

Documents

January-June 2009

I. Foreign Policy

PAK-AFGHAN RELATIONS

1. Joint declaration on directions of bilateral cooperation adopted by Pakistan and Afghanistan

The Islamic Republic of Pakistan and the Islamic Republic of Afghanistan,

Recalling their historical, cultural and religious bonds;

Firmly believing on the need to open a new visionary chapter in their bilateral relations to further strengthen the overall good neighborly relations and mutual cooperation between the two countries, as well as to enhance regional cooperation and world peace;

Stressing on mutual respect for each other's sovereignty, independence and territorial integrity as well as on the principle of non-interference in each other's internal affairs according to the United Nations Charter;

Affirming their deep commitment for working resolutely towards making the South Asia an abode of stability, peace, prosperity and moderation;

Recognizing that militancy, extremism and terrorism are common threats to both countries as well as to the region and the world at large;

Encouraging the vital role of moderate, progressive and democratic forces;

Reaffirming their deep commitment to completely eliminate the scourge of militancy, extremism and terrorism in all their forms and manifestations, including entities promoting them;

Reaffirming their sincere commitment to develop closer bilateral relations and to pursue forward-looking policies in all fields.

In this spirit, and with a view to create sound foundations for deepening bilateral cooperation in all fields, the two countries hereby agree as follows:

1. To maintain frequent exchange of high level visits and contacts and to strengthen the exchange of visits and communications between the

- governmental departments, parliaments, armed forces, security agencies and non-governmental organizations of the two countries with a view to enhance mutual understanding and friendship in all fields.
2. To remain fully supportive of the Joint Peace Jirga Process.
 3. To remain fully engaged with other frameworks of cooperation between the two countries.
 4. To further develop a joint comprehensive strategy for combating terrorism and strengthening bilateral cooperation by the Ministries of Foreign Affairs of Afghanistan and Pakistan.
 5. To closely cooperate with each other as well as with the international community to counter and completely eliminate the menaces of militancy, extremism and terrorism from the region.
 6. To cooperate closely for the complete eradication of narcotics drugs and psychotropic substances, including their production, consumption and trafficking from the region.
 7. To make full use of their historical, political and geographical advantages as well as the region's rich resources in order to promote bilateral and regional cooperation in all fields, especially in the realms of economy, trade, transit, investment, agriculture, education and technology.
 8. To take urgent steps to improve connectivity through quantitative and qualitative improvement in infrastructure, especially improving and adding road and rail links and building transportation, transit and communication corridors connecting the entire region.
 9. To collaborate closely in developing energy corridors in the region, including building oil and gas pipelines and electricity networks.
 10. To develop bilateral programs and projects for the exploitation of mineral resources and other fields in their respective countries. In this context, they express their readiness to seek assistance from third parties on the basis of mutual interest and agreement.
 11. To promote bilateral trade on preferential terms and working expeditiously towards full implementation of the South Asia Free Trade Agreement (SAFTA) and Economic Cooperation Organization Trade Agreement (ECOTA).
 12. To encourage cultural as well as people to people exchanges and contacts, especially between the academia, think tanks, media and civil society of the two countries.
 13. To cooperate closely in regional and international forums, including the United Nations (UN), the Organization of Islamic Conference (OIC), Economic Cooperation Organization (ECO) and South Asian Association for Regional Cooperation (SAARC).

(Makhdoom Shah Mahmood Qureshi)

Minister of Foreign Affairs, The Islamic Republic of Pakistan

(Dr. Rangin Dadfar Spanta)
Minister of Foreign Affairs, The Islamic Republic of Afghanistan

06 January 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

2. Text of Foreign Minister, Makhdoom Shah Mahmood Qureshi's opening remarks at the Pakistan-Afghanistan-Iran Ministerial Forum in Kabul

Quote

My brothers, Foreign Minister Rangin Dadfar Spanta and Foreign Minister Manouchehr Mottaki, Excellencies, Distinguished Colleagues,

Ladies and Gentlemen!

It is a matter of great pleasure for me to be in Kabul once again to participate in the trilateral forum of Foreign Ministers. I wish to thank my friend and brother, Foreign Minister Spanta for his warm and cordial hospitality.

Excellencies,

Pakistan, Afghanistan and Iran are bound by time-tested bonds of friendship and amity. Ours is a kinship transcending the domains of culture and commerce, history and heritage, faith and spirituality. Our peoples share common hopes, interests and concerns.

Moreover, we have greater sense and sensibility of our own problems and prospects than any other, and as a result are better poised to evolve indigenous prescriptions for lasting peace, stability, development and prosperity.

I take great satisfaction in recalling the excellent initiative launched by the leaderships of our three countries at the historic Tenth ECO Summit last month in Tehran . Pakistan views the trilateral mechanism as an important plank of a holistic regional approach towards issues of development and stability in the region. The assembling of our three contiguous brotherly countries on a single platform is in accord with the will and the aspirations of our peoples for greater cooperation and closer coordination.

It is my firm belief that through this initiative, Pakistan, Afghanistan and Iran can forge a forward looking development agenda in an atmosphere of trust, understanding and goodwill.

In creating new partnerships, our sight must be set on horizons beyond today's trials and tribulations. We have to look to the clear skies beyond the dark cloud, and chart a flight trajectory to a tomorrow of hope and promise.

This is a vision grounded, not in rhetoric but in reality. Our region is endowed with unmatched wealth, not the least of which is our strong human resource. There is no reason why we cannot synergize our energies, and harness our collective potential.

The Senior Officials meeting in Islamabad a few days ago produced some very positive outcomes. We agreed on the fundamentals of our tripartite cooperation. We developed a consensus on giving strong impetus to the trilateral process in the political, economic, development, reconstruction and social fields, and prepare a Framework of Cooperation and pragmatic Plan of Action.

Pakistan has come to this meeting with a vision and a plan. I submit for your consideration a draft Joint Declaration on the Framework of Trilateral Cooperation. This document could be placed before our leaderships at the Second Trilateral Summit in Iran for adoption.

As agreed in Tehran, We should continue this consultative process regularly. Our consultations must focus on finding ways and means to address common issues confronting the region.

While promoting greater exchanges among our intelligentsia and civil society, we must undertake focused endeavours for socioeconomic uplift of our masses. Concerted efforts have to be made for the safe and dignified return of Afghan refugees through creation of appropriate pull factors within Afghanistan.

The trans-regional development agenda has to given concrete shape. It must include immediate steps for creating infrastructural and energy connectivity. We must initiate trilateral projects for economic development and promoting trade through regional and bilateral arrangements that afford full involvement of our private sectors.

It is our expectation that our discussions today will be fruitful and substantive, and will generate even greater momentum towards a regional approach that delivers tangible results. Let us move forward, step by step, with purpose and conviction.

Thank You

27 April 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

3. Text of the statement issued after trilateral summit held between Pakistan, Afghanistan and Russia.

On the initiative of President Dmitry Medvedev, the Presidents of Pakistan, Afghanistan and Russia held for the first time, a trilateral meeting on the sidelines of the SCO Summit in Yekaterinburg on 15 June 2009.

Addressing the meeting, President Asif Ali Zardari underscored the need for coordination among regional States in the battle against terrorism and extremism, and for promoting intra-regional trade and development cooperation.

It was noted that terrorism, extremism and narcotics posed a common challenge to the security and stability of the three countries as well as the entire region.

The three leaders stressed the need for joint efforts to address common problems.

It was further noted that considerable opportunities existed for trilateral cooperation in the areas of trade and commerce, as well as for promoting regional infrastructure and energy connectivity.

It was agreed to conclude a trilateral Memorandum of Understanding outlining key areas of cooperation.

16 June 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

4. Joint ministerial statement after the trilateral summit of Afghanistan, Pakistan and Russia

Following the instructions of Presidents of the Islamic Republic of Afghanistan H. Karzai, President of the Islamic Republic of Pakistan A.A. Zardari and President of the Russian Federation D. Medvedev after their trilateral meeting in Yekaterinburg on 15 June 2009, the Foreign Ministers R.D Spanta, M.S.M. Qureshi and S. Lavrov discussed the prospects of tripartite cooperation between the three countries.

The Ministers agreed to intensify cooperation, in line with other initiatives of the international community, on fighting terrorism, combating illegal drug production and trafficking as well as promoting good-neighbourly relations, regional stability and sustainable development.

The Ministers, in particular, decided to explore the potential of tripartite cooperation in the areas of border control, exchange of information on terrorist activities and organizations, training of anti-terrorist and anti-drug police personnel, as well as promoting tolerance and inter-cultural dialogue, tripartite cultural and humanitarian exchanges. They recognized that the terrorist threat could not be countered solely by enforcement measures and that these measures must be accompanied by national and international efforts to promote socio-economic rehabilitation and development of the region.

The Ministers emphasized that terrorist activities were largely financed by the proceeds from illegal drug trafficking. They expressed their conviction that the fight against the narcotic threat must be intensified and focussed on all elements of the drug chain: cultivation, production, trafficking, consumption and supply of precursors. The Ministers called upon the international community in Afghanistan, in cooperation with the Government of Afghanistan, to take additional specific steps to combat the drug threat in a more determined manner. The Ministers shared the view that the effectiveness of the fight against the drug trafficking should be enhanced by the provision of alternative livelihood programmes in the rural areas of Afghanistan.

The Ministers agreed to the need for tripartite economic cooperation, including ways and means to facilitate regional trade, increase foreign

investments and develop projects in energy, transport, infrastructure and training. They stressed the importance of measures to create favourable investment climate and encourage direct contacts between the business communities.

The Ministers reaffirmed their countries' intention to expand interaction on matters of mutual interest in the United Nations, under the auspices of the Shanghai Cooperation Organization and the Organization of the Islamic Conference, as well as other international and regional fora.

The Ministers agreed to study and develop a common vision and common perspective for peace and development of the region.

26 June 2009. Trieste. *Source:* Ministry of Foreign Affairs, Government of Pakistan, www.mofa.gov.pk

PAKISTAN & JAPAN

Text of the statement issued after third round of Pakistan-Japan strategic dialogue

Third round of Pakistan-Japan Security Dialogue was held in Islamabad on 12 February 2009. The Japanese side was led by Mr. Inomata, Director General of the Southeast and Southwest Asia Department, Japanese Ministry of Foreign Affairs. Mr. Masood Khalid, Additional Secretary (AP) led the Pakistani delegation. Both sides exchanged views on the security policies of each country and regional security issues.

Mr. Inomata also called on Foreign Minister Makhdoom Shah Mahmood Qureshi. The Foreign Minister observed that Japan is a friendly country and an important development partner. Pakistan recognizes Japan's role for global peace, stability and progress.

The Foreign Minister conveyed that Pakistan is committed to fighting terrorism in all its forms and manifestations which poses a serious threat to Pakistan's security. Pakistan appreciates Japan's assistance for poverty alleviation and tribal areas. Pakistan and Japan seek mutually beneficial ties particularly in economic sphere through joint ventures, project cooperation, and public-private partnership.

Mr. Inomata also called on Foreign Secretary Mr. Salman Bashir where matters of mutual interest were discussed.

12 February 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

ECO

Text of the speech delivered by President Zardari at the 10th Economic Cooperation Organization (ECO) in Tehran, Iran

Your Excellency, Mr. Mahmood Ahmedenijad, President of the Islamic Republic of Iran! Excellencies! Ladies and Gentlemen!

It is a matter of great pleasure for me to participate in the Tenth Summit of the Economic Cooperation Organization. I am privileged to be in the beautiful and historic city of Tehran, at the threshold of spring, a season of hope and renewal. The spiritual bonds between the people of Pakistan and people of Iran run deep. From the people of my country, I bring sentiments of affection and goodwill.

On behalf of my delegation and on my own behalf, may I express our profound gratitude to the people and Government of the Islamic Republic of Iran for hosting the Summit and for their warm hospitality. May I also felicitate Your Excellency on assuming the Chairmanship of this meeting. Under your able guidance, I am confident that this Summit will mark another milestone in ECO's onward march. I also take this opportunity to thank brotherly Azerbaijan for their able stewardship for our Organization since the 9th Summit in Baku.

Excellencies!

Since antiquity, our region has been the crossroads of world civilizations. Our song and stories, our sages and sagas, our memories and mores germinate from interplay of ages. We are the children of the same legacy. We are heirs to a profound and splendid heritage. In the contemporary scheme of things, our region occupies a pivotal position. Its vast expanse bridges the world; boasts unmatched wealth and is home to 380 million industrious people. ECO represents our vast natural and human potential. ECO is the essential link between our common past, our shared present and our desired common future. It gives our collective identity a name, our plans a platform and our kinship, an agenda.

Sixteen years ago, we were joined in ECO's caravan of three, by our brethren from Afghanistan, Azerbaijan and Central Asia. This journey of sixteen years has seen highs and lows. Yet the promise of Izmir has lived on. ECO has emerged from its formative years, mature and strong. Today, its flagship frameworks in Trade and Transport and the ECO Bank provide firm foundations for effective cooperation.

Excellencies!

We have assembled at a moment of great challenge. The global recession is verging on depression. Nations and individuals are equally anxious, as we all are affected. It is imperative to turn this challenge into opportunity. The economic downturn that we see today will not be reversed with conventional wisdom or cosmetic changes. We must seek a profound transformation. Such transformation must be premised on the undeniable truth that our economic security is indivisible, no matter where we live on the globe. That protectionism

will not protect. That stimulus packages are equally important for developing nations. That more trade will build the prosperity that we all need. That reform of international financial institutions will be essential.

While this malady has germinated elsewhere, Asia is in the best position to help a turnaround. By ensuring deeper integration, and leveraging our economic complementarities, ECO can become the engine of growth for the world. With ECO's vast resource base and positive fundamentals we can contribute significantly to a global economic upsurge. May I suggest a few measures:

- ECO Central Banks Network should be activated to coordinate monetary policies.
- We must consider developing stimulus package for our region.
- Trade barriers must be lowered on priority
- Currency swap arrangements be put in place.
- Mega projects of regional significance, such as IP and TAP gas pipeline projects should be launched to stimulate demand, create jobs and generate momentum for growth and prosperity.
- Pakistan welcomes Your Excellency's proposal to commission an expert panel to study the crisis.

Pakistan will make a substantial contribution to the study.

Excellencies!

Terrorism knows neither faith, nor frontiers. It breeds on injustice, deprivation and dispossession. Terrorism has roots across the region. Its root causes have to be addressed. A regional approach has to take into account the interests, the capacity and the aspirations of sovereign States and their peoples and has to build solid stakes in lasting peace. With Afghanistan, our democratic Government has made a promising beginning. We are making steady progress in building a relationship of deeper trust and understanding. We have revived the Jirga process and set the directions of future cooperation.

Mr. Chairman!

The ECO family bears a special responsibility towards Afghanistan. Pakistan has been at the forefront of ECO's efforts for the reconstruction of this brotherly country. Let us give these efforts a strong impetus! Pakistan will shortly be remitting an additional one million dollars to the ECO fund for Afghanistan.

Mr. Chairman!

Connectivity is the cornerstone of our common agenda. It has to be the highest of priorities. The rich tapestry of this region's history and heritage was woven around the fabled Silk route. And its future is premised on modern highways, physical and virtual, that create common space. That encourage meld of money and markets, skill and knowledge, and bring resource to consumer, and capital to entrepreneur. Pakistan lauds the Council of Ministers' decision to launch the

Islamabad – Tehran – Istanbul train. We welcome also China's participation in ECO transport projects.

Mr. Chairman!

It is satisfying that ECO has set for itself ambitious goals in the ambit of trade. A welcome development is the ECO Trade Agreement, which took effect from April 2008. The exchange of offer lists should now be quickly completed. The schedules of tariff concessions should be meticulously implemented. We should also consider the establishment of a Joint Investment Company to boost trade and investments across the region.

Excellencies!

While important strides are being made, ECO has yet to realize its potential to the fullest measure. We have to fashion ECO to the specifications of our region and the demands of our times.

May I suggest a set of pertinent measures:

- Our common prosperity depends on enhanced trade. We must move quickly towards the creation of an ECO free trade area. It is essential to march forward with a sense of purpose, and specified timelines, to realize this vision.
- Energy cooperation must be at the core of our collective endeavours. ECO comprises both consumers and producers of energy. An ECO Energy Ring, of pipelines and electricity grids, should be developed along side initiatives on new and renewable sources.
- Trans-regional development agenda should assume real substance. With greater financial resources at its disposal, ECO must forge solid win-win partnerships.
- ECO must position itself for greater connectivity, within and without. We should not only focus on building roads, railways, maritime and air links. It is important to provide access to our landlocked member states. We should also adopt integrated border management mechanisms. Our land, air and sea corridors must link the economic powerhouses of the world.
- We must forge closer links with our adjoining regions, particularly SCO and SAARC.

Excellencies!

Before concluding, may I acknowledge with appreciation Secretary General ECO's sterling contribution. I also wish to announce that Pakistan will be honoured to host the next ECO Summit in 2010.

Mr. Chairman!

We may be victims of circumstances, not of our own making, but we are masters of our own fate. I leave you with the words of Mohtarma Shaheed

Benazir Bhutto that are as pertinent today, as when they were uttered fourteen years ago.

While addressing the Third ECO Summit in Islamabad in March 1995, she had said:

‘The task before us is not easy. But this is a remarkable time of transition and transformation, and the decisions we take now can effect the lives of our people, and the very futures of our nations. The times demand innovation, the times demand boldness, the times demand courage.’

I thank you

11 March 2009. Tehran. *Source:* Ministry of Foreign Affairs, Government of Pakistan, www.mofa.gov.pk

SHANGHAI COOPERATION ORGANIZATION

1. Text of the statement by Foreign Minister Makhdoom Shah Mahmood Qureshi at the Shanghai Cooperation Organization (SCO) special ministerial conference on Afghanistan, held in Moscow

Your Excellency, Mr. Sergei Lavrov Foreign Minister of the Russian Federation, Secretary General, SCO Distinguished Ministers, Excellencies, Ladies and Gentlemen,

It is a matter of great pleasure for me to participate in the Shanghai Cooperation Organization (SCO) Special Conference on Afghanistan. I wish to thank Your Excellency, Foreign Minister Lavrov, for taking this timely initiative and hosting this important conference in Moscow.

Ever since the inception of the Shanghai process, over a decade ago, Pakistan has keenly observed SCO’s evolution and expansion. In a relatively short time, SCO has transformed itself into an important platform for building confidence, strengthening stability, and promoting economic development across the Eurasian region. We deeply appreciate the role that China and Russia have played in this profound transformation. Pakistan attaches great importance to its association with SCO. We have a strong commitment to the Organization’s principles and objectives and wish to deepen our partnership with it. Indeed, we look forward to the day of our full accession.

Meanwhile, Pakistan would like to have optimal participation in SCO’s frameworks for greater economic integration, including customs cooperation, energy development, transport facilitation, and investment promotion. We wish to be associated with SCO’s Regional Counter-Terrorism Structures (RCTS) as well. Pakistan would also work to forge closer inter-regional links, as President Asif Ali Zardari urged ECO-SCO cooperation at the ECO Summit in Tehran recently. SCO has correctly identified terrorism, extremism, narcotics and trans-border organized crime as grave challenges confronting regional security.

Pakistan believes that SCO's normative framework based on the principles of respect for sovereignty and territorial integrity, mutual trust, equality, deference to diversity and a common aspiration for development offer the right perspective for durable stability in the greater SCO region.

Excellencies,

Afghanistan is Pakistan's close friend and immediate neighbour. For decades, Afghanistan has suffered from the ravages of war and civil strife. The brotherly people of Afghanistan have been the victims of instability, violence, terrorism, factional fighting, illegal arms, narcotics production and trafficking, and organized crime. This vicious cycle has had a disastrous effect on the Afghan economy, infrastructure, and society. Pakistan has also suffered grievously along with Afghanistan. Due to the spill over, our people have had to face phenomena which did not exist in our society before -- the so-called 'Kalashnikov culture', drugs, militancy, and terrorism.

Pakistan has been host to the world's largest refugee population, with all its attendant consequences. Three decades later, we still continue to pick up the pieces. The security forces and the people of Pakistan continue to render tremendous sacrifices in addressing these formidable challenges. We believe it is imperative to turn a new page in Afghanistan. The people of Afghanistan deserve better. They deserve peace. They deserve security, stability and progress. They deserve strong institutions, effective governance, meaningful reconstruction, and sustainable economic development. This is an imposing agenda. But we are confident that this is possible with the wisdom, sagacity and commitment of the Afghan leadership to rebuild their country through united efforts and to ensure that Afghanistan takes its rightful place in the comity of nations.

This is possible also with sustained and long-term engagement of the international community with Afghanistan. This is possible with a comprehensive approach that simultaneously addresses the security, political, economic, and reconstruction challenges. This is possible with substantial commitment of resources. This is possible with all of Afghanistan's neighbours, regional countries, major powers, and international organizations, acting in concert to advance the shared goals.

Excellencies,

For Pakistan, there is no greater priority than having a peaceful, stable and united Afghanistan. We are convinced that security, today, is indivisible. That a secure Afghanistan -- at peace with itself and with its neighbours -- would have a discernible effect on our security and the regional environment. For our part, the resolve of the Pakistani nation and our leadership to fight militancy and terrorism is inflexible. We are making determined efforts to stabilize the situation on the Pakistan – Afghanistan border. In this context, we appreciate the international community's support in strengthening our counter-terrorism capacity and advancing the development goals in the area. We are conscious that

Pakistan has a central role in facilitating the stabilization process in Afghanistan, and we remain deeply committed to this goal. Indeed, our democratic Government has worked assiduously to bring about a qualitative transformation in our relations with Afghanistan. There is a new level of trust. We have concluded a Declaration on Future Directions of Bilateral Cooperation. We have agreed to cooperate closely in the fight against terrorism and narcotics. Pakistan will continue to lend all possible assistance for the reconstruction of Afghanistan. We would shortly be hosting the third Regional Economic Cooperation Conference on Afghanistan (RECCA) in Islamabad.

Excellencies,

There is now a growing realization that military measures can at best yield only limited results. In our view, a long-term solution requires a holistic approach that puts premium on development and national reconciliation through dialogue. It is time to commence these crucial processes. It is also time to recognize that terrorism has roots across the region. The strategy to deal with this menace, therefore, has to be regional -- based on consensus. The regional countries must work together to halt the free flow of weapons, drugs, and money through some verifiable mechanism. We believe that Russia and China, two leading nations of the world, have an important role to play in shaping a regional consensus on stabilizing the Afghan situation. All states contiguous to Afghanistan have to be on-board.

Pakistan calls upon everyone to seek common ground. On the basis of mutual respect, benefit and interests, let us work towards a regional compact.

We suggest a regional Compact, that must:

- Be based on accepted norms of international conduct, enshrined in the charters of the UN and SCO. Principles of non-interference, respect for territorial integrity and sovereignty should be strictly adhered to in letter and spirit by all.
- Facilitate, with full support of SCO Member States and Afghanistan's neighbours, an Afghan-led process of national reconciliation based on genuine dialogue, with those local elements willing to forsake the path of violence.
- Prioritize the policy of persuasion to win the battle for hearts and minds and adopt approaches that respect the faith, culture, customs and traditions of local populations.
- Undertake a massive Reconstruction Plan for Afghanistan, focusing on reconstruction and social welfare with participation of all stakeholders. Capacity of Afghanistan's security forces must be enhanced. Conditions be created for the safe return of Afghan refugees with dignity and honour. To push forward the development and capacity building agenda, China and Russia must play a major role.
- Revitalize the trans-regional development agenda. Afghanistan's potential as a land bridge must be realized by promoting infrastructure and energy connectivity.

Mr. Chairman, Excellencies,

It is said that the 21st century is the century of Asia. This places greater responsibility on us to craft regional solutions to regional problems. Pakistan envisions a peaceful, stable, prosperous and thriving region -- a region fully interconnected through networks of rails and roads, energy pipelines and electricity grids. Where local populations enjoy fruits of socioeconomic development, and the hallmark of which are moderation, tolerance and diversity. Let us act now. Let us collectively chart that future.

Thank you.

27 March 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

PAK-US RELATIONS

1. Text of the press statements of Foreign Minister Makhdoom Shah Mahmood Qureshi, US special envoy Richard Holbrooke and Admiral Mike Mullen

Foreign Minister Qureshi's statement

I welcome Mr. Holbrooke and Admiral Mike Mullen.

Pakistan appreciated the statement made by President Obama in Ankara: The statement of engaging with Muslim world and engaging with respect. He said that we are not at war with Islam and we respect Islam. That is a very positive statement. I want to be on record to have appreciated that.

We have had good talks and frank and candid discussions this morning. We had discussions on the way forward. As you know the new strategy has been announced. The concepts have been put in front of you. Now we reach the stage of implementation and we had discussions in that regard. I want to announce that we have agreed on dates of engagement in Washington. We will have a trilateral engagement in Washington on the 6th and 7th of May in which the military and civilians components from Pakistan, Afghanistan and United States will participate. Pakistan has decided at its own to have a national strategy to deal with the economic and security challenges that we face. As you know Prime Minister Gilani chaired a meeting yesterday in which the Provincial Chief Executives were invited to have a discussion on what should be the national strategy.

In our discussions today, there were a host of elements which were appreciated. The facts that Obama Administration has expressed solidarity with the people of Pakistan, has pledged support for democracy, announced tenfold increase in economic assistance to Pakistan, expressed desire to address our capacity needs vis-à-vis counterterrorism are some of the positive elements and we recognize and appreciate them. But there are certain red lines. In our discussions today I did flag those red lines and I will take them up when we

meet in Washington. The terms of engagement are very clear as far as Pakistan and I am concerned. We will engage with mutual trust and mutual respect in view and that is the bottom line. We did talk about drones and let me be very frank; there is a gap between us and them and I want to bridge that gap. I will continue to talk about that when we meet in Washington. The bottom line is the question of trust. We are partners and we want to be the partners. We can only work together if we respect each other and trust each other. There is no other way and nothing else will work. That was the message which was also put across.

We have said and I repeat; no blank cheques. We neither accept nor give one. We have to understand what they are saying and they have to understand what we are saying. There is a convergence of interests.

There is a threat to Pakistan and that is my primary concern. My people, my cities, my country is under threat and we have to get our act together to face the menace and we will. We are grateful for help and we are grateful to the Friends of Pakistan who are helping Pakistan. I also want to bring on record the statements and the advocacy carried out by Secretary Clinton at The Hague when she spoke for Pakistan with passion, when she invited people to Tokyo. I also note what Ambassador Holbrooke has been doing with friends on the quiet; soliciting support and pledges for Pakistan and we appreciate that. So we are moving on to Tokyo. We have certain expectations from the Friends of Democratic Pakistan. Most importantly these expectations are not cents and dollars rather it's the political support that Pakistan expects from Friends and hopefully we will get that.

I once gain thank you Ambassador Holbrooke for coming to Islamabad.

Ambassador Holbrooke's Statement

Admiral Mullen and I were invited to be here. I want to add to what Foreign Minister Qureshi has said. I just want to point out ----- that has emerged in the first few weeks of Obama's Administration. I want to underscore the Foreign Minister's comments about new and constructive engagements. This is my second trip since the inauguration of Obama's Administration. However, Admiral Mullen has visited Pakistan many times. In line with Foreign Minister Qureshi's suggestions, we hosted the first Pakistan-Afghanistan-US trilateral meeting in Washington. We also went to The Hague together to bring attention to Afghanistan. We will go to Tokyo together in two weeks time to have two back-to-back meetings which include Friends of Democratic Pakistan and Donor Conference in which our country will make a substantial pledge. We hope others will join us as Secretary Clinton and President Obama had urged.

As the Foreign Minister has just announced, we will have the second round of trilateral conference in Washington on May 6 and 7. This is the pattern that will continue because we believe that Pakistan and American interests run in parallel. Pakistan and the United States face a common strategic threat, a common enemy and a common challenge and, therefore, a common task. We

have had a long and complicated history between the two countries. We cannot put the past behind for we must learn from it and move forward.

Admiral Mullen's statement

I am glad to be here again representing the civilian and military regime of the United States of America. I am very much dedicated to the vitality and importance of this relationship. This commitment is a long-term commitment that I hope it will generate a surplus of trust as that is absolutely vital. Our interests in the region, as Ambassador Holbrooke said, overlap significantly. Our commitment to this region will continue. The purpose of these engagements is to understand each other's expectations and to listen to the people and Government of Pakistan. This is about the people of Pakistan and the people of United States and we will continue these constructive engagements.

Summary of discussion

Question: Mr. Qureshi, you made reference to red lines in your statement on Pakistan's new strategy and I am wondering what sort of US assistance you think will be appropriate? My question to Ambassador Holbrooke and Admiral Mullen: What sort of security assistance will the US provide to Pakistan in respect of new strategy?

Foreign Minister Qureshi: I am grateful to the Obama Administration for being sensitive towards the red lines that I have mentioned in Washington during my first interaction. I said no foreign boots on Pakistani soil, we cannot accept that. They have announced it very categorically and clearly that they respect Pakistan's point of view. There are other areas of concern as I mentioned and we will talk about them in Washington.

Ambassador Holbrooke: On security assistance obviously we have to get the Congressional approval but we are going to work actively with Pakistan's military establishment. We want to help them in dealing with the new emerging threat that they are facing on the western front.

Question: There had been protests by the Government and the people of Pakistan against the drone attacks carried out by the US. There seems to be trust deficit between the two sides. Why is it that the US does not provide the means and expertise to Pakistan so that it's military carries out the precision attacks against the militants itself?

Admiral Mullen: I mentioned earlier that it is important for us to seek surplus of trust. Our armed forces underwent a dramatic transformation as a result of the counter-insurgency operations inside Iraq. It took us a while to adapt to the changes and now we have the best counter insurgency force in the world. We want to share the lessons that we have learnt and that is why I have been to Pakistan so frequently in the past few months. I want to understand the

challenges that exist here for Pakistan's military and then to assist them in overcoming those. We are moving very comprehensively in that direction and that approach has strongly been endorsed by the Obama Administration.

07 April 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

2. Text of the press statements of Foreign Minister Makhdoom Shah Mahmood Qureshi, and Chairman US Senate Foreign Relations Committee John Kerry

Foreign Minister Qureshi's statement

I welcome Senator John Kerry, Chairman of Foreign Relations Committee, in the Foreign Office. We had two very fruitful interactions; one in the Presidency and one here in the Foreign Office. I would like to add that we had quite a number of friends in the Senate but Senator Kerry has demonstrated his fondness for Pakistan, his commitment to help and assist Pakistan by associating himself to the Bill that will triple economic assistance to Pakistan. I say this because I have had the pleasure of interacting with him for quite a while now and I have heard him speak for Pakistan on different platforms and on different occasions.

We had a good discussion on the way forward. As you know the new policy has been announced and now we have to look at the ways of implementing that policy. I shared with Senator Kerry the desire of the Government of Pakistan to build a national consensus and to build and evolve a national strategy to deal with economic challenges that Pakistan is facing, to deal with security challenges. I shared the process that was put into place from the Parliament to the Special Committee and from the Committee recommendations being sent to the Parliament and now hopefully putting an action plan in place. Hopefully when I visit Washington early next month, I will get an opportunity to discuss that action plan with the Executive Branch and with legislators on the Hill.

As I mentioned last time, we are friends and we are allies and we can also disagree but we have to put in place a mechanism for bridging gaps. What we have resolved is that if there is a gap, we will bridge that gap by talking to each other, by sharing our concerns with each other.

We also discussed how we can attract the corporate sector; how we can make Pakistan more attractive for the corporate sector to come and help us rebuild our economic growth which has come under challenge for a while. We also discussed about Friends of Democratic Pakistan meeting and the donors conference to be held in Tokyo.

In short it was a useful and productive interaction. I must say, with Senator Kerry, it had to be. I see no other way. He is so positive towards Pakistan. Thank you.

Statement by Senator John Kerry

I thank you for the generous words and also for the privilege for being with you here today.

We have had very positive meetings with the President, the Prime Minister and the Foreign Minister this afternoon. We discussed, as the Foreign Minister pointed out, a wide range of issues that are important to the people of Pakistan and to the people of the United States and in fact to the people globally.

I had the privilege of being here in February 2008 when Pakistan's democracy took a huge step forward. I know for sure that President Obama respects and admires the efforts that have been made to move forward in the way of democracy here in Pakistan under difficult circumstances. I am personally confident that the Government of Pakistan is committed to addressing the threat that is posed by militants and by extremism. It is something that is not special to Pakistan; it is a challenge for all of us these days. We look forward to continuing to work with this Government and with its efforts.

I am here today to discuss the new way forward in our relationship which should not be defined by extremism or by response to militancy. We are all facing economic challenges. We are all facing challenges to universal humanitarian principles and some of those challenges are particularly felt by the people of Pakistan. It is important for us to work together in tackling these challenges and in improving the lives of ordinary Pakistanis. In the long run, the strength of our relationship, I believe, would be defined by our ability to meet those challenges more than any other.

I would like to emphasize that we in the United States do not look at Pakistan in the way that some people in the press are trying to characterize it. We view Pakistan as a friend and an ally and as a place where people are working hard in order to fulfill their lives' ambitions and dreams for their families and for themselves. American people are concerned about the welfare of the people of Pakistan.

The Pakistani people are facing high levels of inflation especially due to rising food prices; they are facing electricity and water shortages as are people in other parts of the world. That is why Senator Lugar and I will be introducing the Kerry-Lugar Bill in the United States Congress when I return. In this Bill, we will try to focus how we really should define this relationship, a relationship that will triple non-military assistance to the people of Pakistan to 1.5 billion dollars a year for 10 years. The focus of this bill is to really make clear to the people of Pakistan that they are the centre of our policy. This means that we want to help build schools, build roads, infrastructure, health clinics, and most of all create jobs. One area that I understand is particularly important is the energy sector. It is important for all of us as we will have a major conference in Copenhagen at the end of this year on this issue. I have heard in my meetings today that the impact of the energy shortages on the lives of the people of Pakistan. We are looking at some innovative programmes to try to produce energy in an environmentally sustainable manner and I look forward to

continuing these discussions and these efforts with your Government. The Bill that I am talking about has the full support of President Obama, Vice President Joe Biden and Secretary of State, Hillary Clinton. We hope that it is a clear signal that the United States values our relationship with Pakistan and we seek long-term relationship not with a single government but with the people of Pakistan.

We are fully committed to the people of Pakistan and to the civilian Government and to the democracy that represents them. Thank you.

Summary of discussion

Question: A few months back, British Foreign Secretary David Miliband, while on a visit to India, made an assessment about the militarism and extremism in this region. He talked about a comprehensive approach to address these issues which included the need to resolve the Kashmir issue? Do you support his assessment?

Senator Kerry: I have great respect for Foreign Secretary Miliband but I am not sure what the context was. As you know our Special Envoy Ambassador Holbrooke is an envoy to Pakistan and Afghanistan and not to India. India has not been included in the regional approach with respect to Kashmir or otherwise. That is a separate issue to be resolved, in the judgement of our government, separately. With respect to the issues of extremism and militancy, we all are experiencing this issue and it is not special just to Pakistan. There are extremists in Europe, the United States, in Asia and in Africa. The disenfranchisement of the citizens or their inability to get jobs drives them to militancy of one kind or another. In some cases it has a religious definition and in some places some new ideology. The bottom line is that in all cases it runs counter to diversity, pluralism, respect and tolerance that is at the centre of democracy. You have a powerful and strong democracy and that is the strength of Pakistan.

Question: You talked about commitment of Senator Kerry towards Pakistan. Why this commitment is conditional?

Foreign Minister Qureshi: It is too early to comment on the issue of conditionalities. Nothing is confirmed yet. The idea is to support Pakistan and not to micro manage Pakistan. I may add with regards to the first question, the world wants Pakistan to focus on the western border because extremism and terrorism has to be dealt with. But that focus is disturbed if we do not have a calm eastern border.

Senator Kerry: I may add that there is a difference between the US House of Representatives' Bill and US Senate Bill. Any bill which is related to economic assistance has to meet some measurements and those are not conditionalities. Those are measurements of the effectiveness of any project.

Question: The justification given by the US on drone attacks is that there are tactical gains and that those are directed towards high value targets. Can you name some of those targets which have so far been brought down?

Senator Kerry: This is not the appropriate place for names of any targets. What I am trying to define is the way in which our relationship should be carried forward. This, I believe, is an important step. In the past our relationship had been defined in context of contacts between individuals and specific governments. But now we are working on a plan that is beneficial for the people of Pakistan. We need to make sure that we move forward in that way. With regards to drone attacks, we need to find ways that nobody suffers. I pledge to you that we will continue reviewing that.

Question: There has been a lot of criticism from the United States on ISI. Do you differentiate between Pakistan Army and the ISI?

Senator Kerry: I have had an excellent meeting with General Pasha today. I am looking forward to have a continuing cooperative effort with him. I think he and your Government is making enormous efforts to guarantee the absolute cooperation and accountability of the intelligence efforts in this country.

Question: What's wrong with attaching conditions to the economic assistance if those ensure best utilization of funds?

Foreign Minister Qureshi: As I stated earlier let's not get too excited about conditionalities at this stage. It's too premature. Things are being debated and being discussed. Pakistan will give its constructive opinion in Washington.

Question: Drone attacks are creating resentment among the people of Pakistan and are a source of fanning militancy. Why can't they be stopped?

Senator Kerry: As I said earlier that I am here to learn. I heard complaints of the people of Pakistan regarding these drone attacks. I will report those back to Washington and I am confident that people there will review it carefully and make the best judgments they can with respect to our mutual security.

Question: How would US convince Pakistan for a greater role for India in Afghanistan without addressing Pakistan's concerns about India?

Senator Kerry: With respect to India's role in the region and Pakistan's concerns on it, it seems to me that the two countries spend a large amount of their resources and energies on their mutual suspicion. I believe, in the long run there are larger interests on which our energies ought to be expended. Pakistan and India need to get back to the confidence that started to develop between them before the Mumbai terrorist incident. I am confident that in a few months time

that will be achieved. In my view, if that is achieved then the concept of India's help in Afghanistan will be less threatening. I am very aware of the history and of the mutual concerns that exist in terms of security and obviously there are unresolved issues. I am confident that with good intentions and with good efforts with all the parties concerned including the United States and allies, we can find a new way forward in terms of India-Pakistan relations.

Question: How would you convince the people of Pakistan that they should accept drone attacks in return for your economic package?

Senator Kerry: As I said earlier, I have listened to the complaints of the people of Pakistan and I fully understand those. I intend to talk to people in Washington when I return there.

Question: Islamabad has been a recent target of terrorists and they have vowed to carry out more attacks in Islamabad if drone attacks are not stopped. Can't you stop the drone attacks to save the innocent people of this country from these terrorist attacks?

Senator Kerry: I say it again: I have heard voice of the people of Pakistan loudly and clearly. But at the same time you must be aware that extremist-religious-radical terror did not begin after the drone attacks. It is, therefore, important for people to focus on that reality. We need to deal with the issues intelligently and I am confident that people, under very difficult circumstances, are working towards that end.

Question: There is a strong perception in Pakistan that US is funding terrorist activities in Pakistan especially in Balochistan. What are your comments on this?

Senator Kerry: I do not have any thing to say in this regard.

Question: There is a school of thought in Pakistan that believes that like past the US will walk away from the region and that Pakistan will be left alone to deal with issues at its own. What do you say about this?

Senator Kerry: I have heard this point of view over the years, even before coming here. The United States understands its commitments. This is a larger issue and we have a larger commitment. This I can guarantee. And that is why we are talking about a 10 years commitment in the Kerry-Lugar Bill. I want to emphasize that there is no US solution to the problem. People of Pakistan will have to decide and we will help them. Democracy in Pakistan was brought by the people of Pakistan. What we will do is to help the people and that is our long term commitment.

Question: Why do US not ask India to stop financing insurgency activities in Balochistan?

Senator Kerry: We have to stop pointing fingers at each other as that will not take us anywhere. That is not a way to succeed. Both India and Pakistan have vibrant and resilient democracies. We are committed with both countries for a bright future for the region. It is important for us to stay focused and work for a better future.

13 April 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

FRIENDS OF DEMOCRATIC PAKISTAN

1. Text of the statement issued after Inter-Ministerial meeting on Friends of Democratic Pakistan (FoDP)

An inter-ministerial meeting on FoDP related matters was held today at the Ministry of Foreign Affairs under the chairmanship of Foreign Minister Makhdoom Shah Mahmood Qureshi. The meeting was attended by Senator Syeda Sughra Imam and representatives of the relevant Ministries and Divisions. The meeting took note of the progress made since the FoDP Ministerial Meeting which was held at Tokyo on 17 April 2009.

The Foreign Minister emphasized to carry forward the FoDP process in a robust and concerted manner so that tangible results could be achieved for the people of Pakistan. He asked various Ministries to fully operationalize Working Groups on FoDP clusters, namely, Development, Energy, Institution-Building, Security and Trade.

To work on project-to- project basis with the FoDP Group, the Foreign Minister urged the concerned Ministries and Divisions to expeditiously finalize technical details of the proposed projects with the view to making ongoing discussions with the FoDP countries/institutions result-oriented.

It was decided to increase meaningful interaction with the Friends Group. In this regard, the FoDP Secretariat (established in the Ministry of Foreign Affairs) has been asked to look into the avenues of public-private partnerships for the realization of various projects on fast-track basis.

The President of Pakistan had launched the FoDP initiative in September 2008 in New York. Subsequently, High Officials Meetings were held in Abu Dhabi. The FoDP Ministerial Meeting was held at Tokyo on 17 April, 2009, which was presided over by the President of Pakistan himself.

29 May 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

2. Text of the statement issued after first joint meeting of the Friends of Democratic Pakistan

Foreign Minister Makhdoom Shah Mahmood Qureshi presided over a meeting of the Friends of Democratic Pakistan (FoDP) countries/institutions representatives based in Islamabad at the Ministry of Foreign Affairs today. This was a first joint meeting with FoDP partners following the Tokyo Ministerial Meeting on 17 April 2009.

In his opening remarks, the Foreign Minister underlined that the FoDP process has emerged as an important framework for the international community to assist Pakistan in addressing its socio-economic development and security challenges. He said the process seeks to build partnership in pursuit of Pakistan's vision of a democratic, progressive, welfare state, committed to consolidation of democratic institutions, the rule of law, good governance, achieving socio-economic advancement, economic reforms and overcoming the challenges posed by terrorism and extremism.

The Foreign Minister also reviewed the progress made since the launch of the initiative by President Asif Ali Zardari in New York in September 2008. He said that in pursuance of the decisions taken at the Tokyo Meeting, the FoDP Secretariat has been established at the Ministry of Foreign Affairs to coordinate its work. Working Groups have also been set up to pursue the projects as identified under the clusters of Development, Security, Energy, Institution-Building, Trade and Finance.

The Foreign Minister emphasized that in order for the FoDP process to yield results, it is necessary that the work on projects in all areas proceed in an integrated, sustained and transparent manner. He also underlined the importance of public-private partnership in this regard. The main focus of the process should be the welfare of the people of Pakistan, the Foreign Minister emphasized.

The representatives of the FoDP countries/institutions reiterated their commitment to assist Pakistan in materializing the FoDP project proposals.

The meeting also discussed ways and means to assist Pakistan in ongoing efforts towards providing relief, return and rehabilitation assistance to the dislocated people of Swat and adjoining areas.

The meeting agreed to hold the second FoDP Ministerial Meeting in Istanbul, Turkey in the first week of September 2009. The Foreign Minister thanked Turkey for its offer to host the meeting.

08 June 2009. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk

II. Human Rights

1. State of Human Rights in 2009

Militancy / sectarianism/ extremism

March 05: HRCP has condemned a bombing at the mausoleum of renowned poet Rehman Baba on the outskirts of Peshawar.

In a statement, HRCP said: .The bombing at the mausoleum cannot be condemned strongly enough. Rehman Baba is the national poet not only of the Pashtun people, but of the whole of Pakistan. It is ironic that the mausoleum of a poet revered for opposing oppression and advocating peace and tolerance has been targeted by the militants. But then may be it is not that strange after all. The bombing demonstrates the kind of country Taliban fanatics want to turn Pakistan into.

Militants had apparently asked people to stop women from visiting the shrine. Barring women from stepping out of their houses is apparently something that no agreement with the government can talk the militants out of. Today it was Rehman Baba's mausoleum. Tomorrow it will be girls' colleges. Girls' schools are already a regular target.

The deterioration of the security situation across the country is alarming. It is not a simple law and order issue any more, but needs much greater attention and urgency."

April 05: The people of Pakistan cannot accept peace at the cost of surrendering citizens' rights to militant groups, a seminar organized by HRCP observed. It concluded that Pakistan and Taliban cannot co-exist.

The speakers at the seminar, .Militancy in FATA and Swat: Impact and Remedies", said that the militants in Swat and FATA were not all indigenous. Militants from other parts of the country and foreigners were imposed on them. They emphasised that in Swat conflict could be over soon if the government and the military were determined and sincere. However, they said that such determination and sincerity were not in evidence. They said the military operation in Swat had been a failure and had only caused large-scale suffering and displacement for the civilian population.

They said that the government had failed in its primary responsibility of protecting the lives, liberty and property of citizens.

Speakers hailing from Swat and the tribal areas said that the militancy had spilled over from those areas and now the whole of NWFP was at its mercy.

They said that alienation had grown among the residents of the affected areas, who think that there is a lack of care in addressing their suffering.

They said militancy will spread to all parts where there was a lack of governance and failure to implement rule of law and constitutional guarantees. Pakistan's Northern Areas could be the next target.

All speakers vehemently criticized the so-called peace deal struck with militants in Swat and emphasised that it was regrettable that a government

bargained with such elements who had no respect for basic rights. They highlighted that even though the residents of Swat have suffered the most at the hands of militants, not a single person from Swat had been consulted before striking a deal. They said the contents of the “peace deal” violated the constitution and law of Pakistan.

Speakers from the tribal areas said the State had left the citizens and armed private *lashkars* to shoulder the responsibility of law and order and confront the militants. This has also increased militarization of society, which will further disturb peace.

They said even though the legal vacuum in their areas had not caused the militancy, it had certainly been used as a justification to give militants a foothold in the area. They added that laws allowing collective punishment in FATA had no precedent in the civilized world.

The speakers unanimously agreed that the ideas of Taliban and the people of Pakistan were incompatible. They urged the government to ensure that Pakistan’s interest takes precedence in Islamabad’s dealings with other partners in the so-called war on terror and come up with a comprehensive policy to ensure that security is not achieved at the cost of sovereignty or human rights.

The role of the media in glorifying militants was criticized and the importance of calling a militant a militant was emphasised.

Speakers included Asma Jahangir, Iqbal Haider, Sher Muhammad Khan, Kamran Arif, Waseem Shah, Zarteef Afridi, Ihsanullah Afridi, Shaukat Saleem and Zainul Abideen.

Afzal Khan Lala addressed the seminar on phone from his native Swat, which he has refused to abandon in the face of extremist threats.

June 02: The kidnapping of 500 students of the Razmak Cadet College by the Taliban is hair raising. It is yet another barbaric act, which shows, without any doubt that the Taliban and their allies are the greatest threat to peace within Pakistan. They have crossed all limits and there cannot be any reconciliation with militant forces that terrorise and hurt innocent children. HRCP calls upon all educational institutions to express their solidarity with the missing children so that the Taliban and their supporters realise that their inhuman acts are revolting and repulsive.

July 21: While welcoming the return of the Malakand IDPs to their homes as a positive development, HRCP has warned the government that no cosmetic shift in the security policies will solve the crisis of militancy and that efforts in a new direction will be needed to achieve that end.

Based on the conclusions of a quick fact-finding mission to the Frontier province, led by Ms Asma Jahangir, the HRCP statement said:

“HRCP is monitoring the gradual return of the IDPs from Malakand Division to their homes. This is a positive development and gives peace a chance. It also presents a brief window of opportunity for reversing the trend towards Talibanisation but this opportunity may be lost if a cohesive policy is

not adopted and civilian infrastructure not put in place, an infrastructure that can sustain peace.

It is important to recognize the collective role played by the humanitarian agencies as well as the civilian and military administration in making the early return of the IDPs possible. Even more crucial to this turn of events was the exemplary behaviour of the displaced people and their local hosts. The displaced people found their own way to safety under extremely tough conditions and are now making their way home on their own. They have little faith in the government and there is a serious deficit of trust between the local population and the military.

In order to build trust as well as to sustain peace HRCP believes that the government must take a new direction. There was near unanimity amongst official and non-official interlocutors that met with HRCP during their missions to Pakhtoonkhwa (NWFP) that any cosmetic shift in the security policies of the government will not solve the crisis of militancy in Pakistan.

HRCP believes:

- It is crucial that the policy of “bleeding India” and maintaining a strategic depth in Afghanistan be reviewed. In short, the national security paradigm must shift to the need to keep pace with the political realities of the region. There are indications that this has so far not happened.
- The government must distance itself from the ideology of pan-Islamism.
- The nucleus of the top militant leadership must be taken apart and their communication and financial infrastructure dismantled. There are no indications that this has happened either. On the contrary, there are well-founded suspicions that certain elements known for their pro-Taliban policies continue to protect a number of top militant leaders.
- The operation in Malakand Division must not lose sight of the strong militant presence in FATA. Peace will not return to Swat unless militant networks in FATA are defeated.
- Simultaneous action must also be carried out against all militant networks in other parts of the country, particularly the Punjab, where militants operate with impunity.
- The civil and political administration must take command on the ground in Swat soon. There is a comprehensive plan of recruiting and equipping the police force in Pakhtoonkhwa. The number of police stations in the Malakand Division is to be doubled and the police force tripled. It appears that the civil administration is also preparing a comprehensive plan for better governance in the province. The resources provided to them will, however, be monitored by a serving army general on behalf of the Federation. The Awami National Party leaders plan to visit Swat on a regular basis now but almost all IDPs resented the bunkerisation of the political leadership while they faced all the risks and tragic deaths of their families.
- Access for independent journalists and observers to the area must be ensured. So far, the military has only encouraged embedded journalism to

an embarrassing extent. At times local journalists have openly raised slogans in support of the military. Foreign journalists have accused the authorities of misleading them by giving false names of the places they were taken to for reporting. There are several reports of reprisals against journalists by the militants as well as by the security forces.

- Human rights violations should be closely monitored both during and post-conflict. HRCP was appalled at reports of extrajudicial killings carried out by security forces. Militant leader Maulvi Misbahuddin was apprehended by the security forces and later the bodies of Misbahuddin and his son were found in Bacha Bazar. The government claims that they were killed in an encounter while eyewitnesses hold that they were arrested by the police in Mardan. Amir Izzat, spokesperson of the Swat militants, was arrested from Amandara. Two days later the authorities claimed that Izzat was killed allegedly by militants trying to rescue him when they attacked the vehicle taking him to jail. Independent journalists claim that the targeted vehicle shown to them did not even have an engine. The most harrowing reports were of dead bodies strewn upside down by the military with notes attached to the bodies warning that anyone supporting the Taliban will meet the same fate. There must be a difference between the actions of agents of the State and those of fanatical non-state actors. Such tactics only terrorise and dehumanise society. HRCP urges the government to impart training to the security forces and familiarise them with human rights and humanitarian law. HRCPhas also received credible reports of the security forces resorting to collective punishments, forcible occupation of orchards and the use of indiscriminate and excessive force.
- All human rights violations during the conflict must be investigated and those responsible brought to justice. There are reports of reprisals which can only be discouraged if the State fulfils its obligation of providing justice through due process.
- HRCP has received reports of children abandoned during the conflict being handed over to dubious NGOs. It is vital that the provincial government keep track of the adoption of every single child and ensure that children are reunited with their families or are looked after by well-intentioned groups.’

September 18: HRCP has cautioned the government against adverse implications of depending on private militias, or lashkars, in the fight against Taliban militants in the Swat valley and other parts of Malakand division, and arbitrary detention of militants’ families to force them to surrender.

A statement issued by HRCP said: .The problems the government is facing in establishing law and order in the Swat region are enormous. While the Commission appreciates the effort that is being made, it would like to advise prudence on some tactics, especially the security forces’ patronage of and reliance on lashkars to take on the militants. The strategy is fraught with hazards. It is difficult to control such private militias and neither the government nor the military can vouch for their conduct. Reprisal attacks and settling of

scores have preoccupied many of these highly-armed *lashkars*. The government must not outsource the responsibility of ensuring security in the region to civilian armed *bands*.

HRCP also cannot countenance the detention by the security forces of families of militants, including women and children, where they have been unable to arrest the militants themselves. Such arbitrary detentions are in violation of individuals. Human rights are not expected of a rights-respecting government. Any derogation of the human rights of the people will be counterproductive. The government must provide the International Committee of the Red Cross access to all those arrested during the operation and produce them in court.

It must also ensure that the focus of the repatriation drive to the Swat region remains on making conditions in the conflict-hit zone conducive for the return of IDPs.

HRCP is concerned about disturbing reports of mutilated dead bodies being found in the region. The government must investigate the circumstances of each death with a view to prosecuting those responsible.

HRCP also reiterates its concern about mass graves found in the region, and emphasises the need for a transparent inquiry to establish the identities of both the victims and the perpetrators. A failure to do so will not only create misgivings among the people but also cause erosion of trust in the government and fuel extremist tendencies.

Anti-terror measures, Swat and Tribal Areas

February 18: Commenting on the Peshawar announcement of February 17, regarding the enforcement of the Shariah law in the Malakand Division, HRCP has expressed serious concern at the absence of any guarantees against transgression of the constitution and the people's basic rights. "Both of these – the basic law and the fundamental rights-have apparently been exposed to a grave risk", the commission has said.

In a statement, it said: Even after making due allowance for the need for peace and appreciating the problems faced by the Frontier government and the security forces, it is not possible to overlook the threat the Peshawar accord on the enforcement of Shariah in the Malakand Division poses to the constitution and the people's fundamental rights. HRCP is convinced that the country's basic law and the rights of the people both have been placed at a grave risk. The plan to enforce what is described as Shariah without any assurance that all the local judges charged with enforcing it will be equal to the task or capable of arriving at a single interpretation of the scriptures could condemn the people, specially women, non-Muslims and smaller Muslim sects, to irremediable excesses.

Since the Malakand Division consists of five districts besides Swat, the population involved is by no means small and there is no guarantee that other territories in the Frontier province and beyond its boundaries will not be affected.

HRCP acknowledges the principle and value of a dialogue but it is essential to be sure of the other party's bona fides, credibility and capacity to honour its commitments. No dialogue is possible with a party that seeks to impose its fiat at gunpoint.

The ordinary citizens' desire for speedy and inexpensive justice is understandable but it is the state's duty to save them from falling for a regime that may save them some time and a few pennies but all this at the cost of justice, particularly in an area where feudal/tribal norms are often equated with divine injunctions.

HRCP shares the grief and anxieties of the people of Swat and other parts of the Malakand Division over their loss of life and property and the hardships caused to poor wage-earners and students. It should like to hope that under the proposed arrangement they will not be made to suffer more than what they have already undergone. The nation must find ways of demonstrating better solidarity with them than has so far been evident.

Without doubting at the moment the motives of the Frontier government it seems necessary to point out the huge responsibility to protect democracy, the constitution and fundamental rights it has assumed and that its success or failure will determine the future not only of the province but the whole of Pakistan.

April 14: The way the National Assembly resolved to back the Nizam-e-Adl Regulation for Malakand Division on Monday does no credit to the House, and the day will be remembered for the state's humiliating submission to blind force, according to a statement by HRCP.

The Commission said: "The reservations of HRCP on the Nizam-e-Adl Regulation for the Malakand Division apart, the manner the resolution relating to the subject was adopted in the National Assembly cannot bring any credit to the House.

Making all allowances for the circumstances, in which a desperate government was seeking survival through surrender to militancy, no one except a lone member of the PML-N, noted journalist Ayaz Amir, had the courage to speak honestly and directly about the situation, while members of the MQM at least maintained consistency in resisting bigotry. What is amazing is that no reference was made to the impact of the measure on women, children, minorities and the prospects for rule of law in the embattled Malakand Division. Even if the party chief whip had ruled out the possibility of criticizing the measure, expressing concern over the threat to fundamental rights should not have been an utterly hazardous undertaking. What use is increased representation of women in parliament if they cannot squeak even in matters of life and death to them? Whatever may happen to the repeatedly abandoned people of Pakistan, April 13, 2009 will only be remembered as a day of ignominious capitulation to brute force."

April 29: HRCP has expressed serious concern at reports of civilian casualties during operation by the security forces in Lower Dir district.

In a statement, the commission urged the government to ensure that the security forces' action against Taliban does not add to the woes of non-combatants stuck in the area.

"HRCP is distressed at the unnecessary loss of lives and the continued suffering of innocent civilians in Dir despite, and at times because of, the security forces' operation.

While the people of Dir had heaved a sigh of relief at the security forces operation that the government had finally decided to reclaim the area from Taliban, the first few days of the offensive have heaped more suffering on the civilian population, including a number of casualties on account of the choice of tactics and weapons by the security forces.

Reports from the area suggest that Taliban militants are hiding in and operating from areas with large civilian populations and the security forces have sought to target them through the use of heavy weapons, including aerial bombardment and long distance artillery shelling, putting the safety of civilians trapped in the conflict zone at even greater risk.

Tens of thousands of civilians have already been displaced and those trying to flee the area find it increasingly difficult to reach safety. The government should have ensured protection of non-combatants before the launch of the operation. It must now meet civilians' needs and facilitate their flight to safety. It must also meet their needs in line with international humanitarian obligations and the Guiding Principles on Internal Displacement.

The security forces in Dir must learn lessons from the numerous incidents of 'collateral damage' in their operation in the Swat valley and immediately cease indiscriminate artillery and aerial attacks in Dir, which are not suited for ousting militants from residential areas with large concentrations of civilian population.

We urge that the same precautions should be taken in the security forces' operation launched in Buner.

The significance of public backing for such operations cannot be emphasized enough. Civilian casualties would only erode that support. The security forces must ensure that the war against terror and Taliban does not become war against civilians."

May 07: HRCP has called upon the federal government to immediately set up a special task force to implement a crash plan for extending relief to the large number of people displaced in the ongoing conflict in the country's northern part. In a statement issued today, the commission said:

The plight of the people displaced from their homes in Swat, Dir and Buner as a result of militants' activities and the security forces' operations against them is getting more and more serious day by day. The number of these IDPs may soon touch one million. The circumstances in which these unfortunate people have been forced to abandon their homes have made it impossible for

them to find succour on their own. Many among them, from barbers and musicians to teachers and lawyers, lost their means of income weeks and months ago and are now in dire straits. Their needs for relief are both urgent and substantial.

HRCP believes the NWFP government's plan to set up six camps in Swabi will not touch even a fringe of the problem. The matter is clearly beyond the provincial government's means and capacity. The federal government must take matters into its hands and set up a special task force manned by people skilled in relief work. Since the number of IDPs is likely to grow it is necessary to draw up a master plan for looking after them in the days and weeks ahead. Civil society organizations also must rise to the occasion and convince the innocent victims of conflict that they are not going to be abandoned.

June 03: HRCP is convinced that the cost of the insurgency in the Malakand Division has been increased manifold by the short-sightedness and indecisiveness of the non-representative institutions and their policy of appeasing the militants and cohorting with them. While the ongoing military operation had become unavoidable, it was not adopted as a measure of last resort. Further, the plight of the internally displaced people has been aggravated by lack of planning and coordination by the agencies concerned, and the methods of evacuation of towns/villages and the arrangements for the stranded people have left much to be desired.

Based on reports by HRCP activists in the Malakand Division and other parts of NWFP/Pakhtoonkhwa, visits to IDP camps by its activists and senior board members, and talks with many displaced people and several Nazims and public figures, the Commission has released the following statement on the situation, its conclusions and recommendations:

Background

HRCP has reported, time and again over the last many years, on the rising exodus of IDPs from FATA and the Malakand Division, owing to deteriorating security situation, and warned the government of the consequences. IDPs in Balochistan have also been an issue of concern and separate statements on it have been issued by HRCP.

For over two decades the government of Pakistan, in particular the military, tolerated, if it did not collude with, the religious militants and extended impunity to them as well as to all forms of acts of religious intolerance. It was common knowledge that international as well as national religious militants had safe havens in the country. After 9/11, militants of all shades were reinforced and given a free hand to organize themselves at the cost of the freedom of the local population in FATA. Other parts of the country also continued to suffer but initially parts of FATA (Federally Administered Tribal Area) became the central hub of all militant groups, local, national, regional and international. The Musharraf government did not simply turn a blind eye but by all accounts, (including those of IDPs), several incidents revealed a policy to protect certain

leaders of militant groups. The government has never given a satisfactory explanation on the supply lines of finances, vehicles, arms/ammunition and petrol that the militants have never been short of. This is particularly questionable in the case of Swat, which is a settled area and surrounded by territory in control of the government.

Amongst other reports, a number of credible sources (including official sources) confirmed that in December 2006, a vehicle was impounded by SHO Amir Zaman of police station Kabal, which was full of explosives. The destination of this pick-up was the Dera (house) of Fazalullah, popularly known as Maulana Radio. The SHO who impounded the vehicle was ordered by phone to stop all proceedings till higher police officials instructed him to proceed in the matter. As the DIG of the area was on leave, SP Qudratullah Marwat is said to have personally ordered that the van be released with the explosives as he had instructions from higher authorities. to release the pick-up. In addition a number of other well placed sources confirmed that groups of militants from Waziristan were officially escorted to Swat in 2007.

During the last few years nine military operations were carried out and nine compromises made with militants operating in FATA and Swat. None of these succeeded in brining peace. Almost all the IDPs and interlocutors interviewed by HRCP complained of having been let down by the government. They strongly felt that the government machinery lacked the will rather than capacity to dismantle the militant force in the Malakand Division. As regards FATA they were less sure of the capacity of the government to deal with the enormous challenge. They complained that the problem was deliberately ignored for many years and now the militant groups, criminal elements and drug traffickers had formed a formidable network.

A number of IDPs from Swat had left their homes twice or thrice before the recent army operation of April 2009. They admitted that generally the local population of Swat took a positive view of the last peace deal negotiated by the ANP and Maulana Sufi Muhammad. They had hoped that peace would be restored but they found that some of the worst forms of human rights abuses by the Taliban took place after the deal was struck. A large number of misled and tired youth joined the militants, who were seen as the ultimate victors and future administrators of the area. While a large number of people voluntarily joined the militants, the IDPs narrated incidents witnessed in their own families where the Swat-based Taliban forced young men to join them by threatening the families that came in their way. There were reports of summary executions through slaughter by the militants. At least, three cases of whipping of young girls were reported by IDPs living in three different camps. Hanging of bodies by trees and killings of those cooperating with government forces were widely reported. Scores were killed including many political activists.

Reports of the devious role played by a former commissioner of Malakand were common. Earlier Syed Muhammad Javed, former commissioner of Malakand, was posted as DCO Swat. It was common knowledge that he fully patronized Fazalullah, son-in-law of Sufi Muhammad. While posted as DCO he

is reputed to have exhibited strong leanings towards the Al-Qaeda-style ideology. He would drive from Mingora to Pevchar where Fazalullah led Friday prayers. The presence of the highest official in Swat in the congregation of the faithful led in prayers by Fazalullah was a strong incentive for others to join. It is reported that there was vigorous recruitment of local people by the militants during that period. There are other allegations of abuse of human rights by the former commissioner.

The government defended the appointment of Commissioner Syed Muhammad Javed on the ground that he had strong connections with the Taliban and could therefore be used for the purposes of brokering a genuine peace deal. However, it is now evident that the former commissioner advanced the cause of the Taliban and exposed the locals to their wrath. The IDPs from Buner were particularly disturbed by the destructive role played by the former commissioner. In April 2008, the Taliban tried to enter Buner. The local people resisted and hurriedly called for a *jirga*. They armed themselves and were supported by the DCO and the DPO of the area. Commissioner Javed, who was in Dir with Sufi Muhammad, heard of the resistance by the local armed groups. He called up the DCO and the DPO ordering them to halt the local resistance till he visited Buner the next day. According to eyewitnesses, the commissioner arrived escorted by the Taliban and gave a dressing down to the DCO and the DPO. He ordered the local *jirga* to come to the Karakar forest rest house on the Swat-Buner border for talks with the Taliban. The *jirga* members refused to go to the rest house and were then invited to the Commissioner House in Swat.

The *jirga* (after a day) went to the Commissioner House as instructed. They were shocked to see Muslim Khan there. Maulana Faqir Muhammad was awaited; he was arriving from Bajaur. When Maulana Faqir Muhammad finally arrived, he threatened the *jirga* members and the Commissioner forced the *jirga* members to apologise to the Taliban for raising an armed *lashkar* against them. A sham compromise was made to assure the Buneris that the Taliban would not enter the area if they disarmed. However, the Taliban, despite the compromise, entered Buner the next day. They burnt down and destroyed the houses of active *jirga* members, including the Sultan was houses of Afsar Khan (ANP leader) and Col. Sultanzeb. Within a few days the Taliban had complete control of the district.

Commissioner Syed Muhammad Javed is also alleged to have pressurized the family of Chand Bibi, the video of whose flogging was telecast by national television channels, to deny that the incident had ever taken place. According to some government sources the commissioner played the lead role in providing a doctored report regarding the incident to the Supreme Court.

The Nizam-e-Adl compromise

It is now obvious that the ANP government fell into a trap in the hope that a compromise with Maulana Sufi Muhammad would bring peace. It had been widely publicized that the local population wanted enforcement of the Nizam-e-Adl Regulation which was being supported by the militants and that its

enforcement would bring peace to the Malakand Division. Only a few though believed that the campaign of the militants was motivated by a desire to bring in any form of justice. Their past record offered strong evidence against their interest in justice. Girls' schools were bombed, women were restricted from leaving their homes without a *mehram*, video shops were destroyed, barbers were punished for shaving men and throats of suspects were slit without trial. Quite obviously the militants were making a bid for power. The Nizam-e-Adl Regulation was to be used as a tool to keep the local population in a state of fear while power would be wielded through Taliban appointed judges and law enforcement personnel.

Sufi Muhammad

Now in his mid-seventies, Sufi Muhammad belongs to Kumbar, near Maidan in Lower Dir district of the Malakand Division. As a young man he was associated with Jamaat-e-Islami and was elected a BD councillor during the Ayub era. In the early nineties he joined the alliance of feudal and political agents who did not want Frontier Crimes Regulation (FCR) to be replaced with the Pakistan Penal Code and raised the demand for the enforcement of the Shariah law. He gained prominence when his supporters in the Tehrik-e-Nifaz-e-Shariat-e-Muhammadi (TNSM) blockaded the Malakand Pass and made a violent bid to capture Saidu Sharif, capital of Swat, in which several lives were lost. The government reached an understanding with TNSM and the result was Nizam-e-Adl Regulation of 1994. After 9/11 Sufi Muhammad led thousands of ill-equipped tribesmen into Afghanistan to fight by the side of the Taliban. Many of his companions were killed and those who survived blamed him for their plight. He himself was arrested when he returned to Pakistan in 2001. Many thought the administrations thus saved him from his frenzied followers that were out to harm him. He stayed in prison till November 2007 when he was transferred by the caretaker regime to a hospital in Peshawar. In 2008 he was released and the provincial government signed an agreement in April 2008 with his party in the hope that he would succeed in persuading the militants, commanded by his son-in-law, Maulvi Fazalullah, to honour the peace accord. These hopes did not materialize and Sufi Muhammad himself kept raising new demands.

The militants had to rely on intimidation as in the 2008 General Election the people of the Malakand Division overwhelmingly voted in favour of the ANP and the PPP and rejected the candidates backed by clerics. As a result of excesses committed by the militants, 95,953 families (577,167 people) were internally displaced in the NWFP/Pakhtoonkhwa province before the May 2009 military operation commenced. A large number of IDPs were from Swat where the Taliban were virtually in control, Therefore it was pretty evident that the people felt insecure and wanted peace – at any cost.

As was expected, the Taliban took control but soon their ambition had the better of discretion. Addressing a big public gathering in Mingora (Swat) on April 19, 2009 Sufi Muhammad rejected western-style democracy and called it .a system of infidels. He asserted that there was no room for democracy in

Islam. Similarly he denounced the judicial system including the High Court and the Supreme Court as un-Islamic. He gave an ultimatum of four days to the government to pack up their judicial system in Malakand Division and appoint Qazis selected by himself. Lawyers, Sufi Muhammad said, had no business in his scheme of things. The public throughout the country was alarmed. The Parliament reacted strongly against his outburst and his painting of all those who disagreed with him as infidels.

The military operation

A number of sources claim that at least 80% of the Malakand Division was already under the control of the Taliban, who nominally owed allegiance to Sufi Muhammad and his Tehrik-e-Nifaz-e-Shariat-e-Muhammadi, before the army operation started on April 26, 2009. Most political parties supported the military operation. A large section of civil society was also convinced that it had become unavoidable to take some military action, particularly as police officials in the Malakand Division were killed and leaders and workers of the ruling provincial party (ANP) were liquidated. A large number of police functionaries serving in the Malakand Division had deserted or were virtually confined to their police stations. Representatives of the provincial government admit that the situation was grim enough for them to experiment with any available recipe, as long as the people of their province had some breathing space. They disclosed that they had received no support from the federal government to their efforts to raise the capacity of their law-enforcement personnel. The military merely smiled at their request for assistance while the federal government dragged its feet and remained clueless about dealing with rising violence, tensions and internal displacement.

Regrettably, the intensity of a full fledged military operation could have been avoided if the militants had been confronted, discouraged, deported and captured earlier, after several emphatic public denials of support to them. It took a number of years after 9/11 for the Musharraf government to acknowledge that militant groups had taken refuge in FATA. The military operation was an unfortunate option also because no effective measures had been taken in the past to meet the challenge. As one interlocutor commented the country is a patient whose ailment has been ignored too long and who is even now being treated without a complete diagnosis, while his ailment has travelled to all parts of his body. There are several public statements on record where chief of ISI and military leaders have praised the “patriotism” of jihadi groups. Sufi Muhammad was touted out as a saviour and champion of peace and justice. It confuses the population that is consistently misled by those in authority.

The urgency of a military action cannot be discounted but any armed action by the state must, under all circumstances, follow the principles of humanitarian law and in particular Article 51 of the Protocol Additional to the Geneva Conventions of 12 August 1949, and relating to the Protection of Victims of International Armed Conflicts (Protocol 1). It must be a measure of last resort rather than a measure that becomes unavoidable because of sustained

inaction in the past. Use of force must be proportionate and noncombatants should, at all costs, be assured of safety. Those trapped in the cross fighting should be provided with food and all efforts made to bring them to safety.

Tales of suffering

The IDPs from Swat unanimously complained that they were given a scandalously brief notice to evacuate. Curfew was relaxed for a few hours and thousands of families walked for miles to reach safety. A large number of them were caught in the armed conflict between the Taliban and government forces. Those fortunate enough to find transport had to pay a fortune. There are reports of loss of life and limbs caused by mines laid by the Taliban. A number of women were traumatized because the Taliban had forced the men in the family to stay back. Many others had been separated from their families. A particularly distressing story was of a woman who carried her son's slaughtered head for burial because she was forced to leave the corpse on the wayside by the Taliban who had beheaded him.

Another woman narrated how she had left her special child behind because he could not walk. She was beside herself and told the HRCP team that she had left some water and food by the side of her disabled child and had had no news since. Families reluctantly admitted that in a panic to save their lives in very difficult circumstances they were unable to carry the very old ones and disabled children with them.

A woman gave birth on the way amidst the exchange of fire and hurriedly-wrapped her newborn and it slipped through the wraps during her journey.

IDPs also alleged that they saw dead human and animal bodies lying by the way side. The stink was unbearable. They mostly corroborated the allegation that both the Taliban and the military did not allow families to pick up the dead bodies and that a high level of fatalities had occurred in the area. They disclosed that the Taliban as well as the military operation were responsible for the loss of life of hundreds of non-combatants.

There were credible testimonies that the Taliban had made desperate last-minute efforts to forcibly recruit children and very young men to fight for them. Others were taken to be used as human shields.

On the other hand, the IDPs confirmed that the use of long-range artillery by the military was indiscriminate. Besides militants, civilians also became targets of bombardment. Reports indicate that the scale and intensity of fighting has been severe and in many cases it has been undertaken in heavily populated areas.

It is feared that several hundred people have been unable to flee to safety due to the intensity of the fighting and imposition of constant curfews. The stranded civilian population is without electricity and they have no means of communication. Medical assistance is not available while food and water are scarce. According to UNHCR, the affected area has a population of over six million. The estimates of the people displaced have risen to nearly three million.

This is a strong indication that large numbers are either trapped or missing. It is reported by the incoming IDPs that fatalities and casualties amongst civilians are significant. The infrastructure has also been massively damaged by government forces as well as the Taliban. An unconfirmed report doing the rounds in the IDP camps and in urban centres of NWFP/Pakhtoonkhwa says that some seven Taliban were captured after three commandos had been brutally butchered by the Taliban. They were thrown out of a helicopter at a high altitude. Such stories must be thoroughly probed and strongly refuted if found exaggerated. Reports of slaughter of military personnel and relatives of off duty police by the Taliban are circulating in the camps and have been confirmed by many IDPs. The loss of soldiers and police officers is a heavy blow to the country and especially demoralizing for the security forces. HRCP deeply regrets it but must continue to stress that the distinction between the behaviour of non-State and State actors must be fully comprehended.

IDP camps

It is estimated that by May 24 1,206,213 people had fled from Swat Valley, Lower Dir, Buner and Shangla districts. According to available data, the total number of IDPs on that date was estimated at 1,783,380. Some 80% have taken shelter with local host families or in rented accommodation. As the number of IDPs keeps increasing, the capacities of host families and communities are being overstretched.

When HRCP teams visited the area there were 23 official camp sites; 11 old and 12 new ones set up after the late April/May influx. The largest camp, Jalozei II was set up before April 2009. Its population is 71,344. Of the new camps, the Dargai camp at Malakand has 96,148 people. Other camps are smaller in size, mostly housing fewer than 10,000 people.

The task of organizing IDP camps is gigantic and poses a huge challenge. Even more difficult it is for host families to sustain their hospitality beyond a certain period. It is absolutely remarkable the way the people, particularly in Swabi and Mardan, have opened their houses to those fleeing conflict. Had the citizens not acted in a prompt and generous way protection for the IDPs would have become virtually impossible. It also appears that foreign agencies like UNHCR, ICRC and UNICEF had foreseen such an eventuality. The government, federal as well as the provincial, were totally at a loss in the first few weeks. The provincial government is beginning to stir but the federal government remains clueless and has no forward looking strategy. More worrying is the revelation that neither the federal nor the provincial government could explain the overall objective of the military operation. Short-term and long-term tasks have so far not been comprehended, neither was anyone certain of the next phase of the operation. The military sees it as a .jump in and out. operation, the provincial government has expressed concerns over it. They point out that holding the areas that are cleared of the Taliban till civil administration is put in place is crucial. The federal government is solely concentrated on fund raising and has so far not looked ahead.

A few families (mostly men) returned to Buner after announcements were made at camp sites that people could return for 10 days to harvest their crops. Others took up courage to return to Buner after the Interior Minister announced that Buner was safe and people could return. Families at IDP camps reported that some of their family members were stopped by the military from proceeding ahead but some went through to find that many parts of Buner were not safe and fighting was continuing. At least two families interviewed by HRCP teams lost family members, who had returned on the advice of the government.

There are serious concerns regarding security. There is no checking on arms inside the camps. IDPs admitted that some low level Taliban had also taken refuge in the camps. Foreign aid agencies point out that security has to be taken care of by the government but no effort was being made to this end. However, when VVIPs visit camps a large number of police force is seen on the spot with the entire administration hanging around waiting for endless hours for the VVIP to turn up. HRCP monitors saw red carpets rolled out in camps and huge tents with public address system being set up for a visiting VVIP. Such show of pomp can hardly please the destitute.

The IDP camps are by no means perfect. There is a dearth of all kinds of essential commodities and the infrastructure is very make-shift. Medical facilities are inadequate and heat is a main problem. The distribution systems being improved but not sufficiently fast enough. The registration system is very slow and cumbersome. It is especially difficult for IDPs living outside the camp facilities to secure registration. The IDPs were given a bag of wheat each by a foreign donor. They had no facilities to cook or to get the wheat ground. Most used the bags to sit on. The IDPs were nervous because they had no access to news on a regular basis. They hoped that the camp sites could have radios for those interested in getting information. Aid agencies complained that a number of individuals and VIPs were an obstacle to their delivery work. They gave examples of how humanitarian aid was kept undistributed because two political parties laid claim to it and could not decide who should distribute the goods. In the meanwhile, the desperate IDPs looted the goods and the most vulnerable amongst them went empty-handed.

HRCP is especially concerned that the IDPs have been virtually barred from entering Sindh. In Punjab they are not being registered but are not barred. However, the federal government has announced that all rental deeds must be executed in police stations so that the police can keep an eye on the IDPs from leaving NWFP/Pakhtoonkhwa. The Punjab government has issued instructions that property cannot be sold to anyone from outside the province without a no-objection certificate. This is demoralizing for IDPs who are the worst victims of the Taliban's wrath and the government's utterly indefensible policies.

The effects of Talibanisation are not confined to the NWFP/Pakhtoonkhwa province alone. That part is directly affected but bomb blasts, threats and rise in crime across the country is a major fallout of Talibanisation and the fighting. The Taliban openly threaten the people even

today. Very recently, medical representatives in Peshawar were warned not to wear pants. They were beaten because they took no notice of the warning. Male students have been instructed through a government notification, after threats from the Taliban, to wear *shalwar kameez*. Women in Islamabad, Lahore and Karachi have been stopped by men and told not to drive by themselves and to cover their heads.

Journalists, particularly, of electronic media told HRCP of the heavy censorship on news. There can be no discussion on the number of civilian fatalities or casualties. Independent media and international or national humanitarian groups have no access to the conflict area. This is worrying and HRCP remains concerned about the lack of independent information from the conflict area. Telephone lines are disconnected, therefore those trapped or who stayed back cannot reach anyone when in distress.

HRCP believes that the challenge faced by the country goes beyond Swat. The government of Pakistan is under great strain in dealing with this complex issue, which is mostly a legacy of the Zia-Musharraf regimes. The victims of the Taliban's militancy have mostly been Pakistanis – civilians, law enforcement people and the military. Over the years, Pakistani jihadi groups have formed a network of supporters that are entrenched in all institutions of the country. Their close links to foreign militant groups have put more resources at their disposal and they now operate in a strategic manner. Pakistan's government has to draw a comprehensive policy' taking the military and other political parties on board – so that a long-term strategy is developed to confront the forces of militancy and intolerance. The government should seek partnership with international entities and other countries to effectively challenge militant groups and their supporters.

Conclusions and recommendations

1. The spread of the Taliban influence in the Malakand Division and the suffering of the internally displaced people (IDPs) are the result of arbitrary policy-making by non-representative institutions. There has been no evidence of the transparent policies and reference to the people that were vitally needed. The situation though has improved under the democratic government – despite the system being fragile and lacking in many ways. Those criticizing the Taliban and religious fanaticism are not snubbed and most political forces recognize the enormous challenge they face from militant Islamic groups.
2. A white paper should be issued on the official patronage extended to the militants in the Malakand Division. Government officials and other individuals who helped the militants in their unlawful pursuits, exploited the situation for narrow personal gain, and played with the lives of innocent citizens must be made to account for their misdeeds.
3. The implications of the use of force, even when unavoidable, were not taken into consideration, particularly in relation to the principle of proportionality and the need for due regard to the safety of non-combatants,

specially children, women and the disabled. The measures needed to protect life through an early warning system and to minimize suffering by mobilizing resources at the earliest to help the civilians fleeing the conflict zone were either inadequate or not there at all. According to information available to HRCP, not enough time was given to people who were required to flee to safety, no transport was arranged by the government and the people had to walk for miles without help or guidance. The safety of passage was not guaranteed. Not even a warning of landmines was issued in some sectors.

4. No proper count of civilian casualties has been issued. They appear to be significantly higher than the figures mentioned by the ISPR.
5. The displaced people have suffered in the camps because of quite a few problems that could have been managed. These include: lack of coordination among the various administrative services, shortage of trained personnel, flawed staff orientation, and lack of transport. The supply of goods to these camps often does not match the displaced people's needs (for instance, supply of wheat instead of flour). The various agencies have no institutional framework for consultation and problems are addressed on an ad hoc basis.
6. The camps do not have oversight mechanisms to check corruption, misappropriation of relief supplies, and exploitation of the vulnerable. It is necessary to provide for processes for redress of grievances and complaints.
7. There are gaps in services provided at the camps. There is need for efficient information centres at all camps and effective procedures for the search and recovery of separated or missing members of the displaced families.
8. The plight of families stranded in towns/villagers must be seriously addressed. Ways should be found to establish communication with them, to ensure supply of food to them and to guarantee their safety.
9. The large population of displaced people outside the camps should immediately be brought within the support network so that they are not driven by circumstances to rush towards the camps where resources are already stretched and the threat of adverse weather looms large.
10. The policy of censoring reports about the military operation and its impact on the citizens' life and matters is manifestly counter-productive. The people will better face the situation if they are taken into confidence and trusted with the truth.
11. The authorities must have a sound exit strategy – how the civilian administration will be restored once the operation is over. Who will guarantee the people's security and how? Who will ensure that the law enforcement staff is adequately trained and equipped?
12. Finally, the government must develop a well considered plan as to how FATA and the Malakand Division will be administered after peace is restored. In particular it is necessary to decide what kind of judicial system will be followed in these territories and what arrangements will be needed

to protect women, children and the minorities that have borne the brunt of the militants' atrocities.

June 24: The repatriation of registered Afghan refugees from Pakistan does not meet the required standard of voluntarism deemed mandatory by international refugee law, a report by HRCP has said.

The report entitled 'Push Comes to Shove' – whose publication coincided with the World Refugee Day, June 20 – studies the trends and patterns of repatriation of Afghan refugees through 2007 and 2008 to determine whether the process was voluntary.

The study conducted by HRCP's Peshawar chapter says that even though many Afghan refugees in Pakistan signed up for repatriation, large numbers did so not because they thought that it was safe to return, but because they believed they had no choice in the matter.

Refugees interviewed from camps slated for closure spoke of harassment by police, lack of security, basic infrastructure, education, health and livelihood opportunities in Afghanistan as the main reasons for their hesitation to return.

All Afghan refugees registered in Pakistan were required to leave by the end of 2009. Those living in camps marked for closure could opt to relocate to another camp.

An over whelming majority of refugees declined relocation to another camp, not because they were keen to return to Afghanistan but said they would not want to be uprooted again when the December 2009 deadline arrived. That deadline has now been extended to 2012.

According to the report, outside the camps slated for closure, an environment of persecution and intimidation was created by checking movement of refugees and harassment at the hands of police. In camps, houses were razed and businesses locked, often resulting in confrontation between the authorities and the refugees."

Repatriation may be the preferred solution for all concerned but adhering to the principle of voluntarism must not be ignored and the needs of refugees with additional vulnerabilities must be considered, the report said.

"Any attempt to repatriate Afghan refugees must take into account their willingness to return and the conditions back home, especially security and shelter," it added.

August 12: A fact-finding mission of HRCP to Swat has documented accounts of extrajudicial killings by the security forces, discovery of mass graves in the conflict-hit region, and the continued suffering of the civilian population.

A number of Swat residents have reported sighting mass graves in the area, including at least one in Kookarai village in Babozai tehsil of Swat district and another in an area between Dewlai and Shah Dheri in Kabal tehsil, according to the three-day mission's report. Witnesses who have seen mass

burials said that at least in some cases the bodies appeared to be those of Taliban militants, it added.

The mission expressed HRCP's grave concern over the "worrying development" and also over credible reports of numerous extrajudicial killings and reprisals carried out by security forces. The mission said: "It is vital for the success of the military operation against terrorists that the security forces' actions are distinguishable from the atrocities committed by the Taliban. 'Taliban justice' has been rightly condemned for its brutal and arbitrary nature and was crucial in helping turn the public opinion against the extremists. Treatment of individuals by government must aspire to a higher standard.

Human rights violations by security forces can only be discouraged if the State puts in place a transparent mechanism to monitor violations both during and post conflict and fulfils its obligation of providing justice through due process."

The HRCP mission also noted serious difficulties faced by the local population and IDPs on returning to Swat. "The IDPs have returned to find a number of houses in the area damaged in the military operation. Shops in most areas are yet to reopen and the ones that are open have scarce supplies. The local people demand that the government ensure the supply of essentials to the returning population, including subsidised edibles for the families that cannot afford to buy them on account of financial losses suffered during and prior to the military operation. Restoration of the devastated infrastructure and provision of safe drinking water must be given top priority to prevent the spread of disease."

While a massive security operation in Swat seems to have dented the Taliban network in the area for now, but the threat of Taliban exists. Lack of safety and security remain for the people being sent back to the valley from IDP camps, the mission report added. That the law and order situation is still not completely under control is testified by the continued curfew in the area. Even military officials in the area acknowledge that parts of Swat are yet to be purged of the militants. The beheading of a police official in Sangota, Mingora, on July 28 triggered fear among local residents, who had returned to their homes after being assured that the militants have been flushed out of the area.

None of the national and provincial assembly members or district or tehsil nazims have so far returned to the conflict-hit area. Their absence itself is a reflection of the apprehension of lack of security in the region. The government should provide the elected representatives of the area appropriate security to encourage their return, which would also boost public morale. The mission urges a campaign to apprehend local level Taliban operatives and other terrorists.

The returns from the IDP camps must be voluntary and the people should be given accurate assessment of the situation on ground to enable them to make an informed decision. HRCP emphasises that security of the displaced population must be the guiding principles in any decision on repatriation. "The shifting of IDPs from camps in NWFP cities to safe places in Swat, and not

hurried repatriation or closure of camps for the IDPs, must be the main consideration for the government,” the mission said.

The government must not send the returning IDPs to areas yet to be cleared of Taliban presence and should instead move IDP camps to those areas of Swat that have been secured and are accessible to national and international humanitarian aid agencies. It will make the displaced population feel more at home in a climate they are accustomed to, the mission said.

It said the IDPs should be expeditiously compensated for the damage caused to their houses and other property during the military operation to allow them to rebuild their lives at the earliest.

The civil society must also come forward to assist the traumatized population of the conflict-hit region as well as demand provision of justice through due process and an end to human rights violations in security operations.

August 17: HRCP has rebutted the denial of extrajudicial killings by security agencies in Swat operation by ISPR.s Swat Media Centre and has demanded of the government that it must hold a transparent and impartial inquiry into this issue by a multi-party parliamentary committee in collaboration with the representatives of the civil society.

In response to ISPR.s statement published in a section of the press on August 16, a statement issued by HRCP said: .The Commission reiterates that it has come across credible accounts of extrajudicial killings and complaints of reprisal attacks by the security forces during the operation in Swat.

Some of the better known instances include the death of militant leader Maulvi Misbahuddin. Credible evidence shows he had been apprehended by the security forces and later the bodies of Misbahuddin and his son were found in Bacha Bazar. The government claims that they were killed in an encounter while eyewitnesses hold that they were arrested by the police in Mardan. Amir Izzat, spokesperson for the Swat militants, was arrested from Amandara. Two days later the authorities claimed that Izzat was killed allegedly by militants trying to rescue him when they attacked the vehicle taking him to jail. Independent journalists claim that the targeted vehicle shown to them did not even have an engine. The most harrowing reports were of dead bodies strewn upside down by the military with notes attached to the bodies warning that anyone supporting the Taliban will meet the same fate.

In its statement the ISPR has conceded the presence of mass graves in the conflict – hit area. However, HRCP believes that this is not enough and the government must conduct a transparent inquiry into this issue to ascertain the circumstances under which the bodies were buried. The military cannot simply explain the existence of these mass graves by alleging that the bodies were of militants buried by other militants. HRCP has knowledge of other versions to the contrary. HRCP suggests that a multiparty parliamentary committee should be formed to conduct an inquiry into this issue as well as into the reports of extrajudicial killings to which HRCP will extend its cooperation.

HRCP also demanded of the government to clarify whether the government considers it as an internal law and order situation on which human rights are applied or does it treat it as an armed conflict that comes under humanitarian law.

HRCP will be happy if an impartial inquiry proves that extrajudicial killings did not take place in Swat but this sensitive matter cannot be disposed of through off-the-cuff statements by intelligence agency's denial-writers.

Source: State of Human Rights in 2009, pp.328-349. www.hrcp-web.org

2. Nizam-e-Adl Regulation 2009

NWFP Chief Minister Ameer Haider Khan Hoti on Monday announced the Nizam-e-Adl Regulation 2009 for Malakand division of the province for dispensation of justice, saying it would be implemented as soon as peace was restored in Swat, a private TV channel reported.

Following are the main features of the regulation:

1. All laws will be in accordance with sharia
2. All cases shall be decided according to sharia
3. Cases of non-Muslims in matters of adoption, divorce, dowry, inheritance, marriage, religion, religious rights, usages and wills shall be decided in accordance with their personal laws
4. District and sessions judge will become zilla qazi
5. Additional district and sessions judge will become izafi zila qazi
6. Senior civil judge-cum-magistrate of Section 30 will be aala illaqa qazi
7. Civil judge and judicial magistrate will be illaqa qazi
8. Qazi shall follow the established principles of sharia and will seek guidance from the Quran and Sunnah
9. Appeals against qazi's decision shall be submitted to the Federal Shariat Court
10. Special bench of Shariat Court will hear review appeals
11. The bench will be set up in Malakand
12. A civil case will be disposed off in six months
13. A criminal case will be disposed off in four months
14. Deviations will be liable to penalty
15. Qazis will be appointed from amongst the existing judicial officers with the LL.M sharia degree or having a three-month sharia course
16. A qazi will refer matters requiring the interpretation of Islamic injunctions to his helper called moawin-e-qazi
17. At initial stage, each case shall be referred to mediators. However, cases under Hudood laws and cases by or against the government will not be open to mediation. daily times monitor

17 February 2009. Karachi. *Source: www.dailytimes.com.pk*

III. Economy

Budget speech 2009-10 of Hina Rabbani Khar

I rise to present the Budget for the Fiscal Year 2009-10.

Madam Speaker!

I have the honor to be the first woman in the history of Pakistan to present a budget before the august House. It is indeed the privilege of the Pakistan People's Party to have given the country its first woman Prime Minister, Mohtarma Benazir Bhutto Shaheed. The People's Party also has the singular honour of nominating the first woman Speaker of the National Assembly in Pakistan. These are important milestones in our quest for women empowerment and gender equality.

Madam Speaker!

The efforts of the government to manage the economic and financial affairs of the country need to be viewed in the context of the prevailing state of security in the country. Pakistan today is not simply a front line state against the war on terror; in fact we are today fighting insurgency and terrorism within the country. The war on terror has already cost us over \$ 35 billion since 2001-02 in economic costs. We now face the prospect of incurring huge costs on account of counter-insurgency expenditures. We have to meet the maintenance and rehabilitation costs of almost 2.5 million brothers, sisters and children displaced as a result of the insurgency. The International community has pledged its support for this human cause. However, your government is fully conscious of its responsibility and has allocated Rs. 50 billion, I repeat Rs. 50 billion, in the budget 2009-10 for the relief, rehabilitation, reconstruction and security of the internally displaced persons. I also take this opportunity to salute the efforts of the people of Pakistan in contributing generously to the relief effort and demonstrating that we are all one and stand united in the face of terrorism. I may also express the gratitude of the government to all those generous households who have opened their homes and hearts to the displaced people in the true spirit of Islam.

Madam Speaker!

Our armed forces are in the forefront of the war against terror and in fighting insurgency in the country. Our western border is most volatile and faces the brunt of insurgency. The President of Pakistan has been pleased to announce an increase in the allowances of the personnel of armed forces deployed in the western theatre, equal to one month's basic pay with effect from 1st July, 2009. He has further announced that this benefit be extended to the entire armed forces from 1st January, 2010. The government is in complete support of the President's decision. Today, the nation stands behind our valiant armed forces. No amount of compensation is adequate enough to cover the risk to one's life. I

hope this small gesture on the part of the government helps in building the morale of our jawans and officers in the war against terror.

Madam Speaker!

While presenting last year's budget the government had given a detailed account of the economy as was inherited by us from the previous government. We had highlighted that our economy could not sustain a high level of artificial growth. We had presented that sustainable growth was only possible through investments in the real sectors of the economy that is, agriculture and industry. These, unfortunately, were neglected in the past. Instead growth was fuelled through high consumption and extensive luxury imports and those too financed through external borrowings. No wonder the fiscal deficit mounted to 7.6% of GDP, the current account deficit became unmanageable, there was a run on foreign exchange reserves and the stock market crashed. More importantly, inflation started to rise steeply and peaked at 25% in October 2008. In the face of these developments the economy suffered but the poor of Pakistan suffered the most.

Madam Speaker!

Surely this state of affairs was intolerable! The government reacted to this by formulating a Nine Point Agenda of economic and social recovery. The first pillar of our agenda was to stabilize the economy. As a result of our efforts, the fiscal deficit would decrease by 3.3 percentage points in 2008/09.. The current account deficit was brought down from a high of 8.5% in 07-08 to 5.3% of GDP in 2008-09. Madam Speaker! It is now universally acknowledged that reducing inflation is the best recipe for reducing poverty. Through the efforts of your government, inflation declined from 25% to 14.4% in May, 2009. Inshallah, it is expected to be in single digit by the end of the next fiscal.

Madam Speaker!

While stabilization of the economy was necessary it was achieved at a cost. A tight monetary policy coupled with strict public expenditure management adversely impacted access to capital in the private sector and a reduction in the public sector development programme. The biggest casualty of stabilization was economic growth which declined to around 2%. The contraction in the economy adversely affected growth in manufacturing. However, our pricing policy for Agriculture sector helped this sector in recording a growth of 4.7% in 08-09 as compared to 1.1% in the previous year. The government was fully conscious that stabilization and a contracting economy would impact the poor adversely.

That is why it triggered the 2nd pillar of its nine point agenda that is, social protection. Through the Benazir Income Support Program (BISP) we targeted the poorest of the poor through an income grant of Rs. 1000 per month, allocating Rs. 34 billion for the programme. In the next financial year we propose to allocate Rs. 70 billion for BISP to bring over 5 million households in the ambit of the programme.

Madam Speaker!

Having attained a certain level of stabilization it is now time to move towards growth by targeting the real sector of the economy that is Agriculture and Industry. Beginning with this year's budget we propose to announce policies and undertake budgetary and legislative measures which would put our real sectors of the economy onto the path of greater productivity. This paradigm shift would help the country in attaining sustainable growth which would help in the reduction of poverty. Madam Speaker, we propose to pursue growth with equity.

Madam Speaker!

We propose to pursue stabilization with a human face. This government believes that the focus of government's policy and investment program has to be the well being of the people, especially the poor segments of our society.

Madam Speaker!

The government is managing the affairs of our country within a strategic policy framework expressed in its Nine Point Agenda of economic and social recovery. I take this opportunity to highlight these nine pillars:

- a. Macroeconomic Stability and Real Sector Growth.
- b. Protecting the Poor and the Vulnerable.
- c. Increasing Productivity and Value Addition in Agriculture.
- d. Making Industry Internationally Competitive.
- e. Capital and Finance for Development.
- f. Removing Infrastructure Bottlenecks through Public Private Partnerships.
- g. Integrated Energy Development Programme.
- h. Human Capital Development for the 21st Century.
- i. Governance for a Just and Fair System.

The budget 2009-10 has been prepared to obtain the twin purposes of stabilization with a human face and growth with equity. I would wish to clarify as to what stabilization means. Stabilization is essentially an expression which advises households, organizations and governments to live within their means. Surely, this is what we all want. And if additional resources become available we need to use these to obtain the best dividend for our people. As a measure of support towards attaining a reasonable growth target the total expenditure, including Provinces, is estimated at Rs. 2897.4 billion. The total revenue is estimated at Rs. 2174.9 billion. The overall fiscal deficit of Rs. 722.5 billion would be 4.9% of the GDP. This deficit would be met through external financing of Rs 264.9 billion and domestic financing of Rs. 457.6 billion. Pakistan is likely to receive external resources equivalent to 1.2% of its GDP (Rs. 178 billion) from pledges made in the Donors' Conference at Tokyo. We further expect resources equivalent to 0.3% of the GDP (Rs. 48 billion) for expenditure on internally displaced persons. In essence the real deficit would be 3.4% of the GDP.

Madam Speaker!

The core budget of the federal government estimates net revenues of Rs 1377.5 billion with a current expenditure of Rs 1699.19 billion. The development expenditure (including Provinces) is estimated at Rs. 783.1 billion against the revised estimates of Rs. 421.9 billion, an increase of 85%. This increase is unprecedented. The Public Sector Development Programme approved by the National Economic Council is pitched at Rs. 626 billion in BE 2009-10 against Rs. 359 billion in RE 2008-09. It is expected that full utilization of the development allocation would strongly assist in revival of growth.

Madam Speaker!

May I offer a note of caution at this stage. Pakistan has one of the lowest tax to GDP ratios in the world. In the outgoing year we were only able to attain tax revenues equivalent to 9% of our GDP. We expect to improve our tax to GDP ratio by 0.6% in the next financial year. Allow me to state that if we as a nation do not imbibe the tax culture, if each citizen capable of paying tax does not do so, Pakistan shall never be able to stand on its own feet. It is, therefore, imperative that each one of us as a citizen of this great country meets his or her tax obligation. While government would be undertaking deep rooted reforms in tax policy and its administration, success of any initiative would hinge on the support given by the entire nation. We have to broaden our tax base; there is no escape from this reality.

Madam Speaker!

The government made a commitment that it would pursue stabilization with a human face. Our tax and duty measures in Budget for Fiscal Year 2009/10 would revolve around the following concepts:-

- Provide protection to the poor and vulnerable against the current economic downturn;
- Revive manufacturing and industry, especially export-oriented industry;
- Broaden the tax base instead of overburdening the existing taxpayers; and
- Restrain unnecessary imports to improve the Balance of Payment position.

Madam Speaker!

As a measure to broaden the tax base we had desired that the provinces bring additional services into the net of sales tax. We had also desired that the provinces impose capital gains tax on immovable property. This would have marked a beginning towards further broadening of the tax base. However, the provinces would much rather wish to discuss these issues in meetings of the National Finance Commission. While we respect the decision of the provinces none-the-less measures would be taken in the Budget 2009/10 to bring additional services into the excise net as well as continue with Capital Value Tax. On reaching agreement with the provinces in the NFC discussions, the Capital Value Tax as well as excise on services would be considered for replacement by provincial taxation on these subjects.

I. Macroeconomic Stability and Real Sector Growth

Madam Speaker!

The immediate threat to economic stability and the servicing of international debt obligations were overcome through a homegrown Macroeconomic Stabilization Programme. The Programme has already ensured adjustment in petroleum prices and significant cuts in expenditures to reduce the budgetary deficit; while keeping a tight monetary policy in place. These measures are paying dividends under precarious global and domestic conditions. Recent trends in most macroeconomic variables also suggest that a disciplined implementation of this Programme has started paying off.

Madam Speaker!

- During the Fiscal Year 2009/10 real GDP is expected to grow by 3.3 percent and by 4 and 4.5 percent during Fiscal Years 2010/11 and 2011/12, respectively.
- This will be contributed by sectoral growth rates of agriculture amounting to 3.8 percent; manufacturing totaling to 1.8 percent; and services contributing 3.9 percent.
- For Fiscal Year 2009/10 the inflation target is 9.5 percent, which will be brought down to 7 and 6 percent during Fiscal Years 2010/11 and 2011/12, respectively.
- A targeted decrease in current expenditure to 15.3 percent of GDP in FY 2009/10 and 14.7 percent of GDP in 2010/11, owing to elimination of unproductive subsidies is planned in order to maintain the fiscal deficit at sustainable levels.
- The Government is going to take all necessary measures to ensure documentation of the economy and broadening of the tax base in order to shift reliance on domestic resource mobilization.
- Total revenue will grow by 15.7 percent and Federal Board of Revenue collection is projected to grow by 16.8 percent.
- Tax to GDP ratio will be 9.6 percent, with measures, as against 9 percent during Fiscal Year 2008/09.
- Revenue as a percentage of GDP is projected at 14.7 percent in Fiscal Year 2009/10 and will increase to 15.1 percent during Fiscal Year 2010/11.

II. Targeting the Poor and The Vulnerable

Madam Speaker!

The previous government pursued a policy of trickle down, expecting that the benefits of growth would automatically reach the poor. The flaw in this strategy was that the rich became richer and the poor became poorer. Our government is tackling the issue of poverty by launching a frontal attack against it. Our efforts at poverty-reduction aim to eliminate poverty.

As a tribute to our leader, Shaheed Mohtarma Benazir Bhutto, who laid down her life for democracy, the introduction of the government's flagship programme, named 'Benazir Income Support Programme' to provide direct cash

transfers to the poor, is proof of its commitment to reach out to the most vulnerable to share their burden and ease their misery as much as possible. Following our Quaid, Shaheed Zulfikar Ali Bhutto's words, 'The Masses Will Rule'.

Madam Speaker!

The conception behind the Benazir Income Support Programme was not only providing financial assistance to the needy but also to ensure women empowerment and child care. During Fiscal Year 2008/09, Rs 22 billion was distributed to 1.8 million beneficiaries. During fiscal year 2009/10, it is proposed to increase the allocation of BISP to Rs 70 billion. Madam Speaker, this would constitute more than 200 percent increase; I repeat more than 200 percent increase over the last year's distribution. Five million families would benefit from this increase in the coming financial year. A programme for the Internally Displaced Persons has also been started by Benazir Income Support Programme wherein the Internally Displaced families are being identified and cash grants are being paid to them on regular basis.

In the short to medium term, the Benazir Income Support Programme will also serve as a platform for complementary social assistance programmes, the main being health insurance for the poor and the vulnerable. This will cover full hospitalization, pregnancy, daycare treatment, diagnostic tests and accident compensation for earning members of the family to a maximum limit of Rs 25,000/- per family per year. In addition, cash transfer programmes will be complemented to promote household independence via various poverty exit strategies, which can help to upgrade the poor beneficiaries to the level of self-sufficiency by various means including transition to Conditional Cash Transfers; training and employment of one person per household; and provision of workfare through small public works under a social mobilization programme initiatives.

The latter programme is based on the concept of small development schemes for construction of paved streets and water and sanitation facilities at the local level with help of community contribution.

Madam Speaker,

I hold out an assurance that the government is committed to ensuring complete transparency in the management of BISP. A census would be completed within three months in 16 districts of Pakistan as a pilot to benchmark incomes. This would be extended to the entire country within the calendar year.

The Benazir Income Support cards would serve as vehicles of transparent management and addressing the needs of the vulnerable. The government also plans to bring in legislation during the next financial year for creating a social security protection programme for the haris. It is the firm resolve of the government to mainstream the marginalised haris, provide

them with social protection available to other labour in the country and to make them proud citizens of Pakistan.

The government also plans to revamp the Ministry of Social Welfare by replacing it by a Ministry of Social Protection and Development in order to provide a common platform for safety nets and enhanced institutional capacity for social service delivery.

Peoples' Works Programme

Madam Speaker!

This programme covers basic areas like provision of electricity, gas, farm to market roads and water supply. An allocation of Rs 35 billion is proposed in the Fiscal Year 2009/10 for this purpose. This will create sizable employment opportunities and, therefore, will increase the incomes of the less privileged.

Workers Welfare

Madam Speaker!

- For the Fiscal Year 2009/10, an amount of Rs 10.8 billion has been allocated for different Worker Welfare development schemes in the housing, health, education and technical education sectors. Quota has been abolished with the result that every worker will now be provided marriage grants irrespective of number of daughters. The rate of marriage grant has been increased from Rs 50,000 to Rs 70,000 per daughter. Construction of 9,469 housing units and flats for industrial workers is also proposed.
- The President of Pakistan has directed to take necessary measures for empowerment of employees of State Owned Enterprises through their representation on the respective Boards by transferring 12 percent shares to employees in order to revamp privatization process.

Microfinance

- Microfinance plays a critical role in improving lives of the poor and particularly women.
- The Government has set the target to increase outreach of the microfinance services from 2 million to 3 million borrowers in fiscal 09/10.

Housing

Madam Speaker!

Our founder leader Shaheed Zulfiqar Ali Butto's vision and foresightedness identified four decades ago that housing is the basic necessity and raised the slogan of Roti, Kaprha Aur Makan.

We, being the followers of Shaheed Zulfiqar Ali Bhutto, have taken the following initiatives to turn the dream of our leader into a reality.

- Affordable housing under a phased programme for the low-income population through community participation and squatter-settlement regulation; and

- For facilitation of working journalists, the Ministry of Information & Broadcasting managed to reserve a good number of residential plots in Islamabad for them.
- In this budget, tax credit limit on interest paid on loans for construction of a new house or acquisition off a house is proposed to be enhanced from Rs 500,000 to 750,000.

III. Increasing Productivity and Value Addition in Agriculture

Madam Speaker!

The Government's agriculture policy is aimed at ensuring food security; generating jobs; and enhancing farm profitability and competitiveness through realizing the existing productivity potential of various crops. The vast and rapidly changing agriculture sector offers enormous opportunities to millions of rural poor to move out of poverty.

'Increasing productivity and value addition in agriculture' will receive high priority. Self-reliance in commodities, food security through improved productivity of crops as well as development of livestock and dairy would be the main pillars of policy. More importantly government would continue to ensure a minimum guaranteed price to the farmers based on international comparisons. The response given by the farmers to the price policy of the government for the wheat crop raises hopes for improved production of other crops. Government would continue with this pricing policy. Other areas of support for agriculture and livestock would be through:

- focusing on research and development by upgrading existing R&D facilities and initiating the establishment of two world class institutes of research for wheat and cotton;
- development of new technologies;
- more productive use of water through precision land leveling and high efficiency irrigation systems;
- promoting production and export of high value crops;
- accelerating the move towards high-value activities, such as livestock rearing, dairy production, fisheries, and horticulture;
- creating necessary infrastructure; and
- ensuring availability of agricultural credit.
- Formation of common facilitation centres.
- Encouraging research and extension.

In addition:

- Establishment of ten model agricultural union councils for each major crop across the country will be undertaken;
- Promotion of model organic farming would be supported.

Overall PSDP allocation for Agriculture will be increased by 25 percent from Rs 14.4 billion in Fiscal Year 2008/09 to Rs 18 billion during Fiscal Year 2009/10. An amount of Rs 2.5 billion is proposed for Fiscal Year 2009/10 to ensure food security and productivity enhancement of farmers.

Madam Speaker!

Interventions made in this light have already started providing dividend in the shape of record production of major food crops like wheat and rice. The policy measures undertaken by the government have led to an estimated transfer of resources of about Rs 294 billion in to the rural economy. Government has made an agreement with Ms Monsanto of United States of America to formally introduce Generally Modified cotton into Pakistan on fast track basis. It has been planned that the farmers will be offered BT cotton hybrids varieties during Fiscal Year 2009/10. It is the vision of the government to treat livestock, agriculture and fisheries as an industry. In this context, the nil customs duty regime on tractors, poultry inputs and cattle feed would be continued in future.

Water Use Efficiency

Madam Speaker!

To boost production of crops and improve water use efficiency, a major initiative of 'National on Farm Water Management Programme' was implemented by the Ministry of Food and Agriculture. Water sector has been allocated Rs 60 billion, which comes to 14 percent of the total federal programme. A total of 32 small and medium dams, 8 in each province are being financed. Similarly, adequate allocation has been made to projects such as National Programme of Watercourses, irrigation system, rehabilitation, lining of canals, and distribution, etc. Improved water management efforts under the PSDP for Fiscal Year 2009/10 to raise agricultural productivity will involve allocations of:

- Rs 12 billion for Raising of Mangla Dam including resettlement;
- Rs 10 billion for the improvement of water courses; and
- several projects in all the provinces with allocations of Rs 15 billion for canal improvement and rehabilitation of irrigation system

Madam Speaker!

For Fiscal Year 2009/10 the strategy adopted is to complete ongoing mega projects side by side with construction of small/medium dams. The Government has launched a massive programme of water resource development and is earmarking an amount of Rs 47 billion in the PSDP for Fiscal Year 2009/10.

Major water sector irrigation projects being completed in the water sector include raising of Mangla Dam, Gomal Zam, Dam and Satpara Dam. Preparatory works on Basha, Akhori, Mujda, Naigaj Dam have been initiated. Kachi Canal in Balochistan and Raineer Canal in Sindh will be completed in mid 2010.

The lining of irrigation channels in saline zones is being undertaken in Punjab, Sindh and NWFP to save the seepage and other losses. A national programme of Small Dams covering all the four provinces is being implemented. A comprehensive plan is also being developed for rainwater harvesting and ground water recharge.

Madam Speaker!

Development of agriculture infrastructure including warehousing facilities will involve Integrated Agriculture Marketing and Storage Infrastructure including feasibility study projects the total cost of which is Rs 37 billion, with Rs 500 million allocated for Fiscal Year 2009/10.

To assist small farmers the Government is launching the Benazir Tractor Scheme costing over Rs 4 billion over two years.

In order to ensure food security and to improve productivity of small farms, the Government is implementing a phased 'Special Programme for Food Security and Productivity Enhancement of Small Farmers' covering 13,000 villages by the year 2015 starting with 1,012 villages. This programme will be executed in all the four provinces in addition to Azad Jammu & Kashmir, FATA and FANA during the first phase at a cost of Rs 8.013 billion.

Madam Speaker!

A new Agriculture Model Village Programme has been initiated in 26 villages under the auspices of Zarai Taraqiati Bank Limited. The objective is to organize the farming community at the village level ensuring farmers easy access to agri credit.

In Fiscal Year 2009/10 the Government plans to initiate new programmes like commercialization of the seed sector in order to enhance high quality supply through setting up an industry on the concept of Public Private Partnerships and diverting major investments in building and strengthening infrastructure in the sector.

Livestock and Dairy

Madam Speaker!

Livestock plays an important role in our economy. The Ministry of Livestock & Dairy Development, created in November, 2008 envisages food security, greater availability of quality products at competitive prices and the promotion of deep sea fishing to enhance foreign exchange earnings to address livelihood concerns of fishermen. A number of initiatives to strengthen livestock sector include:

- a. Prime Minister's Special Initiative on Livestock;
- b. livestock production and development for meat production;
- c. Prime Minister's Special Initiatives for White Revolution, that is, Doodh Darya and Dairy Pakistan projects are serving as a primary vehicle to bring about a white revolution through fundamental changes in the dairy sector;
- d. National Programme for the control and prevention of Avian Influenza;
- e. upgrading and establishing animal quarantine stations;
- f. efforts to enter into the halal food market; and
- g. Improving reproductive efficiency of cattle under smallholders system.

Projects foreseen during the Fiscal Year 2009/10 include:

- a. 'Capacity Enhancement of Dairy Products under Public Private Partnership' a project worth Rs. 3,500 million, for which Rs. 300 million will be allocated during Fiscal Year 2009/10;
- b. 'Poverty Reduction through Small Holders Live Stock and Dairy Development' worth Rs. 3,539.13 million, from which an amount of Rs. 400 million will be allocated in Fiscal Year 2009/10;
- c. More model dairy community, biogas and breeding farms, cooling tanks, rural services providers and pasteurization plants.

Fisheries

Madam Speaker!

During the Fiscal Year 2009/10 focus will be on:

- a. lifting European Union's ban on fisheries export by upgrading fishing vessels;
- b. improvement of infrastructure facilities for value added products;
- c. establishing a fisheries training centre at Gawadar;
- d. landing sites along the coastal line;
- e. reducing post harvest losses through improved fish handling along the food chain and marketing; and
- f. establishment of shrimp aquaculture in the country.

IV. MAKING INDUSTRY INTERNATIONALLY COMPETITIVE

V. CAPITAL AND FINANCE FOR DEVELOPMENT

VI. REMOVING INFRASTRUCTURE BOTTLENECKS THROUGH

Public Private Partnerships

Madam Speaker!

40. As a result of international recession, energy shortages, and a contraction in the economy, the industrial sector in Pakistan has been adversely affected. This sector posted a negative 3.3 percent growth in the outgoing year with large scale manufacturing posting a negative 7.7 percent growth. The industrial sector is our engine of production and employment. The government proposes to declare fiscal 2009/10 as the year of industrial recovery. Our industry is fragmented and lacks consolidation. It is being provided the following support measures:

Financial Measures:

- With a view to moving industry towards consolidation and value addition an Export Investment Support Fund, worth Rs. 40 billion has been proposed for FY 2009-10. The government will contribute Rs 10 billion towards this fund; another Rs 10 billion would be contributed by the Export Development Fund; balance Rs 20 billion would be contributed by governmental agencies through mopping up of surpluses in commercial banks.

- In order to support the SME sector by providing access to credit, a fund worth Rs. 10 billion for Credit Guarantees is going to be established. This fund would be financed by the government and the private sector in the ratio of 50:50 over the next two years. The government has already proposed Rs 2.5 billion in the Budget 2009/10 as its share to the fund.
- For citizens who lack equity financing, a Venture Capital Fund of Rs 10 billion is also proposed to be established which shall be financed in the same manner as the SME Credit Guarantee Fund. A provision of Rs 2.5 billion has again been proposed for this fund in Budget 2009/10.
- A new DFI is being created for industrial financing.
- Industrial clusters are going to be involved for the skill development to ensure ownership, monitoring/oversight and relevance of programs
- The allocation for M/o Industries will be increased by 335 %, I repeat 335%, from Rs.2.0 billion in FY 2008-09 (R.E) to Rs.8.7 billion in FY 2009-10.
- The budgetary allocation for Science & Technology has doubled from Rs 1,510 million in FY 2008/09 to Rs 3,140.4 million during FY 2009/10.

Government is not going to enhance tax incidence on industry, except tobacco; rather following tax facilitations have been proposed:-

- In order to assist automobile manufacturers and their vendor industries a reduction of 5% excise duty on automobiles (CKD) is proposed.
- In order to revive the construction sector a reduction of Rs 200 per ton in the excise duty on cement. This decrease shall be passed on to the consumer.
- In order to support Textile sector, withdrawal of FED on import and supply of Viscose Staple Fiber (VSF) and zero rating of chemicals used in manufacturing of fire retardant fabrics is proposed

Cellular service providers have been provided the following relief:

- Elimination of Regulatory Duty of Rs 250/- per set.
- Reduction in Customs Duty from Rs 500/- per set to Rs 250/- per set.
- Reduction in Excise Duty from 21 percent to 19 percent.
- Sim activation charges reduced from Rs 500/- to Rs 250/-.
- Incentives for documented sector in case of 90% purchases from sales tax registered suppliers.
- Zero rating duty on exports sector will continue this year as well.
- To protect the local industry from under invoicing by importers, improvement in Customs valuation and enforcement mechanism would be ensured.
- Refund procedure would be streamlined - FBR to pay interest on refunds delayed beyond 90 days.

- To facilitate all tax payers including industry harmonization of tax laws (Sales, Excise, Income, Customs) would be ensured.
- The limit of credit on donations in case of companies is proposed to be enhanced from 15% to 20%.

Madam Speaker!

In order to revive our industrial sector, following additional initiatives have been proposed:-

- Industry would receive priority in allocation of gas and electricity.
- Cross subsidy in electricity and gas tariffs would be reduced in a phased manner to provide relief to the industry.
- Large Export Houses would be established to support the export industry.
- Development of Special Economic Zones and Special Industrial Zones would be fast tracked.
- Market access to USA and EU is being negotiated to provide level playing field to our industry in international market.
- Corporate Rehabilitation Act (CRA) is being finalized to improve bankruptcy and insolvency regime.
- Proposals to form Resolution Trust Corporation (RTC) to promote consolidation of industry are being finalized.
- SECP Reforms like Holding Company Formation facilitation and number of other business environment improvement initiatives are underway to develop competitive markets for the private sector.
- Capital markets are being developed for financing of trade and industry.
- The Industrial Relations Act 2008 has been passed by the Parliament to improve the labor-owner relationship regime.
- In order to provide opportunities to the entrepreneurs for expansion as well as assist the government in disposing off public assets, a transparent privatization policy based on Public Private Partnership is being pursued through sale of 26 percent shares to the private sector or allow privatization of management on profit sharing basis.
- To improve industrial competitiveness implementation of the National Trade Corridors Improvement Program has been launched.
- To achieve a high quality road and rail network, allocations for National Highway Authority amounted to an increase from Rs.36 billion to Rs.40.2 billion whereas in the case of Pakistan Railways from Rs.6.6 billion to Rs.12.7 billion.
- Custom duty is proposed to be reduced on a number of items to provide cheaper raw materials to different sectors like poultry, dairy, fish processing and pharmaceuticals. Adequate protection is also proposed to be given to local industry.

VII. Integrated Energy Development Programme

Madam Speaker!

Uninterrupted supply of energy is not only the need of the citizens but of all sectors of the economy. The industrial sector has already been hit very badly in the outgoing financial year. Prime Minister's Economic Advisory Council has developed an integrated energy plan to cater for the short, medium and long term energy needs of the country. This is the first ever integrated energy plan of Pakistan as previously energy sector had been dealt in isolation.

Government is well aware of the problems that have arisen in the wake of energy crisis in the country. The previous regime's short sighted policies handed over its legacy in the form of abrupt powers shortages, load shedding and unaffordable energy mix. We have taken a number of measures in order to improve energy scenario of the country to give impetus to our agriculture and industrial sector.

Madam Speaker!

In this light, PSDP allocations for the power sector will be increased by 100 percent, from Rs 11.4 billion in Fiscal Year 2008/09 to Rs 22.8 billion during Fiscal Year 2009/10.

The previous Government left a huge backlog of circular debt in the energy sector. A total lack of decision making to address this issue in a timely manner on the part of the previous government has left the present government with a huge challenge. We have not shied away from our responsibility. In this regard the government has taken up the challenge to resolve the issue of circular debt which has reduced the efficiency of the energy sector. In order to improve the liquidity position of the power sector, the Government/ specially created holding company:

- will assume the entire bank loan liabilities of Rs 216 billion and pay the markup on these loans from budgetary resources;
- has already arranged TFC facilities of Rs 92 billion for PEPCO from banks to discharge its payment obligations towards Independent Power Producers and oil and gas companies;
- will assist to settle the remaining payables of PEPCO at Rs 61 billion;
- has decided to pick up the entire past arrears of PEPCO against FATA consumers to the tune of Rs 80 billion and pay the current electricity bill of FATA; and
- will help PEPCO to clear its outstanding receivables from federal and provincial government departments and entities, mainly KESC and KW&SB.

Projects have been undertaken to reinforce the transmission and distribution systems to minimize power losses and outages so as to provide a stable and reliable supply to consumers. Currently 15 Independent Private Power Houses with a total capacity of 2,921 Megawatts are in different stages of development. Out of these, 9 projects for 1,861 Megawatts will be

commissioned in 2009; 4 projects for 776 Megawatts will be completed in 2010; while 2 projects for 284 Megawatts are due for completion in 2011.

Madam Speaker!

To meet the Government's target of eliminating load shedding by 2009, agreements have been made with 5 rental Power Projects for 800 Megawatts.

Work on 16 Hydropower Projects in the private sector with a total capacity of 4,160 Megawatts has been initiated. Two new combined cycle power projects of 500 MW each in the public sector to supplement total capacity are planned at Chichoki Mallian and Nandipur.

The Government has also made an elaborate plan for electrification of all villages where electricity can be extended from grid supply. This was achieved in 6,419 new villages last year.

Demand side measures including conservation have been initiated including:

- massive media campaign to raise public awareness;
- induction of energy saver lamps for peak chopping; and
- enforcement of Daylight Saving Time during summer.

Other major activities proposed to be undertaken in the Fiscal Year 2009/10 include:

- induction of two hydro projects i.e. Khan Khwar & Jinnah Hydro, with total capacity of 168 Megawatts;
- setting up call centres in all Distribution Companies to improve customer services; and
- infrastructure development to reduce energy losses.

The PSDP allocation of Rs 4,000 million for FY 2009/10 has been made for the 4,500 Megawatts Diamer Basha Dam Project. Construction of more than 30 small and medium Dams in different provinces has also been funded.

In order to ensure transparency in the pricing of petroleum products and to reduce its use as well as assist in the cause of environmental protection, the petroleum development levy is being abolished and replaced by a specific Carbon Surcharge.

The government has determined the ideal policy mix for energy needs of Pakistan. These are hydel, coal, wind and solar. A comprehensive renewable energy policy is being formulated. The following steps are being taken in FY 2009-10:-

- A 50 Megawatt Solar Thermal Power Project to be established in Southern Punjab;
- Development of Wind Farms in areas in addition to Ghara-Keti Bandar, identifying new corridors of available wind potential in Punjab, Balochistan and NWFP;
- Solar Water Heaters Programme;
- Production of solar cells and modules up to an annual capacity of 80 Kilowatts;

- Depreciation allowance for renewable energy being enhanced by 100 percent;
- Allowance of duty free import of equipment under nine categories of alternate energy being considered.

VIII. Human Development for the 21st Century

Madam Speaker!

‘Human resource development’ is a prerequisite for improving all aspects of the quality of life of our citizens. The government is aware that improvement in social indicators needs to be expedited and has, therefore, adopted human resource development as a priority area particularly in education; health; clean drinking water and sanitation; population planning; and gender equality.

Education

Madam Speaker!

Significant reforms in education sector include:

- Strengthening the planning and implementation capacity of the government;
 - Improving utilization of resources by educational institutions;
 - Enhancing governance for greater accountability of education service providers to the community;
 - Capacity building of district and local level institutions; and strengthening the role of communities through school committees.
- Budget proposal for Fiscal Year 2009/10
- Major programmes of the Ministry of Education include:
 - (i) Establishment and operation of basic education and community schools in the country; (Rs 2 billion) and
 - (ii) Education for All through providing missing facilities to primary schools.
 - Development funding to Higher Education Commission is being enhanced by 60% to Rs 22.5 billion in Fiscal Year 2009/10; current budget provision is being enhanced by 26% to Rs 21.5 billion.
 - National Vocational & Technical Education Commission is targeting one million trainees every year in a phased programme. An allocation of Rs 2.2 billion has been provided in FY 2009-10.
 - Skill development (vocational/technical) programmes aimed for labour export market are being planned.

Health

Madam Speaker!

The health strategy has been constructed on the key principles of equity, universal access to essential healthcare, timeliness, results, accountability, strong leadership and strategic coordination of the overall effort. The Strategy envisages addressing special needs of the vulnerable population, especially women and children particularly in the rural areas. The health sector continued

to remain the focus of attention of the elected Government during Fiscal Year 2008/09 and received a special thrust in terms of enhanced PSDP allocation and initiation of a number of new projects aimed at improving the health of the nation.

- Allocations for health under the PSDP have increased by 66 percent, from Rs 13.99 billion in Fiscal Year 2008/09 to Rs 23.15 billion during Fiscal Year 2009/10.
 - National programmes for Family Planning and Primary Healthcare; and Expanded Programme of Immunization continue to receive top priority with respective allocations each of Rs 7 billion and Rs 6 billion.
 - The Prime Minister's Emergency Action Plan for disease has been launched and will cost Rs 11 billion in the next five years.
 - A concessionary import duty rate on 35 raw materials used in pharmaceuticals, medicines and diagnostic kits is also being proposed.
 - Zero rate sales tax on import and supply of wheelchairs for the special people is proposed.
 - Tobacco taxation is being increased as per World Health Organization recommendations for protecting health of the population.
- Clean Drinking Water for All and Environment

Madam Speaker!

Clean drinking water is the first line of defense in protecting public health. The Clean Drinking Water Project is a promising initiative for the masses prone to waterborne diseases. The work for installation of filtration plants is going on and about 600 plants have been operationalized till now.

It is proposed that 3,500 plants will be installed one in each union council by end of Fiscal Year 2009/10 for which an amount of Rs 6 billion is being allocated. Besides providing safe drinking water, the project will also create sufficient job opportunities contributing to reduction in unemployment.

The budget for environmental protection has been increased from Rs 1.14 billion in Fiscal Year 2008/09 to Rs 2.96 billion for Fiscal Year 2009/10. This amount will be spent on forestry; environment friendly public transport and on provision of clean drinking water.

Gender Equality

Madam Speaker!

Pakistan has also expressed its commitment to gender equality and equitable development in many international forums and conventions including Convention on the Elimination of all Forms of Discrimination against Women and the Beijing Platform for Action. In order to advance the goal of gender equity in the process of implementing socio-economic policies, the Federal Budget for Fiscal Year 2008/09 showed a hefty increase in budgetary allocations for women specific expenditures amounting to Rs 44.7 billion compared to Rs 7.7 billion during Fiscal Year 2007/08.

The Government is committed to maintain gender equality in policies and programmes. It is pertinent to mention that health and education, the two core social sectors, are the main recipients and sources of gender specific allocations, with the Benazir Income Support Programme also having emerged as a key source of growth in gender targeted allocations. Targeted and pro-women allocations in the federal budget with the intention to bridge the gap between men and women in acquiring access to basic service is surely a commendable policy.

Gender mainstreaming project is being run at the Planning Commission and an engendering budget exercise is being also carried out under the Medium Term Budgeting Framework in the Ministry of Finance.

Human Rights

Madam Speaker!

Following the footprints of former Prime Minister, Mohtarma Benazir Bhutto Shaheed's dreams of addressing the problems of the oppressed in Pakistan, for Mohtarma created a wing of Human Rights, we have built upon that and have established a full fledged Ministry of Human Rights. 64. Steps are being taken to establish "Benazir Shaheed Human Rights Fund" and the bill for creation of the National Commission of Human Rights has been tabled on floor of the House. The Board of Governors of the Women Distress and Detention Fund has been reconstituted. The Provinces are being requested to allocate their share in the fund. We have distributed cheques to eligible petitioners out of the Relief and Revolving Fund to redress their grievances.

Youth Affairs, Culture and Sports

Madam Speaker!

Youth is the most important asset of our country, particularly at this stage when we are endeavouring to rapidly modernize and introduce technological innovation. They can play an important role in the decision making process for development of the country. During the fiscal year 2009/10, following initiatives have been envisaged,

- Different programmes for youth motivation, character building, awareness and integration, and establishment of youth activity centers will be undertaken under the National Youth Policy.
- Approximately 30,000 educated postgraduates will be offered internships under the National Internship Programme for which the Government has allocated Rs 3.6 billion for Fiscal Year 2009/10.
- A Mobile Youth Computer Literacy and Awareness Programme have been started through Mobile Computer Vans to educate/train the youth of rural areas.
- Approximately 15,000 volunteers from all walks of life have been registered for community development activities and disaster management.

- An amount of Rs 450 million for Fiscal Year 2009/10 for cultural development has been allocated which is an enhancement of Rs 186 million over the previous year's allocation.
- The government is placing special focus on the development of sports in the country. An amount of Rs 583 million has been allocated in PSDP in FY 2009/10 against an allocation of Rs 140 million in RE 2008/09. Government wishes to promote sports with private sector participation to afford the children and youth an opportunity for healthy recreation and sports related employment opportunities.

IX. Governance for a Just and Fair System

Madam Speaker!

Improved 'Governance' is a must for a just and fair system. The manner in which public institutions and officials acquire and exercise authority to shape public policy and provide public goods and services is at the crux of our agenda.

Political instability, corruption, volatile law and order situation and inadequate infrastructure have all left a detrimental impact on Pakistan's business environment. Autonomous institutions are needed, capable of outlasting their creators and resisting capture by individuals lusting for power and money. They must so function as to inspire confidence, which means that they must protect the rights of society against the exercise of arbitrary power.

Madam Speaker!

To strengthen governance, an additional amount of Rs 500 million was provided to the provincial implementing agencies of the ongoing Access to Justice Programme to support improvements and development measures in Fiscal Year 2008/09. An opportunity has now been created for the people of Pakistan under Access to Justice Programme to build upon the existing framework of reform initiatives for securing immediate and visible improvements in the system of justice administration. The initiatives that will be carried out in the near future under this programme include:

- Establishment of Public Defender and Free Legal Aid System across the country;
- Establishment of Fast Track and Evening Courts at the federal level and provincial headquarters; and
- Pro-poor legislation and automation of the justice sector.

Madam Speaker!

During Fiscal Year 2009/10, greater focus will be on administrative reforms. We have already constituted a Pay and Pension Commission to make recommendations to the government linking compensation with performance. We believe that the compensation package of government servants should be brought close to market salaries in a phased manner. The Pay and Pension Commission is expected to make realistic recommendations regarding the

following concepts which we have included in our agenda of governance reforms:-

- Monetizing incentives for civil servants;
- Making public sector the ultimate choice for talent, in other words 'Employer of choice';
- Improved service delivery;
- Greater transparency and self-accountability;
- Market-based competitive salary structure.

Madam Speaker!

We realize that the government servants are not adequately paid. In order to revise the compensation package a Pay and Pension Commission has already been constituted. During the course of the year, we would be benefited by the recommendations of the said Commission. However, to compensate government servants, I have the pleasure to announce:

- An ad-hoc relief allowance of 15% of pay of serving government servants from 1st July, 2009.
- An increase in the allowance of armed forces deployed on the western front equal to one month's initial basic pay with effect from 1st July 2009, as announced by the President of Pakistan.
- For the remaining armed forces personnel, allowance equal to one month's initial basic pay will be admissible from 1st January 2010 in line with the Presidential announcement; in the interim period, an adhoc relief allowance of 15% of pay will be allowed. This adhoc relief allowance will be withdrawn w.e.f. 31st December 2009.
- The retired government servants and armed forces personnel will also get 15% increase in their net pension from 1st July 2009

In addition:

- Limit for the exemption on Income Tax for salaried male is being enhanced from Rs 180,000 to Rs 200,000
- Limit for the exemption on Income Tax for salaried female is being enhanced from Rs 240,000 to Rs 260,000
- Senior citizens will now enjoy 50 percent relief in their tax liability in case of income upto Rs 750,000/-; previously this limit was upto Rs 500,000/-.

The government would also take measures during the next financial year to undertake the following actions in its drive towards governance reforms:

- Public sector enterprises including Pakistan Railways, Pakistan Steel Mills, Pakistan International Airlines and the Power Distribution Companies would undergo financial reforms to improve their management and service delivery.
- National Savings Organisation and the Federal Bureau of Statistics would move towards becoming corporate entities displaying the highest level of efficiency and service delivery.

Madam Speaker!

Federal and provincial solidarity is a must in the process of governance reform. Criticism must be genuine and solutions should be just and realistic. The line between government and opposition should not be based on vendetta and abuse, but on a sincere difference in principles.

National Finance Commission

The present government has constituted the National Finance Commission which would be convened immediately in the next financial year. It is our belief that decision making on financial matters relating to the distribution of resources between the federation and the provinces need to be addressed in an institutional manner. This notwithstanding, we have made efforts to increase the share of the provinces in the divisible pool of taxes alongwith special grants from the existing 47.5% to 49% during fiscal year 2009-10. On a cumulative basis the provinces would receive federal transfers in excess of Rs 708.1 billion against Rs 600 billion in the last financial year, an increase of 18%.

National Assembly Secretariat, Provinces and Parliamentary Affairs and Opposition

Madam Speaker!

The National Assembly is an important organ of the Federation's consultative process and needs further strengthening. A budget provision of Rs 1.1 billion was approved for the activities of National Assembly Secretariat during the Fiscal Year 2008/09, while for fiscal year 2009/10 an amount of Rs 1.3 billion is being allocated. Other improvements to strengthen the Parliament made during FY 2008/09 include:

- Sovereignty of the newly elected Parliament has been ensured through discussion and debate on all issues of national importance in the Parliament;
- The Defence Budget was presented in the Parliament for the first time after 1964;
- The Prime Minister regularly attends the National Assembly sessions and himself responds to questions, points of orders, motions and other important issues;
- Formation of Standing Committees in time and in proportion to the political parties' strength in the Parliament;
- Chairmanship of the Standing Committees has been given to the Opposition according to their strength;
- Chairmanship of the Public Accounts Committee has been given to the Leader of the Opposition for the first time in the Parliamentary history of Pakistan in line with established traditions of parliamentary democracy in the developed world; and
- Equal distribution of development funds has been made amongst the members of the Parliament irrespective of party affiliations.

Taxation Proposals

Madam Speaker!

Allow me to give you the highlights of taxation proposals for the year 2009/10. I have already presented the important fiscal incentives for the different sectors of the economy. Allow me to add that the tax measures being proposed by the government are fair and equitable guided by the principle of “ability to pay”, set in the context of an economy fighting a war.

Excise duty on petroleum products is being levied in the shape of a carbon surcharge which would eliminate the existing petroleum development levy. This would ensure transparency in the pricing of petroleum products, curb consumption, save foreign exchange and reduce carbon emissions.

In order to discourage consumption of cigarettes excise duty and sales tax on cigarettes is proposed to be enhanced. This would generate estimated revenues of Rs 15 billion.

As a revenue measure and to broaden the tax base, FED in VAT mode is proposed to be levied on the following additional services:

- Fees charged by banking services.
- Fees charged by import cargo handlers.
- Fees charged by stock brokers.
- Fees charged by insurance companies.
- Fees charged by electronic media for advertisements.

The estimated revenue impact of these measures is Rs 16 billion

It is proposed to enhance the rate of withholding tax on imports of commercial nature from 2% to 4%. This measure would result in estimated revenue of Rs 23 billion.

Following the policy of broadening the tax base and putting the burden on those who can bear it, it is proposed to enhance the rate of Capital Value Tax on property from 2 to 4 percent. Government intends to adopt effective measures to ensure its collection. It is estimated to generate revenues of Rs 15 billion.

To help the internally displaced persons, it is proposed to levy for a single year:

- A nominal tax of 5% on the tax payable by every individual deriving income above rupees one million.
- It is further proposed to levy a flat rate of 30% on bonuses earned by individuals in the corporate sector drawing salary exceeding Rupees one million.

It is proposed to levy a Minimum Tax under section 113 of the Income Tax Ordinance 2001 on the income of a resident company, provided that this will not be applicable to a company which has declared gross loss before set off of depreciation and other inadmissible expenses under the Ordinance.

To promote documentation of the economy, it is proposed that certain sectors may be pulled out of the presumptive, or final, tax regime. These sectors will now be required to file returns. Phasing out the presumptive tax regime will be an on going process.

Madam Speaker!

What the nation and the people need now is a guarantee for permanence in policy, permanence in ideology and permanence in approach which cannot be found in elusiveness. Our power is the power of the people. Our founding father, Quaid-e-Azam, Mohammed Ali Jinnah pledged that Pakistan would have a government and a constitution chosen by the people. Mankind has reached great heights by pursuing democratic ideals. Democracy is our polity and all power belongs to the people.

Madam Speaker!

As Shaheed Zulfiqar Ali Bhutto stated, “A new era is emerging in the political life of the nation. The politicians of Pakistan are facing a crucial new test as destiny stands at the dawn of a New Year. A new look amid a new style will have to emerge. The old ways will no longer appeal to the people. A new allround approach will have to be found in every facet of politics. The hand must reach the ground, the eye must perceive the sub-surface movements and the ear be able to hear the sound of music in the far distance. Crescendos of ‘Zindabad’ and warm ovations at public meetings are not going to be the final tests of political acumen.”

Pakistan is a rich country in terms of both natural and human resources. Yet clearly, Pakistan has not fully exploited its potential. In this scenario, the government will ensure that clearer priorities and pro-poor sectoral programmes are in place that will provide an appropriate strategic framework to effectively reduce poverty.

Madam Speaker!

“Let us welcome the sound of bells of another year which is likely to bring more hope for all than the one that has ended. Time and with it events are moving faster.....But as a new page is being turned in an old book, let us end on a hopeful note.”

Pakistan Paindabad!

19 June 2008. *Source:* Ministry of Foreign Affairs, Government of Pakistan, Islamabad. www.mofa.gov.pk