worker dies in protective custody causing uproar within the party.</td>
</tr>
<tr>
<td>10/05/2016</td>
<td>Chief of Army Staff General Raheel Sharif advises PM Sharif to resolve Opposition standoff over the Panama Papers scandal.</td>
</tr>
<tr>
<td>14/05/2016</td>
<td>Supreme Court turns down government’s request to appoint a judicial commission to investigate the Panama Papers leaks.</td>
</tr>
<tr>
<td>06/05/2016</td>
<td>Opposition says it is ending its parliamentary boycott.</td>
</tr>
<tr>
<td>19/05/2016</td>
<td>National Assembly unanimously adopts 22nd Constitutional Amendment bill, enabling retired civil servants and technocrats to join the Election Commission of Pakistan (ECP).</td>
</tr>
<tr>
<td>27/05/2016</td>
<td>Opposition parties agree to remove PM Sharif’s name from the proposed inquiry commission into the Panama Papers scandal.</td>
</tr>
<tr>
<td>31/05/2016</td>
<td>PM Sharif leaves for London to undergo open-heart surgery.</td>
</tr>
<tr>
<td>13/06/2016</td>
<td>Reforms suggested for the Federally Administered Tribal Areas (FATA), including a proposal for its merger into Khyber Pakhtunkhwa.</td>
</tr>
<tr>
<td>25/06/2016</td>
<td>Pakistan Tehreek-i-Insaf (PTI) files a reference seeking PM Sharif’s disqualification.</td>
</tr>
<tr>
<td>27/06/2016</td>
<td>Pakistan People’s Party (PPP) files a reference in ECP seeking PM Sharif’s disqualification.</td>
</tr>
<tr>
<td>09/07/2016</td>
<td>PM Sharif returns to Pakistan and warns Opposition parties against staging anti-government sit-ins.</td>
</tr>
</tbody>
</table>

### Social & Economic Issues

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/05/2016</td>
<td>PM Sharif launches National Health Programme in Quetta for 76,000 underprivileged families.</td>
</tr>
<tr>
<td>06/05/2016</td>
<td>A million Pakistanis left the country in search of better work opportunities in 2015 alone, Senate told.</td>
</tr>
<tr>
<td>16/05/2016</td>
<td>Three government officials and a development contractor kidnapped in Turbat, Balochistan.</td>
</tr>
<tr>
<td>21/05/2016</td>
<td>Pakistan misses economic growth target for current financial year with the gross domestic product (GDP) having grown by 4.7 per cent against a target of 5.5 per cent.</td>
</tr>
<tr>
<td>25/05/2016</td>
<td>Transgender woman dies in a Peshawar hospital after being shot eight times in an alleged hate crime.</td>
</tr>
<tr>
<td>25/05/2016</td>
<td>Customs officials in Karachi recover 27 kilograms of heroin from a Pakistan International Airlines (PIA) aircraft during an intelligence-based raid.</td>
</tr>
<tr>
<td>26/05/2016</td>
<td>Interior Minister Chaudhry Nisar gives National Database and Registration Authority (NADRA) 48 hours to prepare a roadmap for re-verification of all Computerised National Identity Cards (CNICs), following the revelation that Afghan Taliban leader Mullah Mansour was carrying a Pakistani CNIC when he was killed.</td>
</tr>
<tr>
<td>26/05/2016</td>
<td>Council of Islamic Ideology (CII) proposes ‘model’ women’s protection bill, which makes ‘light’ wife-beating permissible.</td>
</tr>
<tr>
<td>02/06/2016</td>
<td>Government officials say they are optimistic about meeting polio eradication targets after no fresh traces of the virus are found in sewage samples.</td>
</tr>
<tr>
<td>03/06/2016</td>
<td>Finance Minister Ishaq Dar presents Rs.4.4 trillion federal budget in the National Assembly.</td>
</tr>
<tr>
<td>04/06/2016</td>
<td>Defence expenditure in the next financial year set to grow by approximately 11 per cent.</td>
</tr>
<tr>
<td>09/06/2016</td>
<td>Electricity shortfall nears 5,000 MW as rising temperatures push demand beyond 21,200 MW against a maximum generation of 16,548 MW.</td>
</tr>
<tr>
<td>09/06/2016</td>
<td>Anti-polio drive successfully completed in three de-notified districts of South Waziristan.</td>
</tr>
<tr>
<td>10/06/2016</td>
<td>Organisation of Economic Cooperation and Development (OECD) formally invites Pakistan to become a signatory to a convention on tax matters after the country’s tax laws become fully compliant.</td>
</tr>
<tr>
<td>13/06/2016</td>
<td>Over 12.5 million children in Pakistan are involved in child labour, according to a statement issued by the Child Rights Movement National Secretariat.</td>
</tr>
<tr>
<td>13/06/2016</td>
<td>Punjab presents a budget of Rs.1.681 trillion for the next fiscal year.</td>
</tr>
<tr>
<td>15/06/2016</td>
<td>Khyber Pakhtunkhwa unveils an annual budget of Rs.505 billion.</td>
</tr>
<tr>
<td>15/06/2016</td>
<td>Morgan Stanley Capital International (MSCI) upgrades Pakistan to ‘Emerging Markets’ status.</td>
</tr>
<tr>
<td>15/06/2016</td>
<td>Chief of Army Staff General Raheel Sharif inaugurates multiple development projects in North and South Waziristan, including a 72-kilometre long dual carriage road.</td>
</tr>
<tr>
<td>15/06/2016</td>
<td>CII declares killing in the name of honour un-Islamic and against the law of the land.</td>
</tr>
<tr>
<td>20/06/2016</td>
<td>Balochistan announces Rs.282.77 billion budget aimed at improving infrastructure.</td>
</tr>
</tbody>
</table>
23/06/2016: World Bank approves $1.02 billion package for Pakistan to push through the last leg of economic reforms before the country enters a new electoral cycle.
23/06/2016: National Assembly passes Rs.4.4 trillion budget with majority vote.
27/06/2016: At least 50 clerics issue a religious decree declaring transgender marriage lawful.
09/07/2016: Renowned philanthropist Abdul Sattar Edhi passes away after a prolonged illness; thousands attend state funeral in Karachi.

Conflict in Afghanistan

01/05/2016: Pakistan and China reaffirm plan to work closely with Kabul in an effort to bring peace and stability to Afghanistan.
06/05/2016: Pakistan’s Ambassador to Afghanistan reiterates his country’s pledge to facilitate Afghan transit trade through Pakistan and increase the volume of bilateral trade between the two countries.
06/05/2016: Afghanistan’s High Peace Council (HPC) reveals that Hizb-e-Islami Afghanistan (HIA) militant faction may attend talks in Kabul with President Ashraf Ghani.
08/05/2016: Afghanistan hangs six prisoners convicted of terrorism-related offences as part of a tougher new policy towards the Taliban.
09/05/2016: Security forces in Balochistan arrest an Afghan Border Force (ABF) official on espionage charges.
09/05/2016: Government official in Peshawar directs landlords to expel unregistered Afghan tenants and employees from their properties due to security concerns.
10/05/2016: Former Prime Minister Yousuf Raza Gilani’s son Ali Haider Gilani, who was abducted from Multan three years ago, is recovered in Afghanistan’s Ghazni province in a joint operation carried out by Afghan and US forces.
12/05/2016: Border gate between Afghanistan and Pakistan remains closed for two days following skirmishes between border guards over the issue of border fencing on the Pakistani side.
14/05/2016: Afghan President Ashraf Ghani describes the Pakistani Taliban as the ‘greatest threat to the region’ and says his country is facing an ‘undeclared war’ from Pakistan.
18/05/2016: Pakistan Army resumes fencing along select locations of the Pak-Afghan border after the Torkham border crossing reopens.
18/05/2016: US Special Representative for Afghanistan and Pakistan Richard Olson and Afghan Ambassador to Pakistan Dr. Omar Zakhilwal discuss strategy for the next Quadrilateral Coordination Committee (QCC) meeting in Islamabad.
22/05/2016: Pakistan hands over contentious Angoor Adda border crossing between Pakistan and Afghanistan in South Waziristan to Afghan authorities as a goodwill gesture in a bid to improve bilateral relations.
22/05/2016: US drone strike kills Afghan Taliban leader Mullah Akhtar Mansour in a remote area along the Pak-Afghan border.
23/05/2016: PM Sharif criticises US drone strike in Balochistan for violating Pakistan’s sovereignty.
25/05/2016: Afghan Taliban appoint former Taliban judiciary head, Mullah Haibatullah Akhundzada, as Mullah Mansour’s successor.
25/05/2016: Afghan authorities close Angoor Adda border crossing in South Waziristan and claim 10 kilometres of territory inside Pakistan.
26/05/2016: Balochistan Home Minister announces the arrest of six Afghan spies from the province’s Pishin area.
27/05/2016: Pakistan vows to continue working with its Quadrilateral Coordination Committee (QCC) partners for reconciliation in Afghanistan despite its reservations over perceived dichotomies in US strategy.
03/06/2016: Pakistan maintains that effective border management is necessary to eliminate terrorism.
07/06/2016: Afghan Taliban reject Kabul’s appeal for a ceasefire in the holy month of Ramadan.
09/06/2016: Senior Haqqani leader is killed in a US drone strike in Afghanistan’s Paktka province.
10/06/2016: Chief of Army Staff General Raheel Sharif asks high-level US delegation in Islamabad to target Pakistani Taliban leader Mullah Fazlullah and other terrorists sheltering in eastern Afghanistan.
13/06/2016: Pakistani and Afghan soldiers clash at the Khyber border crossing, leaving one dead, several wounded and Torkham border closed.
13/06/2016: Pakistan clarifies that it has not handed over the Angoor Adda checkpoint to Afghanistan, adding that the Pakistan Army constructed a gate for the Kabul government in the Afghan area of the checkpoint ‘as a gift’.
15/06/2016: Pakistani army officer dies from injuries sustained in Torkham border firing, as Pakistan and Afghanistan deploy more troops at the border.
15/06/2016: Five suspected militants, including one belonging to Afghanistan’s National Directorate of Security (NDS) are killed in a shootout with security forces in Quetta.
16/06/2016: Pakistan and Afghanistan agree to de-escalate tensions at Torkham after cross-border skirmishes leave nearly half a dozen troops dead on both sides.
17/06/2016: Pakistan to receive an additional 300 MW of electricity from Central Asia as Afghanistan relinquishes its share of electricity under CASA-1000 owing to low demand.
20/06/2016: Afghanistan’s Deputy Foreign Minister Hekmat Khalil Karzai arrives in Islamabad for talks on border management.
20/06/2016: Pakistan completes construction of a 1,100 kilometre trench along the Pak-Afghan border in Balochistan.
21/06/2016: Pakistani authorities deport 254 Afghan nationals arrested during a search and clear operation in Peshawar.
27/06/2016: HIA chief Gulbuddin Hekmatyar says peace deal between his militant group and the Kabul government no longer viable.
28/06/2016: Pakistan deports 56 Afghan nationals arrested from various parts of the country on charges of having entered Pakistan illegally.
29/06/2016: PM Sharif grants an extension of stay to registered Afghan refugees residing in Pakistan for another six months.
10/07/2016: Afghan President Ashraf Ghani says peace initiatives with Pakistan have been unsuccessful; urges international community to bring pressure to bear on Islamabad.

Militancy
02/05/2016: Fifteen people, including three children, injured in a late-night attack on a Jamaat-ud-Dawa (JuD) madrassah in Peshawar.
03/05/2016: Five policemen injured in an improvised explosive device (IED) blast in Quetta.
11/05/2016: Two policemen killed, and five people injured, in an explosion outside Balochistan University.
17/05/2016: Seven employees of the Fata Development Authority, who had been kidnapped in South Waziristan two months ago, freed.
20/05/2016: IED blast kills a policeman and injures 7 others in a roadside attack in Quetta.
21/05/2016: Balochistan minister’s son kidnapped from Pishin, Balochistan.
24/05/2016: Three people killed and four injured as armed assailants attack a house in Harnai, Balochistan.
27/05/2016: At least three suspected militants killed and four others injured during an exchange of fire with security personnel near the Pak-Afghan border in North Waziristan.
27/05/2016: Army launches operation in Khyber Pakhtunkhwa to eliminate terrorist sleeper cells and networks.
29/05/2016: Two security personnel killed in an IED blast near Quetta.
01/06/2016: Punjab’s Counter Terrorism Department (CTD) arrests two alleged facilitators of a banned organisation from Lahore.
07/06/2016: At least two security officials killed and another injured during an attack by militants in Buner, Khyber Pakhtunkhwa.
14/06/2016: Police kill five suspected terrorists in Quetta.
18/06/2016: Police arrest three suspected Al-Qaeda militants from Karachi.
20/06/2016: Five suspected militants killed in Balochistan’s Awaran district.
20/06/2016: Slain Pakistani Taliban commander Hakimullah Mehsud’s brother and uncle surrender to authorities along with four other suspected militants near the Afghan border in Kurram Agency.
21/06/2016: Owais Ali Shah, a lawyer and son of the Chief Justice of Sindh High Court, kidnapped in Karachi.
22/06/2016: Renowned Qawwali singer Amjad Sabri shot dead in Karachi; Pakistan Taliban Hakimullah Mehsud group claims responsibility.
22/06/2016: Khyber Pakhtunkhwa government controversially allocates Rs.300 million to the Darul Uloom Haqqania seminary.
12/07/2016: US drone strike in eastern Afghanistan kills Peshawar Army Public School massacre mastermind Umar Mansour, alias Khalifa Mansour.

Ethnicity & Sectarianism
02/05/2016: Police in Punjab arrest six transport company employees on blasphemy charges for desecrating the turban of a Sikh passenger.
08/05/2016: Human rights activist Khurram Zaki shot dead in Karachi.
25/05/2016: Ahmadi man shot and injured in a targeted attack in Karachi.
12/06/2016: Elderly Hindu man beaten by police for eating in public during Ramadan; offending policeman arrested.
21/06/2016: Ahmadi doctor shot dead in Karachi.
27/06/2016: Khyber Pakhtunkhwa government allocates Rs.90 million for the renovation of temples and churches.

15 July 2016
2. The Regional Powers

INDIA

1. Bilateral Relations

<table>
<thead>
<tr>
<th>Actions Taken</th>
<th>Who?</th>
<th>The Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>17/05/2016: Pakistan conveys concerns to the United Nations Security Council (UNSC) over India’s controversial ‘maps bill’ on the depiction of disputed Kashmir territory.</td>
<td>Kamran Yousaf</td>
<td>Express Tribune</td>
</tr>
<tr>
<td>18/05/2016: Interpol issues fresh notices for Jaish-e-Mohammad (JeM) chief Masood Azhar and his brother in connection with the Pathankot attack in January.</td>
<td>Arshad Shaheen</td>
<td>DAWN</td>
</tr>
<tr>
<td>02/06/2016: India’s National Investigation Agency (NIA) says there is no evidence of the Pakistani government’s involvement in the Pathankot attack.</td>
<td>Mateen Haider</td>
<td>DAWN</td>
</tr>
<tr>
<td>05/06/2016: Pakistan decides against granting India consular access to arrested Indian spy Kulbhushan Yadav.</td>
<td>Baqir Sajjad Syed</td>
<td>DAWN</td>
</tr>
<tr>
<td>09/06/2016: Pakistan tells Nuclear Suppliers Group (NSG) that Indian membership could detrimentally impact strategic stability in South Asia.</td>
<td>Mateen Haider</td>
<td>DAWN</td>
</tr>
<tr>
<td>24/06/2016: Nuclear Suppliers Group (NSG) fails to reach consensus on India’s application for membership.</td>
<td>News Desk</td>
<td>Express Tribune</td>
</tr>
<tr>
<td>10/07/2016: Hizbul Mujahideen militant commander Burhan Wani killed by Indian government forces along with fifteen protesters in Indian-occupied Kashmir; Pakistan condemns ‘extra-judicial’ killing.</td>
<td>Agencies</td>
<td>The Nation</td>
</tr>
<tr>
<td>11/07/2016: PM Sharif condemns use of ‘excessive and unlawful force’ against civilians in Indian-occupied Kashmir.</td>
<td>Politics Desk</td>
<td>India TV</td>
</tr>
<tr>
<td>11/07/2016: Foreign Office summons India’s High Commissioner to Pakistan to convey its concerns over the killing of Kashmiri separatist leader Burhan Wani.</td>
<td>Press Trust of India</td>
<td>NDTV</td>
</tr>
<tr>
<td>16/05/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz says Indian supersonic interceptor missile test will disturb the regional balance of power.</td>
<td>Baqir Sajjad Syed</td>
<td>DAWN</td>
</tr>
<tr>
<td>20/05/2016: India’s nuclear-armed missiles deployed on Indian nuclear-powered submarines pose a threat to the maritime security of 32 littoral states says Adviser to the PM on Foreign Affairs Sartaj Aziz.</td>
<td>Staff Reporter</td>
<td>DAWN</td>
</tr>
<tr>
<td>20/05/2016: Pakistan’s Foreign Office says sincerity is critical for the normalisation of relations between Pakistan and India.</td>
<td>Web Desk</td>
<td>Pakistan Today</td>
</tr>
<tr>
<td>29/05/2016: Indian Home Minister says not allowing an NIA team into Pakistan to probe the Pathankot terror strike will amount to a ‘betrayal’.</td>
<td>Press Trust of India</td>
<td>Hindustan Times</td>
</tr>
<tr>
<td>31/05/2016: Pakistan’s High Commissioner to India says war between the two countries is not an option.</td>
<td>Anees Hanif</td>
<td>DAWN</td>
</tr>
<tr>
<td>05/06/2016: Indian Defence Minister says window of goodwill towards Pakistan is closing.</td>
<td>Anees Hanif</td>
<td>DAWN</td>
</tr>
<tr>
<td>06/06/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz responds to the Indian Defence Minister’s statement, saying that India never opened a window of opportunity for dialogue and goodwill with Pakistan in the first place.</td>
<td>Smriti Kak Ramachandran</td>
<td>Hindustan Times</td>
</tr>
</tbody>
</table>

Public Statements

02/05/2016: India says it has no problem with the Kashmiri Hurriyat leadership talking to Islamabad.
03/05/2016: India’s nuclear weapons lie at the heart of global concerns says Indian Ministry of External Affairs.
16/05/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz says Indian supersonic interceptor missile test will disturb the regional balance of power.
20/05/2016: India’s nuclear-armed missiles deployed on Indian nuclear-powered submarines pose a threat to the maritime security of 32 littoral states says Adviser to the PM on Foreign Affairs Sartaj Aziz.
20/05/2016: Pakistan’s Foreign Office says sincerity is critical for the normalisation of relations between Pakistan and India.
29/05/2016: Indian Home Minister says not allowing an NIA team into Pakistan to probe the Pathankot terror strike will amount to a ‘betrayal’.
31/05/2016: Pakistan’s High Commissioner to India says war between the two countries is not an option.
05/06/2016: Indian Defence Minister says window of goodwill towards Pakistan is closing.
06/06/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz responds to the Indian Defence Minister’s statement, saying that India never opened a window of opportunity for dialogue and goodwill with Pakistan in the first place.
10/06/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz says Pakistan’s credentials for Nuclear Suppliers Group (NSG) membership are stronger than India’s.
14/06/2016: Hindu nationalist group calls Pakistan a rogue state, asks Indian policymakers to exercise caution.
20/06/2016: India’s Minister for External Affairs Sushma Swaraj says India is not opposed to Pakistan joining the Nuclear Suppliers Group (NSG).
20/06/2016: Interior Minister Chaudhry Nisar terms Hindu extremist organisations the biggest hurdle in the way of India-Pakistan peace.
22/06/2016: National Security Adviser Lt. Gen. Nasir Janjua terms US efforts to include India in the Nuclear Suppliers Group (NSG) part of a ‘greater design’ to contain China and prevent the resurgence of Russia.
23/06/2016: Pakistan People’s Party (PPP) says India’s out of turn inclusion in the Nuclear Suppliers Group (NSG) will lead to an arms race in the region.
24/06/2016: Inter-Services Public Relations (ISPR) says India poses greatest threat to Pakistan’s national security.
27/06/2016: Indian Home Minister blames Pakistan for a shooting in Indian-occupied Kashmir that left eight paramilitary personnel dead, promises retaliation.
28/06/2016: Indian PM Modi says that India is not reluctant to engage with Pakistan.
29/06/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz accuses India of stalling dialogue to avoid negotiations on Kashmir.
01/07/2016: Jammu & Kashmir Chief Minister Mehbooba Mufti says reconciliation between India and Pakistan is necessary to bring an end to violence in the state.
07/07/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz asks India to respect the basic rights of Kashmiris in Indian-occupied Kashmir following detention of Kashmiri leaders.
11/07/2016: India asks Pakistan to refrain from issuing statements on the situation in Indian-occupied Kashmir.
15/07/2016: Pakistan’s Ambassador to the United Nations (UN) Maleeha Lodhi condemns the atrocities committed by Indian military forces in Kashmir in address to the UN General Assembly.

Media Commentary
15/05/2016: Opinion piece on the collapse of peace talks between India and Pakistan.
17/05/2016: Opinion piece on India and Pakistan’s nuclear weapons.
20/05/2016: Opinion piece on the potential nuclearisation of the Indian Ocean.
24/05/2016: Article frames agreement between India, Afghanistan and Iran on the development of the port of Chabahar as a way for India to ‘side-step’ Pakistan.
26/05/2016: Opinion piece sees India’s ‘maps bill’ as an attempt by India to forcibly alter its geography.
26/05/2016: Opinion piece on regional dynamics post-Chabahar.
31/05/2016: Opinion piece on Indian human rights violations in Kashmir.
01/06/2016: Article contends that both Pakistan and India stand to benefit from the development of Chabahar port.
03/06/2016: Opinion piece compares Pakistan and India’s defence budgets.
06/06/2016: Editorial questions reasons behind India’s recent diplomatic successes.
10/06/2016: Editorial on Pakistan, India and the Nuclear Suppliers Group (NSG).
10/06/2016: Opinion piece considers Indian PM Modi’s address to the US Congress and its possible impact on South Asia.
13/06/2016: Opinion piece on the possible implications of Indian accession to the Nuclear Suppliers Group (NSG).
14/06/2016: Opinion piece argues that India’s US-backed bid to join the Nuclear Suppliers Group (NSG) has once again isolated Pakistan in South Asia.
24/06/2016: Editorial urges Pakistan and India to resume talks and work towards securing peace in Kashmir.
### 2. Bilateral Trade

**Actions Taken**
- **12/05/2016:** India’s tea exports to Pakistan up by 47.5 per cent.
- **16/06/2016:** Senate Committee unanimously recommends immediate imposition of regulatory duties on cotton imports from India.
- **24/06/2016:** India to import 20,000 bales of cotton from Pakistan.

**Public Statements**
- **10/05/2016:** Minister for Commerce Khurram Dastgir says Pakistan hopes the value of its exports to India will cross one billion dollars within a year.
- **24/06/2016:** India’s High Commissioner to Pakistan says list of commodities which can be traded and exchanged through the Wagah border should be expanded, in order to reduce the costs for business communities in both countries.

**Additional Information**
- **12/05/2016:** India’s tea exports to Pakistan up by 47.5 per cent.
- **16/06/2016:** Senate Committee unanimously recommends immediate imposition of regulatory duties on cotton imports from India.

### 3. Line of Control (LoC)

**Actions Taken**
- **12/06/2016:** Indian Border Security Force claims to have killed two Pakistani smugglers attempting to enter India.
- **23/06/2016:** Pakistan Rangers and Indian Border Security Force vow to maintain peace and tranquillity along the Indo-Pak border in a meeting held in Jammu & Kashmir’s Samba district.
- **06/07/2016:** In an exchange of customary greetings, Pakistan Rangers gift sweets to Indian Border Security Force personnel on the occasion of Eid-ul-Fitr.

**Public Statements**
- **10/05/2016:** Minister for Commerce Khurram Dastgir says Pakistan hopes the value of its exports to India will cross one billion dollars within a year.
- **24/06/2016:** India’s High Commissioner to Pakistan says list of commodities which can be traded and exchanged through the Wagah border should be expanded, in order to reduce the costs for business communities in both countries.

### 4. Status of Confidence Building Measures

**Actions Taken**
- **27/05/2016:** India decides to expedite its visa process for Pakistani citizens.
- **12/05/2016:** Pakistan detains 10 Indian fishermen near the coastal region of Rann of Katch.
- **06/06/2016:** Pakistani authorities release 18 Indian fishermen as a goodwill gesture.

**Public Statements**
- **31/05/2016:** India’s Minister for External Affairs Sushma Swaraj promises to help Pakistani Hindu refugee girl seeking admission to an Indian medical college.
- **01/06/2016:** Pakistani singer-actor Ali Zafar says Pakistani movies should be screened in Indian cinemas as well.
- **17/06/2016:** Half of all visa applications from Pakistan in the first half of 2016 were rejected, reveal Indian officials.
- **02/07/2016:** India’s Ministry of External Affairs says India is ready to work with Pakistan on humanitarian issues concerning prisoners and fishermen.
## IRAN

### 1. Bilateral Relations

#### Actions Taken

- **04/05/2016:** Iranian security forces deport 107 undocumented Pakistanis. 
- **06/05/2016:** Interior Minister Chaudhry Nisar and Iranian Ambassador Mehdi Honardoost agree to implement pre-existing agreements between the two countries. 
- **07/06/2016:** Iranian security forces hand over 81 deported Pakistani nationals to Levies forces along the Pak-Iran border. 
- **14/06/2016:** Iranian security forces hand over 58 Pakistani nationals to Levies forces along the Pak-Iran border. 
- **18/06/2016:** Pakistan begins construction work on a gate along the border with Iran to curb illegal trade. 
- **19/06/2016:** Iranian security forces hand over 110 deported Pakistani nationals to Levies force along the Pak-Iran border. 
- **27/06/2016:** Iranian security forces hand over 99 deported Pakistani nationals to Levies force along the Pak-Iran border. 
- **04/07/2016:** Iran releases 20 detained Pakistani fishermen. 
- **06/07/2016:** Four Iranian border guards killed in a clash with armed rebels near the Pak-Iran border. 
- **07/07/2016:** Iranian police say terrorists responsible for killing four Iranian borders guards have fled to neighbouring Pakistan.

#### Public Statements

- **23/05/2016:** Iranian Foreign Ministry refutes reports of Taliban leader Mullah Mansour’s presence in Iran before he was killed in a US airstrike in Balochistan. 
- **28/05/2016:** Iranian Ambassador Mehdi Honardoost says Iran does not prefer India over Pakistan, despite the recent warming of Indo-Iran ties and Indian PM Modi’s visit to Tehran. 
- **16/06/2016:** Iran responds to a letter written by the Interior Ministry seeking an investigation into Indian intelligence activities in Iran. 
- **29/06/2016:** Information Minister Pervaiz Rashid says greater media interaction between Pakistan and Iran will further consolidate the bilateral relationship. 

#### Media Commentary

- **05/05/2016:** Opinion piece on Pakistan-Iran-India dynamic. 
- **19/05/2016:** Opinion piece looks at the impact of India-Iran bilateral relations on Pak-Iran ties. 
- **25/05/2016:** Editorial considers changing regional dynamics following Indian PM Modi’s visit to Tehran. 
- **02/06/2016:** Opinion piece implores government to strengthen ties with Iran. 
- **21/06/2016:** Opinion piece calls for better Pak-Iran relations.

### 2. Trade & Energy

#### Actions Taken

- **03/05/2016:** Pakistan signs 75,000-tonne Liquefied Petroleum Gas (LPG) import deal with Iran. 
- **12/05/2016:** Pakistan is considering laying modern rail tracks and refurbishing existing railway routes for direct and transit trade with Afghanistan and Iran, says Minister for Commerce Khurram Dastgir.
12/05/2016: Initial text of the proposed Free Trade Agreement with Iran will be shared by Pakistan by the end of this month, says a Ministry of Commerce official.
18/05/2016: Iran and Pakistan agree to resume rail freight transport between the provincial capitals of their respective border regions.
24/05/2016: Minister for Petroleum and Natural Resources says Pakistan is committed to the Iran-Pakistan (IP) gas pipeline project, but existing sanctions continue to make investors wary.
27/05/2016: Pakistan and Iran agree to revive weekly train service between Taftan and Quetta to boost bilateral trade.
07/06/2016: Pakistan’s mango trade with Iran is reported to be in jeopardy owing to inadequate export regulation measures.
23/06/2016: Pak-Iran Joint Chamber of Commerce and Industry launched in Rawalpindi.

Public Statements
13/05/2016: Gwadar will not pose any competition to Iranian ports, says Iranian Ambassador to Pakistan Mehdi Honardoost.
17/05/2016: Iranian Consul General says the annual meeting of the Pak-Iran Joint Economic Commission will be held in Tehran immediately after Ramadan.
22/05/2016: Iranian Ambassador to Pakistan Mehdi Honardoost says Iranian businessmen are keen to enhance business contacts with their Pakistani counterparts.
27/05/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz says Pakistan is considering linking Gwadar to the Iranian port of Chabahar.
09/06/2016: Iran-Pakistan gas pipeline will be constructed by 2018, says Minister for Petroleum and Natural Resources.
13/06/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz says Pakistan is trying to promote trade relations with Iran following lifting of international sanctions.

Media Commentary
02/05/2016: Article urges Pakistan to develop stronger economic ties with Iran.
22/05/2016: Opinion piece decries Pakistan’s missed opportunities to increase volume of bilateral trade with Iran.
04/07/2016: Opinion piece on the Iran-Pakistan gas pipeline.

Peer Muhammad
Express Tribune
Press TV

Zafar Bhutta
Express Tribune
Radio Pakistan

Peer Muhammad
Express Tribune
Radio Pakistan

Imran Rana
Express Tribune
Pakistan Today

APP
Express Tribune

N NI
Daily Times

Parvez Jabri
Business Recorder

Zafar Bhutta
Express Tribune

Fahd Humayun
The News

Abbas Hasan
Pakistan Today


**CHINA**

**1. Trade & Economic Activity**

**Actions Taken**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/05/2016</td>
<td>China-backed Asian Infrastructure Investment Bank (AIIB) to jointly finance a major new highway in Pakistan in its first co-financed project with the Asia Development Bank (ADB).</td>
<td>Reuters, Express Tribune</td>
</tr>
<tr>
<td>04/05/2016</td>
<td>Pakistan and China sign financing agreements valued at $4.2 billion for the construction of two main road projects on the eastern route of the China-Pakistan Economic Corridor (CPEC).</td>
<td>Correspondent, Express Tribune</td>
</tr>
<tr>
<td>05/05/2016</td>
<td>Chinese universities in Hainan and Pakistani universities in Sindh to set up jointly-funded Pakistan-China research centres in both countries.</td>
<td>Daily Times</td>
</tr>
<tr>
<td>06/05/2016</td>
<td>Members of the parliamentary committee on CPEC to visit China for a week, where Chinese authorities are expected to address the reservations of certain opposition parties over the corridor’s western route.</td>
<td>Syed Irfan Raza, DAWN</td>
</tr>
<tr>
<td>07/05/2016</td>
<td>Senate Special Committee on CPEC asks officials to define the specifications and the expected time of completion of the western route of CPEC.</td>
<td>Maryam Usman, Express Tribune</td>
</tr>
<tr>
<td>10/05/2016</td>
<td>Construction begins on 392-kilometre long road from Peshawar to Karachi as part of CPEC.</td>
<td>Kamran Yousuf, Express Tribune</td>
</tr>
<tr>
<td>16/05/2016</td>
<td>Chief of Army Staff General Raheel Sharif discusses security for CPEC with the head of the Chinese military during a two-day visit to China.</td>
<td>Khaleeq Kiani, DAWN</td>
</tr>
<tr>
<td>18/05/2016</td>
<td>Major Chinese firm exits 330 MW coal-based Punjab power project owing to feasibility concerns.</td>
<td>Staff Reporter, DAWN</td>
</tr>
<tr>
<td>18/05/2016</td>
<td>Exim Bank of China releases first tranche of $331.08 million for the Lahore Orange Line Metro Train Project.</td>
<td>Ali Zain, Daily Pakistan</td>
</tr>
<tr>
<td>19/05/2016</td>
<td>PM Sharif inaugurates $44 million Pak-China Optical Fibre Cable project in Gilgit-Baltistan.</td>
<td>Abrar Hamza, Daily Times</td>
</tr>
<tr>
<td>20/05/2016</td>
<td>15,000 security personnel deployed to safeguard CPEC projects across the country.</td>
<td>INP, The Nation</td>
</tr>
<tr>
<td>24/05/2016</td>
<td>Import of Chinese mobile phones drops by 40 per cent largely owing to complex Pakistan Telecommunication Authority (PTA) regulations.</td>
<td>INP, Pakistan Today</td>
</tr>
<tr>
<td>09/06/2016</td>
<td>Pakistani and Chinese firms ink agreement for coal-based power generation in Balochistan.</td>
<td>Staff Report, Daily Times</td>
</tr>
<tr>
<td>13/06/2016</td>
<td>China to start work on Gwadar-Kashgar oil pipeline in 2017.</td>
<td>Staff Report, The News</td>
</tr>
<tr>
<td>14/06/2016</td>
<td>Pakistan and China agree to increase rice and fruits exports to Yunnan province.</td>
<td>Staff Report, The News</td>
</tr>
<tr>
<td>21/06/2016</td>
<td>Habib Bank Limited (HBL) set to become the first Pakistani bank to have a branch in China by end of year.</td>
<td>Staff Report, The News</td>
</tr>
<tr>
<td>21/06/2016</td>
<td>Tianjin University of Technology and Education, China, and Pakistan’s National Vocational and Technical Training Commission agree on bilateral support and cooperation in various fields.</td>
<td>Staff Report, The News</td>
</tr>
</tbody>
</table>

**Public Statements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Statement</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/03/2016</td>
<td>Ministry of Petroleum and Natural Resources reveals plans to approach China to fund the Iran-Pakistan gas pipeline.</td>
<td>Daily Times</td>
</tr>
<tr>
<td>23/05/2016</td>
<td>Federation of Pakistan Chamber of Commerce and Industry (FPCCI) lauds CPEC for boosting development in Pakistan.</td>
<td>Daily Times</td>
</tr>
<tr>
<td>24/05/2016</td>
<td>Punjab Chief Minister Shahbaz Sharif says China’s contribution of Rs.33 billion for Lahore’s Orange Line Metro Train project is an important milestone and evidence of China’s friendship.</td>
<td>Staff, The News</td>
</tr>
<tr>
<td>03/06/2016</td>
<td>Pakistan and China to jointly monitor $46 billion CPEC projects to check</td>
<td>Syed, DAWN</td>
</tr>
</tbody>
</table>
corruption, says National Accountability Bureau (NAB).

03/06/2016: Ready to pay any price to turn $46 billion CPEC into reality, says Chief of Army Staff General Raheel Sharif.

21/06/2016: Federation of Pakistan Chambers of Commerce and Industry (FPCCI) says sizeable imports from China have threatened local manufacturing.

Media Commentary

02/05/2016: Opinion piece describes CPEC as mutually beneficial for Pakistan and China.

31/05/2016: In-depth look at trade between Pakistan and China.

01/06/2016: Opinion piece asks Pakistan to step up pace of progress on CPEC projects.

04/06/2016: Opinion piece on the role of CPEC in Balochistan’s development.

2. Bilateral & Multilateral Relations

Actions Taken

20/05/2016: Chinese naval commander conferred with Pakistan’s highest military award in recognition of contributions to strengthening bilateral ties.

21/05/2016: Week-long celebrations begin, marking the 65th anniversary of diplomatic relations between Pakistan and China.

30/05/2016: Chinese citizen targeted in Karachi blast.

01/06/2016: China asks Pakistan to ensure the protection of its citizens following a terrorist attack targeting a Chinese engineer in Karachi.

01/06/2016: 160 former military personnel hired to provide security for Chinese citizens working on development projects in Sindh.

10/06/2016: China opposes India’s bid to join the Nuclear Suppliers Group (NSG).

10/06/2016: China provides 505 vehicles, including 425 pickups and 80 ambulances, in aid to Pakistan.

Public Statements

24/05/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz says Pakistan and China will continue to consult each other on all issues of regional and global importance.

10/06/2016: China asks the international community to respect Pakistan’s sovereignty and territorial integrity nearly three weeks after an American drone strike in Balochistan.

14/06/2016: Foreign Secretary Aizaz Chaudhry says Pakistan’s growing strategic partnership with China is one of the main reasons for tensions with the United States.

Media Commentary

17/05/2016: Article says Chief of Army Staff General Raheel Sharif’s China visit could heighten concerns in New Delhi and Washington over China’s intentions in South Asia.

18/05/2016: Editorial on China’s partnership with Pakistan.

23/05/2016: Opinion piece on Pakistan’s enduring ties with China.

26/05/2016: Opinion piece on the strength of the Pak-China relationship.

12/06/2016: Opinion piece on Pakistan and the China-India-US dynamic.

13/06/2016: Opinion piece on the history of the Pak-China relationship.

15/06/2016: Opinion piece on the growing regional opposition to Chinese investment in Gwadar.

04/07/2016: Opinion piece on ideological differences between Pakistan and China.
RUSSIA

1. Bilateral Relations

Actions Taken
09/06/2016: Adviser to the PM on Foreign Affairs Sartaj Aziz speaks to Russia’s Foreign Minister Sergei Lavrov over the telephone as part of Pakistan’s continuing diplomatic efforts to mobilise support for its application to the Nuclear Suppliers Group (NSG).

Media Commentary
05/05/2016: Opinion piece reflects on Russian President Putin’s decision not to visit Pakistan.
10/05/2016: Editorial stresses the need to strengthen bilateral ties with Russia.
14/05/2016: Opinion piece questions Russia’s motives in its overtures towards Pakistan.

2. Bilateral Trade & Economic Activity

Actions Taken
02/06/2016: Trade Development Authority of Pakistan (TDAP) officials hold meetings with Russian officials during visit to Moscow.
08/06/2016: Pakistan and Russia sign memorandum of understanding (MoU) on Islamic finance in Russia.
24/06/2016: Pakistan awards $2 billion LNG pipeline contract to Russian firm.
05/07/2016: Russia’s Deputy Energy Minister Yuri Sentyurin and Pakistani Ambassador to Russia Qazi Mohammad Khalilullah meet in Moscow to discuss energy projects in Pakistan.

Public Statements
12/05/2016: Russian Ambassador to Pakistan stresses the need for removing barriers to trade between Russia and Pakistan.
31/05/2016: Greater interaction between the business communities of Pakistan and Russia can help increase bilateral trade, according to Trade Development Authority of Pakistan (TDAP).
28/06/2016: Russia’s Consul General says his country is looking forward to strengthening trade relations with Pakistan.

Media Commentary
12/06/2016: Opinion piece assesses the potential economic impact of increased Russian interest in the region.
## SAUDI ARABIA

### 1. Bilateral Relations

#### Actions Taken

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/05/2016</td>
<td>Saudi Bin Laden Group lays off 77,000 foreign workers, many of whom are Pakistani nationals.</td>
<td>Web Desk, Daily Pakistan</td>
</tr>
<tr>
<td>12/05/2016</td>
<td>Saudi officials, in conjunction with the World Food Programme (WFP), distribute 396 metric tonnes of dates among the temporarily displaced families from the Federally Administered Tribal Areas (FATA) at Jalozai Camp.</td>
<td>Mushtaq Paracha, The News</td>
</tr>
<tr>
<td>13/05/2016</td>
<td>Saudi Arabia deports 43 Pakistanis who reportedly lost their passports while residing the Kingdom.</td>
<td>Dunya News</td>
</tr>
<tr>
<td>18/05/2016</td>
<td>Saudi Arabia announces new $60 million aid projects for Pakistanis affected by natural disasters, as well as for Afghan refugees.</td>
<td>Tarique Siyal, Daily Times</td>
</tr>
<tr>
<td>18/05/2016</td>
<td>Pakistani man beheaded in Saudi Arabia for smuggling heroin.</td>
<td>Haider Ali Sindhu, Pakistan Today</td>
</tr>
<tr>
<td>04/07/2016</td>
<td>Suicide bomber who blew himself up near the United States consulate in Jeddah identified as a Pakistani citizen who had been residing in the Kingdom.</td>
<td>Sarfraz Ali, Daily Pakistan</td>
</tr>
<tr>
<td>05/07/2016</td>
<td>Chief of the Army Staff (COAS) General Raheel Sharif telephones Saudi Defence Minister Muhammad bin Salman al-Saud to condemn a series of suicide attacks in the Saudi cities of Jeddah, Medina and Qatif.</td>
<td></td>
</tr>
<tr>
<td>08/07/2016</td>
<td>12 Pakistani nationals arrested in connection with the suicide attacks in Saudi Arabia.</td>
<td>BBC News</td>
</tr>
<tr>
<td>09/07/2016</td>
<td>Official investigation into suicide attacks in Saudi Arabia reveals that Jeddah bomber was an Indian national, and not Pakistani as had been previously reported.</td>
<td>The News</td>
</tr>
</tbody>
</table>

#### Public Statements

<table>
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<tbody>
<tr>
<td>12/06/2016</td>
<td>Regional director of the Saudi Campaign for the Relief of Pakistani People Saudi Arabia says the Kingdom is building 1,900 housing units, 33 schools and 23 healthcare centres in Pakistan as part of a relief package for earthquake and flood victims.</td>
<td>Al-Arabiya</td>
</tr>
<tr>
<td>22/06/2016</td>
<td>Foreign Office takes notice of suffering of Pakistani nationals in Dammam, Saudi Arabia, and says that its embassy is looking into the matter.</td>
<td>Radio Pakistan</td>
</tr>
<tr>
<td>27/06/2016</td>
<td>Foreign Office says it is closely pursuing the situation pertaining to the Pakistani employees of Saad Contracting and Construction Company in Dammam, Saudi Arabia.</td>
<td>Correspondent, The News</td>
</tr>
</tbody>
</table>

#### Media Commentary

<table>
<thead>
<tr>
<th>Date</th>
<th>Commentary</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/05/2016</td>
<td>Opinion piece anticipates major changes in Saudi Arabia’s regional policies.</td>
<td>Shahid Javed Burki, Express Tribune</td>
</tr>
<tr>
<td>04/05/2016</td>
<td>Opinion piece on the plight of Pakistani workers in Saudi Arabia following lay-offs at Saudi firm.</td>
<td>Rafia Zakaria, DAWN</td>
</tr>
<tr>
<td>21/06/2016</td>
<td>Opinion piece urges government to take up the issue of Pakistani workers in Saudi Arabia not being allowed exit visas.</td>
<td>Ayesha Bint Niaz Morio, Pakistan Observer</td>
</tr>
</tbody>
</table>
3. Regional Dynamics & Crosscutting Issues

Bilateral & Multilateral Dialogues
I. 03/05/2016: Sixth meeting of the Pakistan-India Joint Business Forum in New Delhi.
II. 18/05/2016: Fifth meeting of the Quadrilateral Coordination Committee (QCC) of Afghanistan, Pakistan, the United States and China.
III. 24/05/2016: Three-day Beijing Forum-Islabad on the China-Pakistan Economic Corridor (CPEC) is jointly held by the National University of Sciences and Technology (NUST) and Peking University.
IV. 23/06/2016: Nuclear Suppliers Group (NSG) annual plenary meeting begins in Seoul, South Korea.
V. 23/06/2016: 16th Shanghai Cooperation Organisation (SCO) summit in Tashkent, Uzbekistan; Pakistan and India approved for SCO membership.
VI. 08/07/2016: North Atlantic Treaty Organisation (NATO) summit in Warsaw, Poland.

Crosscutting Issues
I. 12/05/2016: PM Sharif, Tajik President Emomali Rahmon, Chief Executive Afghanistan Abdullah Abdullah and Kyrgyzstan’s Prime Minister Sooronbay Jeenbekov jointly launch the Central Asia South Asia (CASA)-1000 power project in Tajikistan.
II. 23/05/2016: Iranian President Hassan Rouhani, Indian PM Modi and Afghan President Ashraf Ghani sign a transit agreement to develop Iran’s southern port of Chabahar.
III. 24/06/2016: Britain’s vote to leave the European Union leaves world officials and financial markets in confusion over how to handle the political and economic fallout of the decision.
4. Summary for the Quarter

Over the course of the reporting period, the Pakistan Muslim League-Nawaz (PML-N)-led government continued to witness fallout from the Panama Papers revelations. While the Opposition agreed to remove Prime Minister Nawaz Sharif’s name from the draft terms for a proposed inquiry commission into the Panama Papers scandal, progress on the matter has been slow. In late June, the Pakistan Tehreek-e-Insaf (PTI) and Pakistan People’s Party (PPP) filed a reference in the Election Commission of Pakistan (ECP) seeking to disqualify PM Sharif for concealing his assets. With the premier recovering from a drawn-out illness in London, the government also faced criticism for its perceived foreign policy lethargy, an inability to respond effectively to geopolitical changes in Pakistan’s neighbourhood, and the absence of a dedicated Foreign Minister.

On the economic front, Pakistan narrowly missed its GDP growth target for the financial year by 0.8 per cent. This summer, Morgan Stanley Capital International (MSCI) upgraded Pakistan to ‘Emerging Market’ status, signaling an improvement in the country’s global financial standing. In early June, the federal government unveiled a national budget of Rs.4.4 trillion, with defence expenditure for the upcoming financial year up by 11 per cent, in par with past trends. A reduction in budgetary allocation for the National Counterterrorism Authority (NACTA), however, drew criticism of the ruling PML-N’s counterterror resolve.

Pakistan’s relations with Afghanistan continued to deteriorate over the quarter: on May 22, a US airstrike in Balochistan killed Afghan Taliban leader Mullah Mansour, who had entered Pakistan from Iran. In the aftermath of the drone strike, Interior Minister Chaudhry Nisar launched a nationwide drive to re-verify all national identity cards. Mullah Mansour’s discovery on Pakistani soil prompted Afghan President Ashraf Ghani to vow to destroy any militants entering Afghanistan from neighbouring countries. As the Taliban reorganise under new leader Haibatullah Akhunzada and show no signs of responding to Kabul’s overtures for reconciliation, attempts by the four-nation Quadrilateral Coordination Group (QCG) to push for an intra-Afghan dialogue are likely to be held hostage to divisions within Afghanistan on the desired endgame. In the meantime, the Pak-Afghan stalemate is likely to continue. On the night of June 13, heavy firing broke out at the Torkham border crossing after Afghan security forces reacted to Pakistani attempts to fence the border. After cross-border skirmishes left nearly half a dozen troops dead on both sides and many others wounded, a ceasefire was agreed upon and the border was closed for five days.

With India-Pakistan relations at an impasse, there was little forward movement on the subject of either official talks or Foreign Secretary-level engagement. While both Pakistan and India formally acceded to the Shanghai Cooperation Organisation (SCO) in June, a planned US F-16 sale to Pakistan fell through after the United States Congress refused to subsidise the sale on account of strong objections from Indian quarters. Shortly thereafter, the US backed India’s bid to join the Nuclear Suppliers Group (NSG) despite the fact that India is not a signatory to the Nuclear Non-Proliferation Treaty (NPT). Meanwhile, Pakistan also submitted a bid for membership to the NSG backed by China, which maintained that the NPT exception could not be made for India without it being made for Pakistan as well. On June 24, the NSG failed to reach consensus on India’s membership application after several members insisted on adhering to the NPT condition for admission, thus blocking New Delhi’s entry into the nuclear export cartel for the near future.

Pakistan-China relations continue to be fuelled by collaboration on China-Pakistan Economic Corridor (CPEC) projects. Firms from both countries signed an agreement for coal-based power generation in Balochistan. China also announced its intention to start work on a Gwadar-Kashgar oil pipeline in 2017. Pakistan’s Habib Bank Limited (HBL) finalised agreements to establish a branch in China by the end of the year, making it the first Pakistani bank to do so. However, security concerns continue to dog Chinese investment in the country: after a Chinese citizen was targeted in a bombing in Karachi, a contingent of ex-military personnel was hired to provide security cover to Chinese citizens working on development projects in Sindh.

Relations with Saudi Arabia were tested after a series of suicide attacks hit three Saudi cities on July 4. Fifteen Pakistani nationals were arrested after a Pakistani citizen, who had been residing in the Kingdom for the past
decade, was accused of masterminding the Jeddah bombing. Earlier during the reporting period, Pakistan’s Foreign Office also expressed concern at reports of the mistreatment of Pakistani workers employed by the Kingdom.

The region also moved towards greater integration outside the ambit of CPEC as Tajikistan, Pakistan, Afghanistan and Kyrgyzstan jointly launched the Central Asia South Asia (CASA)-1000 power project in Tajikistan. Iran, India and Afghanistan signed a transit agreement to develop Iran’s southern port of Chabahar, and link it to the Afghan border. The port, seen as a potential competitor to the Chinese-funded Gwadar port, is expected to enable India to bypass Pakistan in its bilateral trade with, and access to, Afghanistan and Central Asia.
5. Publications from the Region

Social & Economic Issues

Conflict in Afghanistan

Militancy

The Regional Powers

Sauleha Kamal, Jinnah Institute