

Documents

January-June 2014

I. Foreign Policy

A. AFGHANISTAN, TURKEY & PAKISTAN

Joint Statement issued at the conclusion of the eighth trilateral summit

His Excellency Hamid Karzai, President of the Islamic Republic of Afghanistan, His Excellency Abdullah Gül, President of the Republic of Turkey and His Excellency Muhammad Nawaz Sharif, Prime Minister of the Islamic Republic of Pakistan held their eighth Trilateral Summit Meeting in Ankara, on 13 February 2014.

On the occasion of the Trilateral Summit, the three Leaders, together with His Excellency RecepTayyip Erdoğan, Prime Minister of the Republic of Turkey, held fruitful and comprehensive talks on regional and international security issues at a time when the Heart of Asia is going through a decisive period for the future and significant developments that may have impact on efforts to promote peace and security in the region are expected to take place.

The Leaders, accompanied by the three Ministers of Foreign Affairs and high level security officials,

Recognizing the contribution of the Trilateral Summit Process to regional dialogue,

Reiterating their determination to continue close consultations among the three brotherly countries,

Mindful of the importance of effective bilateral and multilateral coordination and cooperation at all fora including security and intelligence for implementation of agreed mechanisms,

Recalling their commitment at the first Trilateral Summit held in 2007, to deny sanctuary, training and financing to terrorists and to elements involved in subversive and anti-state activities and to initiate immediate action on specific intelligence exchanges in this regard,

Convinced that peace and stability of Afghanistan is critical for peace and stability of the whole region, and *reiterating* that both Turkey and Pakistan attach importance to maintaining stability and unity of Afghanistan,

Welcoming the positive momentum in the bilateral relations between Afghanistan and Pakistan,

Determined to bring this momentum into fruition by cooperating to promote a secure environment during the Afghanistan Presidential and Provincial Council Elections which is scheduled to take place on 5 April 2014,

Cognizant of the ongoing efforts for peace and reconciliation in the region,

Recalling their agreement at the sixth Trilateral Summit held in 2011, on the need to further broaden and deepen the security consultations between the relevant Afghanistan and Pakistan institutions, and thus *agreeing* to render their cooperation more result-oriented, through interim review processes,

Reiterated the importance of the ongoing electoral process in Afghanistan in securing a smooth and successful political transition in the country, and **underlined** in this regard the necessity of a suitable security environment,

Underscored that the international community should continue to contribute to the efforts aiming at supporting Afghan-led and Afghan-owned processes, including those concentrating on further enhancing the Afghan National Security Forces,

Emphasized the pivotal importance of a political settlement within the framework of the Afghan Constitution, to ensure durable peace in Afghanistan and called upon the Afghan Taliban to join the peace process,

Stressed the importance of enhanced cooperation between Afghanistan and Pakistan as immediate neighbors and the need to taking practical steps in supporting the Peace and Reconciliation Process and in promoting the necessary security environment during the Afghan Presidential and Provincial Council elections,

Underlined the necessity of enhancing close coordination between the brotherly countries of Afghanistan and Pakistan for effective border management,

Reiterated their common resolve to combat terrorism in all its forms and manifestations,

Welcomed Pakistan's decision to extend the stay of registered Afghan refugees in Pakistan until 31 December 2015, while calling upon the international community to assist the two countries in the timely and honorable return of Afghan refugees and their sustainable reintegration in Afghanistan,

Took note of the growing people-to-people contacts between Pakistan and Afghanistan and encouraged that every effort be made to further develop such contacts,

Welcomed efforts of Pakistan and Afghanistan to build a broader relationship with strengthened trade and economic relations,

Acknowledged the development cooperation of Turkey and Pakistan in reconstruction and stabilization of Afghanistan,

Encouraged joint projects for socio-economic development which would serve as an important asset in building mutual trust and solidarity in the region,

Underscored that the international community should also continue to support Afghanistan's socio-economic development beyond 2014,

The Leaders were also briefed by Mr. Rifat Hisarcıklioğlu, President of Turkish Union of Chambers and Commodity Exchanges on the work of the Istanbul Forum.

His Excellency Hamid Karzai, President of the Islamic Republic of Afghanistan, His Excellency Muhammad Nawaz Sharif, Prime Minister of the Islamic Republic of Pakistan conveyed their thanks to His Excellency Abdullah Gül, President of the Republic of Turkey and to the Government and brotherly people of Turkey for hosting the eighth Trilateral Summit.

Islamabad, 14 February 2014. *Source: www.mofa.gov.pk*

B. BOAO FORUM FOR ASIA

Prime Minister's Address to the Boao Forum for Asia's annual meeting

Ladies and gentlemen,

It is a matter of great honour and privilege for me to speak at this august gathering.

Since its inception, the Boao Forum has transformed itself into a globally recognized platform contributing to evolving ideas that truly reflect the voice of Asia, on global economic issues.

I wish to congratulate the Government of the People's Republic of China for providing this opportunity to the leaders from friendly countries to gather here in this beautiful island and discuss measures necessary to keep pace with the changing trends of global economy.

I also want to congratulate the Organizing Committee of the Boao Forum on the successful holding of this conference.

The current Conference of Boao Forum for Asia is taking place at a critical juncture in our times. Recently, we witnessed the worst financial crisis of modern history that crippled the global economy. On the other hand, we are witnessing a transition of economic power from West to East, as Asia is increasingly becoming the powerhouse of the global economy.

I am certain that our discussion today on "Asia's New Future: Identifying New Growth Drivers" and the subsequent meetings in this picturesque town, will offer fresh perspectives and open up new horizons.

Excellencies**Ladies and Gentlemen,**

The forces of globalization, urbanization and innovation in technology, are changing not only the destiny of Asia, but also the entire world.

Over the years, Asia has become a leading player of the global economy, with Emerging Asian economies growing at twice the average growth rate in other regions.

The dynamism of this continent, which is home to more than four billion people, is indeed remarkable. China is, of course, a major stimulant to this remarkable phenomenon.

Despite stagnant growth rates in various parts of the industrialized world and the massive shocks faced by the international financial system since 2008, China has consistently registered high growth rates. This remarkable growth augurs well for all of us.

Ladies and Gentlemen,

We have recently witnessed a recession that adversely affected the global economy.

Consequently, faith in the global economy was shattered, as people lost their jobs, corporations were declared bankrupt, banks became insolvent and housing prices plummeted.

Social and political consequences that accompanied this crisis were not limited to a region.

The recession and the financial crisis, despite all associated pains must be a lesson learnt. One key lesson is that our destinies are linked together and that common development can be pursued only through a coordinated effort.

Based on our shared experience of navigating through turbulent times, I will offer four elements as new growth drivers for Asia.

ONE, maintenance of peace and security is critical to economic growth as peace and development are strongly linked. For an interconnected global economy, any armed conflict can be devastating. Conflict prevention and conflict resolution should, therefore, be accorded high priority. We must strengthen peace mechanisms to ensure economic growth.

TWO, Regional Connectivity needs to be the most important driver of steady growth for developing countries of Asia in this decade. We must strive for greater regional connectivity, particularly through roads, rails and the sea-lanes. As we all know, infrastructure development stimulates investment, provides job opportunities and connects billions of consumers.

I feel honored to share the common resolve of Pakistan and China to take a lead in creating regional connectivity links. Jointly, we are pursuing our common dream of building the China-Pakistan Economic Corridor, which would enhance economic and trade cooperation, promote economic integration, and foster economic development of the two countries.

THREE, investment in research, development and technological innovation is essential for Asia's economic growth. Developing countries, which often lag behind in the technology ladder, should be assisted with technology transfer in critical areas.

FOURTH, Asian countries are blessed with a huge asset that is its Youth. By creating more economic opportunities for our youth, we can achieve a miracle. Our youth is committed, talented and dynamic. In Pakistan, we have launched a number of schemes for youth, like Easy Loan schemes for starting new businesses, and scholarships for pursuing higher studies. We intend to invest more in our youth, as we believe this great asset would be the real driver of future growth.

FINALLY, all our growth strategies would be futile without investment in green energy technologies and closer attention to clean environment and sustainable development. Faced with challenges of urbanization, Asia must prudently address demographic pressures on the environment.

Excellencies

Ladies and Gentleman,

The salient points that I have laid down for Asia are also being pursued in the context of Pakistan. We are striving for a peaceful neighbourhood, by focusing on settlement of disputes and improving regional security.

Since assuming office last year, the economic policies chartered by my government have started producing results.

After reducing acute energy shortfall by clearing liabilities in the electricity sector, we embarked upon an economic rebuilding plan last year. We presented an austerity budget by cutting wasteful expenditure and abolished discretionary grants and minimized subsidies. To increase the business footprint in the country, we have a deregulation plan in place that includes a greater role for private equity in business.

Pakistan is emerging from the ravages of the war on terror, which inflicted immeasurable damage on our economy in the last one decade. The Pakistan of 2014 is a confident country, open for business, trade and investment. We assure you ease of business and healthy dividends on your investment.

Ladies and Gentlemen,

The sagacious leadership of China is overseeing rapid strides in the Chinese economy. This, I am sure, would help reinforce Asian and global economic growth.

In China, it is said that a journey of thousand miles begins with a single step. The step taken by China's great leader, Deng Xiaoping in 1978, led to a reform process that has put China on the road to "the Chinese dream", which has been articulated with great clarity by President Xi Jinping.

Asia can also begin a similar journey of prosperity by taking the single step of collective approach, in addressing shared challenges and by win-win cooperation.

This century is destined to be the Asian century. Our people have worked hard, to bring us to this point, from where we can plan for a better tomorrow. Realization of this dream, lies in enhanced regional connectivity and integration. Trans-national roads, rails, oil and gas pipelines, institutions of higher learning, centers of excellence of scientific innovation and better performing financial sector would be real drivers of growth for Asia in the coming years. Destinies has made us neighbors and put us together, let us now make conscious efforts to build a harmonious region, through mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations and pursuit of common development. **We strongly believe that shared prosperity is the real prosperity.**

I wish BOAO Forum Asia 2014, great success.
Thank you.

Islamabad, 11 April 2014. *Source: www.mofa.gov.pk*

C. FOREIGN POLICY

1. **Keynote speech by Syed Tariq Fatemi Special Assistant to the Prime Minister for Foreign Affairs, at Karachi Council on Foreign Relations on Pakistan's Foreign Policy Objectives**

Ladies and Gentlemen,

I am delighted to have the opportunity to be at this prestigious forum and share with you my thoughts on Pakistan's foreign policy objectives.

It is gratifying to note that the KCFR has played an important role as a vibrant think tank based in Karachi, the city of the Quaid-i-Azam, and the country's commercial and industrial hub.

At the outset, I wish to convey my deepest condolences on the passing away of my colleague and friend, the late Ambassador Saeed Ullah Khan Dehlavi, Vice Chairman KCFR. May Allah Almighty bless his soul!

Let me also say that my presence here today signifies the high importance the Government attaches to the views of the country's intelligentsia and think tank community, in the formulation and execution of its domestic and foreign policies. I am therefore looking forward to having a candid and enriching discussion with you.

Ladies and Gentlemen,

Diplomacy is traditionally defined as a country's "first line of defense". Looked at from this angle, foreign policy is a key element of a country's national security policy. Pakistan's foreign policy has, since independence, mostly remained focused on promoting the country's security and strategic interests.

This included managing the adversarial relations with at least one of our major neighbours, through maintaining a semblance of balance of power in the subcontinent and fostering friendly relations with major powers and the Islamic world.

These objectives remain relevant and important, but as Iqbal (whose 76th death anniversary we are observing today), had said in one of his most profound verses, the only thing constant in history is change. Everything changes, evolves, and transforms over time.

The role of diplomacy has also evolved and transformed over time. Today, besides other roles, diplomacy is an integral tool of a country's strategy of economic development.

Ladies and Gentlemen,

In a democracy, the electorate is the ultimate arbiter, whether it is foreign policy, or domestic policy.

You are a witness to what Pakistan has been going through in recent years. You have also seen how the resilient people of this country have weathered many a storm.

The outcome of the elections held in May 2013 was a watershed in our history. Clearly, the challenges that the nation had been facing, and continues to face, shaped the preferences of the electorate.

The people of Pakistan endorsed the vision of Prime Minister Nawaz Sharif and gave him the mandate to steer the country to peace and prosperity, through the many challenges.

The government's domestic and foreign policies, in essence, flow from that sacred mandate.

Ladies and Gentlemen,

The vision that Prime Minister Nawaz Sharif is seeking to realize, since assuming office, has three distinct strands, which represent a conscious and well-considered departure from the past:

- i) To build a "peaceful neighbourhood" so that Pakistan can focus on its economic development, in an environment of peace and stability;
- ii) A rebalancing between geo-strategic and geo-economic priorities, with a sharper focus on economic diplomacy; and
- iii) Recognition of the vital contribution of the Pakistani diaspora to national development efforts and a commitment to realize their full potential and ensure their welfare.

Ladies and gentlemen,

But we do recognize that given the enormous challenges confronting the nation, achieving these goals will require enormous efforts.

Consequently, a great deal of our effort in our interaction with the rest of the world is devoted to addressing these challenges, that include:

- a) the revival of the economy;

- b) the energy shortages; and
- c) the phenomena of extremism and terrorism.

Promoting Pakistan's economic interests is our immediate priority. It is also on top of our medium and long term goals.

The focus of our economic diplomacy is on the expansion of trade and investment and strengthening cooperation with the rest of the world in the areas of energy, technology, education, agriculture and human resource development. Our aim is to transform Pakistan's relations with other countries and regions, into mutually beneficial partnerships, within the next five to ten years.

Ladies and Gentlemen,

As you are aware, Pakistan is located at the crossroads of vast regions, with powerful economic complementarities. On our North and West, we have the energy rich Central Asia, Iran and GCC countries. On our North East, are the energy deficient giants China and India. Pakistan's coastal belt provides China and the entire Silk Road Economic Belt with the shortest access to the warm waters of Arabian Sea.

Pakistan is en route the three-pronged economic corridor between China, Central Asia and the Middle East.

The government's effort is to realize the full potential of Pakistan's strategic location, in establishing mutually beneficial linkages at the bilateral and regional levels, and serving as an intra-regional and inter-regional commercial and economic hub.

The first major step in this direction has been taken through the multi-billion dollar China-Pakistan Economic Corridor. This mega project will serve as a trail blazer in ushering in a new era of peace, stability, cooperation and development in the entire region.

This ambitious project envisages building an advanced infrastructure, energy and communication network, linking western regions of China with Pakistan. This would revolutionize trade and investment in the adjoining regions of the two countries, and integrate the whole region in the years to come.

I am happy to inform you that over the course of the last ten months, the two countries have achieved a broad consensus on planning various infrastructure and energy projects, under the Economic Corridor.

We are also working on equally ambitious agendas of mutually beneficial economic cooperation with other countries and in particular with Turkey and the GCC countries. These include mega bilateral projects in the energy and infrastructure sectors.

Key energy and communication projects linking the regional countries include the TAPI gas pipeline project, the CASA-1000 electricity project and the ECO container train project (also known as Gul train), linking Islamabad with Istanbul and the IP project, that can hopefully take off as soon as conducive conditions arise.

Ladies and Gentlemen,

A major thrust of our foreign policy priorities is on transforming our relations with our closest neighbours, Afghanistan and India. Both countries are going through electoral processes. We are looking forward to engaging the new leaderships of the two countries, to pursue our common agenda of peace and development.

We are distinctly aware of the fact that peace and stability in Afghanistan are crucial, not only in terms of their impact on our internal security, but also for realizing our agenda for cooperation at the bilateral and regional levels.

As you are aware, Pakistan shares multiple ethnic, religious and cultural commonalities with Afghanistan. More significantly, the two countries share a common strategic space in the region. The security and future prosperity of the two countries are inter-linked.

The impact of the crises in Afghanistan and their spill-over into Pakistan, has been huge. The price paid by Pakistan in handling the fall-out of the Afghan situation is incalculable, in terms of both treasure and blood.

Afghanistan, as you know, has entered a defining moment in its history with the Presidential and Provincial Council elections held on 5 April, week, while the process of drawdown of foreign forces is in progress.

The outcome of the transition in Afghanistan would have far-reaching implications not only for Afghanistan itself, but for its neighbours and the entire region.

We believe that a successful transition in Afghanistan crucially depends on a credible Afghan-owned and Afghan-led process of reconciliation; capacity building of Afghan National Security Forces and transformation of the war economy into a normal peaceful economy.

Pakistan has extended full, unconditional and sincere cooperation to Afghanistan, in holding free and fair elections, and in facilitating a credible process of reconciliation. These include the release of Taliban detainees at the request of the Afghan government and the High Peace Council. We also support the HPC “roadmap” to engage the Taliban. We will continue to work with the Afghan government and HPC to advance the cause of reconciliation.

Ladies and Gentlemen,

Pakistan has no favourites in Afghanistan. It is our hope that other regional players will refrain from meddling in Afghan affairs and there is no repeat of what had happened in the 1990s. There should be no scope for anyone using Afghan territory, to de-stabilize its neighbours.

The international community owes it to the Afghan people to help them, in the reconstruction of the war-torn country and to facilitate economic development, including through a regional arrangement. It is vital to ensure that Afghanistan does not become a breeding ground of terrorism and extremism, once again.

Ladies and Gentlemen,

Prime Minister Nawaz Sharif is committed to transforming our relations with all our neighbours, including India.

You would recall that the first foreign envoy that the Prime Minister received after the victory in the May 2013 elections and before assuming charge, was the Special Envoy of Prime Minister Manmohan Singh of India.

The two Prime Ministers have since interacted several times. Considerable progress has been made in bringing relations between the two countries back on track, despite challenges like the eruption of hostilities along the Line of Control (LoC).

In a major departure from past pattern, the two countries are now working together to fast track cooperation in the economic and commercial fields, beginning with working out mutually beneficial mechanisms, to allow Non-Discriminatory Market Access (NDMA) to both sides.

As a neighbouring democracy, we share the enthusiasm of the people of India and wish them well, as they go through the ongoing elections. In an effort to transform this key relationship into a cooperative partnership, we are looking forward to engaging the Indian leadership after the elections, for a meaningful dialogue, to address effectively all outstanding issues, including Kashmir, and realize the potential of mutually beneficial cooperation.

This will require a forward looking approach from both sides. We are willing to walk the extra mile.

Ladies and Gentlemen,

A lot has been written and commented about our relations with the United States. A common criticism is that these relations have been issue-based and transactional in nature, with Pakistan becoming the most aligned ally whenever US interests dictate, and multi-layered sanctions are imposed on Pakistan, every time the US interests diverge. A recurring theme in recent years, is that the two sides have not been able to bridge the proverbial trust deficit between them.

While it is true that Pakistan-US relations have moved up and down over the years, occasionally hitting rough patches along the way, it is also true that the two sides have always managed to steer these relations safely through those difficult episodes. Both sides have gained whenever they have come together and lost whenever they have drifted apart.

Ironically enough, the last phase of engagement, in the aftermath of 9/11 attacks, which began with renewed commitment to a long term strategic partnership, saw the relations hitting rock bottom, a decade down the way, following the Abbottabad and Salala incidents.

That difficult phase has now been overcome. The visit of the Prime Minister to Washington late last year, was the turning point in shaping the contours of our current relations with the United States. The broad parameters of this new phase are the adherence to the principles of mutual interest and mutual respect. The Prime Minister has articulated clearly his vision of “trade, not aid”.

This is, of course, as much relevant in the case of the US, as it is in the context of any other country.

The two democracies share common values. They share vital interests bilaterally, as well as at the regional and international levels.

The resumption of Strategic Dialogue process reflects the strong desire of the two sides to giving an impetus to cooperation in the key areas of trade, investment, energy, agriculture, education and science and technology.

Ladies and Gentlemen,

Pakistan and the EU enjoy friendly and cooperative relations. The traditional ties between the two sides have been reinforced with the historic democratic transition in Pakistan, after the May 2013 elections.

Pakistan and NATO forces cooperated closely in Afghanistan. Pakistan and the EU are working closely to help bring about an orderly transition in Afghanistan.

The EU is our largest trading partner. It is also a major investor in Pakistan. We appreciate deeply the recent decision by the EU to grant GSP+ status to Pakistan. This major trade concession is a tribute to the democratic transition and reflects the strong desire from both sides, to engage in an enduring partnership for common benefit.

Our relations with the Russian Federation are growing steadily. The two countries are cooperating closely at the UN and SCO. We share common interests in promoting peace and stability in Afghanistan and Central Asia. Pakistan appreciates Russia's cooperation in building energy corridors, economic linkages and road and rail network linking Central Asia with Pakistan. We are keen to realize the huge potential of mutually beneficial cooperation in the commercial and economic fields, both bilaterally, as well as at the regional level.

With the shift of focus to economic diplomacy, Pakistan attaches great importance to reinforcing its existing economic and commercial ties with Japan, ASEAN, and the entire ANZUS region. Similarly, we are intensifying our efforts to strengthen our relations with our friends and partners in Africa and Latin America.

Pakistan is proud of its long standing solidarity with the developing countries, in these vibrant regions. Our aim is to convert the existing goodwill, into mutually beneficial partnerships, in the commercial and economic fields.

Ladies and Gentlemen,

It was anticipated that the end of the Cold War would usher in a new era of peace and harmony. Instead, what we have been witnessing in the past two decades, is a series of crises, from economic melt-down to the phenomena of terrorism and extremism. While old disputes remain unresolved, new and more complex regional and international conflicts are emerging, in different parts of the world.

Pakistan is following closely the historic transformations underway in and around our region and at the global levels. Major global developments include the shifting of the economic center of gravity to Asia, which while accounting for 63% of the world's population, is also home to 12 out of the 30 biggest economies, by Purchasing Power Parity (PPP) including the second, third and fourth largest. Collectively, Asia accounts for 43% of global GDP on a PPP basis. The peaceful rise of China is not only of global significance, but also confirms that the new paradigm of great power relations is based on the preeminence of economic interests. It is also to be seen how developments in Ukraine impact on what used to be called East-West relations and the global environment, as a whole.

The ongoing process of rapprochement between Iran and the Western powers will have a major role in shaping the geopolitical and geo-economic landscape, in an area of pivotal importance for Pakistan. It is our hope that the ongoing political developments in North Africa and the Middle East, bring peace and harmony to this volatile region. A source of major concern for us is that these developments, may aggravate the sectarian rifts among Muslim Ummah.

Ladies and Gentlemen,

The crux of the lessons that we have learnt from our history, is that we must do everything within our means, to realize the vast potential of our geographical location as an asset, rather than allowing it to remain a liability. This requires peace within our borders, and peace in our neighbourhood.

This is what the father of the Nation emphasized in his famous remarks:

“Our foreign policy is one of friendliness and goodwill towards all the nations of the world. We do not cherish aggressive designs against any country, or nation. We believe in the principle of honesty and fair play in national and international dealings and are prepared to make our utmost contribution to the promotion of peace and prosperity among the nations of the world.”

I thank you.

Islamabad, 22 April 2014.

2. Text of Syed Tariq Fatemi, at the conference on ‘Pakistan's Strategic Environment: Post 2014’ organized by Islamabad Policy Research Institute

It is a great pleasure to speak to this august gathering. The Islamabad Policy Research Institute has acquired a well-deserved reputation of a recognized

platform for generating good ideas, producing quality research, and contributing to the policy process.

I deem it a distinct privilege to share my thoughts on "Pakistan's Strategic Environment: Post 2014." In view of the developments taking place in our neighborhood and the broader region, IPRI's initiative to hold this conference is timely.

Distinguished participants,

Owing to its geo-strategic location, Pakistan has historically played a pivotal role at the regional and international level. Given the far-reaching transformation taking place in the region, such a role is likely to increase in the future and assume greater significance.

Over the past several decades, Pakistan's regional environment has been marked *inter alia* by super-power rivalry, foreign interventions, intra-regional conflict, unresolved disputes, and a rising tide of extremism and terrorism. The traditional threats to security have been compounded by non-traditional threats including climate change, narcotics production and trafficking, and transnational organized crime.

At the same time, demographic pressures in many countries have intensified, the challenges of extreme poverty and underdevelopment accentuated, and efforts to realize the real social and economic potential of the region, yielded only modest results.

But all is not negative. There is some good news, too. Democracy has been deepening across the region. There is a growing realization that inter-state disputes can be resolved through peaceful means alone. Globalization and increasing economic interdependence are creating new impulses for collaboration. The indispensability of regional cooperation for development, is becoming obvious with each passing day.

The current year, i.e. 2014, is a water-shed in terms of sustaining some of these positive trends. Elections in several countries and the likely emergence of new policy elites are but one manifestation of the change sweeping the region. We can also clearly see that the shifting political landscape is accompanied by a growing recognition of the economic imperatives. A pronounced focus on improved governance and people-centered policies is also evident.

Distinguished participants,

It is in this strategic milieu that Prime Minister Nawaz Sharif has articulated his vision of "peace for development." In fact, this is an outcome shaped by the confluence of internal needs and external imperatives. Hence, the conscious decision to re-balance the country's geo-strategic and geo-economic priorities.

Since assuming office in June 2013, the Prime Minister has made unstinting efforts to create a peaceful external environment, so that the core national objective of economic development is robustly advanced. Building a "peaceful neighborhood" is central to the realization of this vision.

Ladies and Gentlemen,

A peaceful and stable Afghanistan is of vital importance in this context. Pakistan has suffered grievously from conflict and instability in that country, for decades now. Unless this cycle is decisively reversed, we would continue to bear the brunt. Uncertainty could not only further complicate the challenges on our borders, but also result in refugee influx, enhanced narcotics trafficking, and proliferation of arms.

Afghanistan is at a consequential moment in its history, as it is simultaneously going through security, political and economic transitions. It is in the interest of Afghanistan and the region that these multiple transitions are completed in a peaceful and orderly manner.

The drawdown of NATO/ISAF forces in Afghanistan is slated for completion by December 2014, while President Obama's latest statement has provided further clarity about the "residual" presence post-2014. He has indicated a troop figure of 9,800 for 2015 and a smaller number till the end of 2016.

It is in no one's interest to see a return of the 1990s. Therefore, we believe, neither the abandonment of Afghanistan, nor interference in its affairs, is the answer.

The core principles of our own policy towards Afghanistan include mutual respect for sovereignty and territorial integrity. While building friendly and good-neighborly relations with Afghanistan, we place an equal emphasis on non-interference and 'no favorites.'

At the same time, Pakistan has stressed the importance of a responsible drawdown and cautioned against the creation of a security vacuum. No one in the region should seek to fill any perceived vacuum, as it would conceivably result in further instability. This is why a regional consensus on non-interference, espoused by Pakistan, is so essential.

In the context of political transition, the largely peaceful first round of Afghan Presidential elections on 5 April 2014 was a landmark. It demonstrated growing maturity of the democratic process. Pakistan has supported the deepening of democracy and a peaceful democratic transition in Afghanistan. We also made our contribution to the efforts for a free and fair elections process, including through enhanced security along the Pakistan-Afghanistan border.

The Afghan electoral authorities now have the responsibility of completing the electoral process in a credible manner, while the security forces would have to fulfill their task of providing a secure environment. We are hoping that, at the culmination of this process, the Afghan nation would emerge stronger and more unified.

Pakistan has affirmed that it would work with whoever would be the democratic choice of the Afghan people. It is gratifying that the leading contenders have expressed their desire to forge a cooperative relationship with Pakistan.

Of late, there has been a spate of allegations and provocative statements from the other side. While maintaining our policy of restraint and

responsibility, we believe that blame game does not serve the purpose of either country.

Progress in the Afghan peace and reconciliation process is a fundamental part of the ongoing transition. There is no military solution to the situation in Afghanistan. All Afghan stakeholders must, therefore, come together and work purposefully to find a political settlement. Pakistan would continue to support and facilitate all efforts for an inclusive, Afghan-led and Afghan-owned process.

The economic transition in Afghanistan is of no less significance. In our view, every effort must be made to ensure that there is no economic vacuum -- as it would yield unexpected and destabilizing consequences.

Deeper engagement of the international community is essential to help Afghanistan in reconstruction, enhance economic opportunities, generate employment, and create conducive conditions for the return of millions of Afghan refugees to their homeland.

The focus of Pakistan's efforts on the bilateral plane is to build a comprehensive and multi-faceted relationship with Afghanistan. Besides intensifying political dialogue and promoting enhanced trade and economic cooperation, we are emphasizing effective border controls and management, counter-narcotics cooperation, and return and sustainable reintegration of refugees in Afghanistan.

Pakistan also supports broader regional and international endeavors for peace, stability and progress in Afghanistan. We have welcomed the U.S. policy goal of a "responsible end" to this long war. Pakistan would continue to work with the U.S. to facilitate an orderly drawdown and encourage an Afghan-led reconciliation process.

Pakistan also supports China's deepening engagement with Afghanistan, particularly in the economic realm and regional cooperation. China would be hosting the next Heart of Asia/Istanbul Process Ministerial Conference in Tianjin on 29 August 2014. We are committed to working with China for a successful outcome.

Pakistan is also engaged with Iran and deepening its dialogue on regional issues. Our enhanced engagement on the developments in Afghanistan remains vital for promoting the shared objectives of peace and stability -- particularly in the wake of 2014 drawdown and beyond.

Ladies and Gentlemen,

Prime Minister Nawaz Sharif is committed to building cooperative ties with India. In our interactions with the Indian leadership since June 2013, we have consistently emphasized the importance of working together to address common challenges, build sustainable peace, and promote the idea of shared prosperity.

Welcoming the successful elections in India, Prime Minister Nawaz Sharif telephoned Mr. Narendra Modi on 16 May to congratulate him on the electoral victory of the BJP. The Prime Minister emphasized that the main dynamic in South Asia should be cooperation, not confrontation. Consequently,

the Prime Minister responded positively to Mr. Modi's invitation and participated in his swearing-in ceremony in New Delhi on 26 May. This was a 'first' in the history of Pakistan-India relations. The two leaders held a bilateral meeting, which was fruitful in beginning the process of charting a future course for the relationship. The two sides agreed that the Foreign Secretaries would meet soon to review and carry forward the bilateral agenda.

Pakistan remains committed to engaging with the new Indian government through a constructive, meaningful and result-oriented dialogue on all issues. As the Prime Minister emphasized in New Delhi, we are ready to pick up the thread from where it was interrupted in October 1999. We also remain committed to moving towards normalizing the trade relationship, through a deliberate and well-considered process, that ensures mutual benefits.

Meanwhile, we will continue to work for tangible progress towards resolution of all outstanding issues. A just and peaceful solution of the Kashmir issue, in accordance with the UN Security Council Resolutions and the aspirations of the Kashmiri people, is essential for durable peace in South Asia.

Distinguished participants,

Our relations with China continue to be marked by a high degree of trust and commonality of interests. The time-tested relationship between the two nations has transformed into a comprehensive strategic partnership.

Over the past one year, the two countries have achieved a broad consensus on major infrastructure and energy projects.

The first major step in this direction has been taken through the multi-billion dollar China-Pakistan Economic Corridor. This mega project will serve as a "game-changer" in ushering in a new era of peace, cooperation and development in the region and beyond.

Pakistan is en route the three-pronged economic corridor between China, Central Asia and the Middle East. The government's effort is to realize the full potential of Pakistan's strategic location, in establishing mutually-beneficial linkages at the bilateral and regional levels, and serving as an intra-regional and inter-regional commercial and economic hub.

This ambitious project envisages building an advanced infrastructure, energy and communication network, linking western regions of China with Pakistan. It would revolutionize trade and investment in the adjoining regions of the two countries, and integrate the whole region in the years to come.

It would also be relevant here to mention the CICA Summit in Shanghai, in which the President of Pakistan, along with the leaders of the region, participated. In his policy statement, President Xi Jinping articulated a new vision of security architecture -- with focus on comprehensive, cooperative and sustained security based on mutual trust, mutual benefit and equality. In a powerful illustration of the shifting focus to geo-economics, the Summit also occasioned the signing of a major energy deal between China and Russia, in the presence of President Xi Jinping and President Vladimir Putin.

Ladies and Gentlemen,

Iran plays a pivotal part in our vision of a peaceful neighborhood and realization of the region's immense potential for progress and prosperity.

As part of his outreach efforts, the Prime Minister recently concluded a successful visit to Iran, where he had wide-ranging consultations with the Iranian leadership. A number of MoUs/Agreements were signed with a view to deepening and institutionalizing mutually-beneficial cooperation in diverse fields.

We have welcomed recent moves for a negotiated solution of the nuclear issue through the 5+1 process and hope that a final agreement would be concluded soon, as it would contribute to peace and stability in the region.

Pakistan also continues to work on deepening its special relationships with the fraternal countries including Turkey, Saudi Arabia and other Gulf States, with a primary focus on trade, investments and energy cooperation.

Ladies and Gentlemen,

The United States is an important part of our strategic environment and a key element in Pakistan's foreign policy considerations. The U.S. continues to stress its interest in advancing regional stability and development.

The Pakistan-U.S. relationship, spanning over more than six decades, has been marked by periods of engagement and estrangement. Since June 2013, relations between the two countries have continued to improve -- including through a series of high-level interactions and the revival of the Strategic Dialogue.

For the future, we envisage enhanced, broad-based cooperation on the basis of mutual respect and mutual interest. We are focused on greater trade, enhanced market access, more investments, collaboration in the energy sector, counter-terrorism, and security and defence cooperation.

In the post-9/11 period, the U.S. largely viewed Pakistan through the lenses of Afghanistan and terrorism. We have conveyed that these must be balanced by giving due importance to Pakistan's own security concerns. The Pakistan-U.S. relationship must develop on its own merit, as we move through 2014 and beyond.

Ladies and Gentlemen,

Pakistan and the European Union enjoy friendly and cooperative relations. These ties have been reinforced with the democratic transition in Pakistan. Pakistan and NATO-ISAF have worked together to promote the cause of peace and stability in Afghanistan. Our interests converge on an orderly transition.

The EU is our largest trading partner and a major foreign investor. The grant of GSP+ status to Pakistan reflects the desire on both sides to engage in an enduring partnership for common benefit. We would continue to work for comprehensive up-gradation of cooperation in the political, trade, and economic and social sectors.

Pakistan's relations with the Russian Federation are growing steadily. The two countries cooperate closely at the UN and SCO. We share common interests in promoting peace and stability in Afghanistan and Central Asia. Pakistan seeks Russia's cooperation in building energy corridors, economic linkages and road and rail network linking Central Asia with Pakistan. We are keen to realize the huge potential of mutually beneficial cooperation in the commercial and economic fields, both bilaterally as well as at the regional level. With the shift of focus to economic diplomacy, Pakistan is making efforts to further fortify its existing economic and commercial ties with Japan, ASEAN, and the ANZUS region. Similarly, we are deepening relations with our friends and partners in Africa and Latin America.

Ladies and Gentlemen,

Pakistan is located at the crossroads of vast regions, with powerful economic complementarities. Sustainable peace and development in the region is possible only when all the regional partners have stakes in it. Pakistan has the potential to play a role as a conduit between the energy-rich Central Asia and energy-deficient South Asia and China.

Key energy and communication projects linking the regional countries include the TAPI gas pipeline project, the Iran Pakistan (IP) project, the CASA-1000 electricity project and the ECO container train project (also known as Gul train), linking Islamabad with Istanbul can hopefully take off as soon as conducive conditions arise.

Prime Minister Nawaz Sharif also places special emphasis on infrastructure development and has plans for a motorway from Kashgar to Gwadar, then on to Karachi and finally to Lahore. We also plan to take the Lahore-Peshawar motorway to Kabul and beyond to the Central Asian Republics. In time, the Economic Coordinator could be extended to Afghanistan and Central Asia and well as other parts of South Asia. Mini Economic Zones would be established along the motorways. This would be a boost for regional trade and economy benefitting over 3 billion people of the region.

In sum, the time ahead is bringing challenges, as well as vast opportunities. Pakistan has to cruise through these uncharted waters with skill and resolve, which explains why the Prime Minister has been stressing an equal emphasis on geo-political and geo-economic imperatives. To realize this, the Government continues to count on a consensus approach, backed by support from across the political spectrum and civil society at large.

Let me conclude by expressing my gratitude for your invitation. I am confident that IPRI would continue its positive contributions to the policy discourse in Pakistan.

I thank you.

Islamabad, 28 May 2014.

3. Text of statement in the Senate on the Strategic Vision of Pakistan's Foreign Policy by Sartaj Aziz, Adviser to the Prime Minister on National Security and Foreign Affairs

Completion of the first year of the new Government is an appropriate time to review its foreign policy achievements and also list the goals and challenges that lie ahead. This review is presented under three inter related sections:

- I. The Strategic Vision
- II. The Main Achievements
- III. The Future Challenges

I. Strategic Vision

As the PML(N's) 2013 election Manifesto emphasized, "Pakistan today is at war within, while isolated abroad. Its independence and sovereignty stand compromised; its economic weaknesses are forcing us to go begging bowl in hand, while foreign states undertake unilateral strikes on its territory and non-state actors use it as a sanctuary to pursue their own agendas, oblivious to Pakistan's national interests".

Keeping this perspective in view, the first important foreign policy objective is to safeguard Pakistan's security and eliminate the growing culture of extremism, intolerance and violence from the society through concerted political and military strategies and a policy of non interference in the affairs of other countries. Henceforth, top priority will be accorded to country's own security rather than the agendas and priorities of other countries.

The second important objective is to make economic revival and sustained development, the center piece of our foreign policy. A persistent low rate of growth, an average of less than 3 percent over the past six years, has not only increased our dependence on others but also widened the gap between expectations and reality. That is why, the Prime Minister has repeatedly emphasized that 'external influence flows from internal strength'. The Government therefore has vigorously set out to pursuing three major priorities: expanding investment and trade (not aid), resolving the energy crisis, and addressing extremism and terrorism.

The third important priority of a peaceful neighbourhood automatically flows from these two objectives. Prime Minister's slogan of "peace for development" means building a peaceful external environment so that core national objectives of economic development could be robustly advanced.

A fourth pillar of this vision is to turn Pakistan's strategic geographical location from a liability into an asset through trade, transport and energy connectivity with China, Central Asia and West Asia. This in turn could also help to re-balance our geo-strategic and geo-economic priorities.

The government is fully aware of the complex and difficult external environment in which these policy objectives and priorities have to be pursued but if there is clear vision, backed by strong political will, Pakistan can achieve

Quaid's dictum of "peace within and peace without" in a relatively short period of time.

II. Achievements

One year is not a long period to expect all the tangible outcomes of the far-reaching changes introduced since June 2013. Yet, the list of achievements, so far, is impressive:

i. Reinforcing Strategic Partnership with China: Our time-tested and all-weather relationship with China has been transformed into a strong strategic partnership, with focus on trade, investment, energy infrastructure and connectivity. Counter-terrorism cooperation continues to strengthen, while Pakistan's support to China's core interests of Tibet and Taiwan remains unwavering. Mutual collaboration in regional forums like SCO, CICA and Heart of Asia has stepped up.

A monumental achievement is the initiation of the China-Pakistan Economic Corridor (CPEC), which is considered to be a "game-changer" in terms of trade, investment, connectivity and regional economic integration. China is poised to offer investments and loans to the tune of \$ 35 billion for energy and other infrastructure projects over the next 8-10 years.

ii. Reaching out to Afghanistan: Our Afghan policy is aimed at building a friendly and good-neighborly relationship, in which flawed concepts of the past like "strategic depth" have no place. The key principles enunciated by the Prime Minister include mutual respect for sovereignty and territorial integrity, non-interference and no favorites. The Prime Minister has had four meetings with the Afghan President in the past one year. Our efforts are focused on intensified political dialogue, measures to prevent use of territory against each other, support for Afghan peace and reconciliation process, streamlining transit trade issues, up-scaling bilateral assistance, enhanced border management, refugee return, counter-narcotics, and intensified dialogue at regional and international level. Pakistan's constructive engagement has helped reduce trust deficit. Pakistan's contribution to the process of stabilization in Afghanistan is being acknowledged regionally and internationally.

We have played a positive role in Afghan elections, by helping with border security and maintaining strong neutrality. Pakistan now looks forward to working closely with the new democratic choice of Afghan people, manifested through a credible electoral process, to build a strong, peaceful and fruitful relationship between the two countries.

iii. Improving ties with India: It is manifestly clear that South Asia cannot have durable peace and stability unless Pakistan and India make peace. This requires building a qualitatively new environment in which mutual concerns are addressed in a credible way and efforts made to promote an agenda of peace and

development. It is in this perspective that the Prime Minister has stressed that the main dynamic in South Asia should be cooperation, not confrontation.

Mr. Narendra Modi is the choice of the Indian electorate, and we have already started our interaction with the new government. The Prime Minister's early outreach to Mr. Modi to congratulate him on BJP's electoral victory and later participation in the swearing-in ceremony in New Delhi are reflective of his sincere commitment to turning a new page in the relationship. The Prime Minister's initiative has been widely commended at the international level.

The Government will continue to seek sustained and result-oriented dialogue, meaningful progress towards resolution of outstanding issues including Kashmir, and enhanced cooperation on economic issues. The two Foreign Secretaries will be meeting shortly to evolve a roadmap for such a dialogue.

iv. Strengthening ties with the United States: The strategic relationship with the U.S. is being reoriented on the basis of mutual interest and mutual trust. The effort is to transform the substantive content of the relationship, and to change the narrative. The U.S. is a key partner in trade and investment, counter-terrorism, and regional stability. We have endeavored to build on the positives while working sincerely and meaningfully to address each others' concerns. Pakistan's democratic transition is playing an important role in this context.

Prime Minister's visit to Washington in October last year and his interaction with President Obama as well as senior Administrator officials and key legislators was of far-reaching importance. The Prime Minister placed his central emphasis on enhanced market access, U.S. investments in energy and other projects, defence and security cooperation, counter-terrorism, and people-to-people exchanges.

The Prime Minister's visit was followed by a resumption of the Strategic Dialogue at the Ministerial level, which the Adviser and Secretary Kerry co-chaired. The work of several Joint Working Groups was reviewed and a new group was created on education. We also agreed to strengthen our dialogue and cooperation on regional issues, particularly working to advance common objectives of peace and stability in post-2014 Afghanistan and sustainable peace and progress in South Asia.

While challenges remain, we are committed to deepening mutual collaboration and making this important relationship truly beneficial for the socio-economic development of the people of Pakistan.

v. Comprehensively up-grading relations with EU: Our intensive engagement with European countries – both bilaterally and in the European Union framework – has produced significant results. Trade, investment and cooperation in social sectors are on the upswing, while counter-terrorism cooperation and security ties continue to strengthen. A ministerial level strategic dialogue was held in March 2014 and the next EU-Pakistan Summit is planned before the end of this year.

A major achievement for the Government has been the grant of the GSP+ status to Pakistan in December 2013. This would help boost Pakistan's textile exports, generate employment, and contribute to efforts for economic revival. This would also help address the issue of extremism and terrorism by creating economic opportunities and reducing the appeal of radicalism.

vi. Re-invigorating relations with Saudi-Arabia, Iran Turkey and other Islamic countries: Solidarity with the Islamic World has always been a central tenet of Pakistan's foreign policy. Pakistan has long standing exemplary relations with the Kingdom of Saudi Arabia. These relations were further strengthened through several high level exchanges in the past year.

Our historic relations with Turkey are also being translated into concrete political and economic partnership. As a result, economic cooperation with Turkey crossed a new threshold in the past 12 months. Many Turkish companies are making important investments in several key sub sectors.

Iran is an important neighbor. The Prime Minister's visit to Iran in May not only provided an impetus to bilateral relations, but also helped to remove perceptions and in evolving a roadmap to enhance bilateral trade and economic cooperation. The key areas of focus remain border security, forward movement in IP gas pipeline projects, exploring practical ways to increase trade in the face of sanctions, and pursuing balanced relations in the Gulf region.

Pakistan's traditional relations with fraternal countries like UAE, Qatar and Bahrain are expanding through deeper political dialogue, growing accent on energy cooperation, investment in infrastructure project, export of skilled manpower and increased trade. We have intensified efforts to conclude a Free Trade Agreement with G.C.C. countries.

vii. Promoting Regional Cooperation: Pakistan's close engagement with ECO, SAARC and OIC remains crucially important. In the face of changing global and regional context, Pakistan's balanced approach avoiding interference in internal affairs or intra-regional affairs that are not directly of concern, has been widely appreciated.

The revival of the Pakistan economy in the past one year, as clearly highlighted by many positive economic indicators and also decisive steps to attract foreign investment in energy and some other sectors, have significantly expanded prospects for deeper economic cooperation with other countries.

viii. Safeguarding national security, nuclear programme and geo-strategic interest: Pakistan's nuclear deterrence has served to maintain peace in region. Our diplomats have effectively defended Pakistan's position on strategic issues at multilateral fora. We have also successfully mobilized international support for Pakistan's counter-terrorism efforts.

The military operation launched in North Waziristan in June this year, preceded by the operation in Karachi, will not only re-establish the writ of the

State in all parts of Pakistan but also counter the growing culture of violence and intolerance.

ix. Looking after Pakistani Diaspora and Promoting soft image: As expected of any democratic government, there has been a strong emphasis on looking after the Pakistani community abroad. In Saudi Arabia, a massive effort was undertaken to protect interests of Pakistanis during Saudization campaign and consular facilities are being improved in many countries.

Overall there is a visible transformation in the international image of Pakistan, which now finds itself in the mainstream of the global community.

III. Future Challenges

In terms of security and stability, South Asia stands at a crossroad, with elections having taken place in Bangladesh, India and Afghanistan, the recent announcement of U.S. post-2014 military disengagement in Afghanistan, the process of Iran-U.S. rapprochement underway, and the changing political and security landscape in the Gulf and Middle East region.

Coming years could witness many challenges like turmoil and instability as also opportunities for new avenues of cooperation emerging from political changes and strategic re-alignments. While consolidating the gains made over the past one year in Pakistan's key relationships, as enumerated above, our focus in the coming year would also be on:

- Evolving a joint strategy with the new Afghan Government to control extremism and terrorism so that our respective territories are not used for attacks or subversion against each other and expanding economic cooperation between Pakistan and Afghanistan.
- Carrying forward the peace process with the new government in India through focus on economic revival and expanded people to people contacts, while at the same time intensifying the dialogue on all outstanding issues like Kashmir, Siachin, Sir Creek and Water.
- Launch several new initiatives to expand energy and trade connectivity with Central Asia and West Asia. The proposed Economic Corridor from Gwadar to Kashgar will be further extended to other Central Asian Countries, and apart from expanding CASA-1000 electricity import project, additional projects will be undertaken to import gas from Iran, Turkmenistan and Qatar.
- Deepening engagement with the Russian Federation, as Russia and China cooperate, in SCO and other fora, to integrate Eurasia into the world economy without ideological overtones of the cold war era.
- Building deeper trade and economic linkage with Southeast Asia/ASEAN.
- Reviving closer ties with and seeking new avenues of cooperation with Africa and Latin America.
- Serving Pakistani diaspora and mobilizing their potential to advance our national interests.

The core elements of our approach would remain: (i) constructive engagement; (ii) non-interference; and (iii) advancement of trade, investment and economic cooperation. We would continue to maximize our diplomatic space and enhance foreign policy options:

- The barometer would be how to protect our security and promote the agenda of peace and development.
- We would continue to pursue balanced relationships, and eschew involvement in issues where no direct interests are at stake.
- In the internal context, de-radicalization and building a grand national narrative, would be the additional focus of these efforts.
- Further improving Pakistan's image abroad, which in turn will depend on more effective control of terrorism, movement on human rights, and positive image of a more tolerant society.

Islamabad, 25 June 2014. *Source: www.mofa.gov.pk*

D. INDIA

Prime Minister Nawaz Sharif's statement to the media

I am pleased to be in New Delhi at the invitation of Prime Minister Modi. Yesterday, I attended his oath-taking ceremony.

Today, I had a good and constructive meeting with Prime Minister Modi this afternoon. It was held in a warm and cordial atmosphere. We agreed that our meeting in New Delhi, should be a historic opportunity for both our countries. I pointed out that we were at the beginning of our respective tenures, with a clear mandate. This provides us the opportunity of meeting the hopes and aspirations of our peoples that we will succeed in turning a new page in our relations. The one and a half billion people of the two countries want us to focus on their well-being and welfare.

I recalled my invitation to Prime Minister Vajpayee to Lahore in February 1999 and told him that I intended to pick up the threads of the Lahore Declaration, from where it had to be left off in October 1999.

I stressed to Prime Minister Modi that we have a common agenda of development and economic revival, which is not possible to achieve without peace and stability in the region. I urged that together, we should rid the region of instability and insecurity, that has plagued us for decades. Consequently, it was important for us to work together for peace, progress and prosperity. Finally, I urged that we had to strive to change confrontation into cooperation.

Engaging in accusations and counter-accusations would be counter-productive, I emphasized. My government, therefore, stands ready to discuss all issues between our two countries, in a spirit of cooperation and sincerity.

After all, we owe it to our people to overcome the legacy of mistrust and misgivings. We agreed that this common objective could be facilitated by greater people-to-people exchanges, at all levels.

Prime Minister Modi warmly reciprocated my sentiments and remarked that my visit to New Delhi was seen as a special gesture by the people of India. He stated that it was incumbent on both of us to work together, to achieve our common objectives for peace and development.

We also agreed that the two Foreign Secretaries would be meeting soon, to review and carry forward our bilateral agenda, in the spirit of our meeting today.

It also gave me great pleasure to call on President Pranab Mukherjee this afternoon and have the warm and friendly exchanges with him.

As I take leave of this historic city, I do so with a strong sense that the leaderships and the peoples of our two countries share desire and mutual commitment to carry forward our relationship, for the larger good of our peoples.

Islamabad, 27 May 2014. *Source: www.mofa.gov.pk*

E. NUCLEAR POLICY

1. Pakistan's statement at the nuclear security summit at the Hague
Pakistan is committed to the objective of enhancing nuclear security. It has fully been engaged with the international community to promote nuclear safety and security.

The Nuclear Security Summit process in the past four years has generated high level commitments to foster nuclear security culture. The 2014 Summit gives each participating state an opportunity to consolidate and implement the decisions it has taken in the process.

Nuclear security within a state is a national responsibility. Within that framework, the international community should pursue cooperation on nuclear security through voluntary national actions and in accordance with each state's international obligations.

The existing international nuclear security framework covers the measures taken by the International Atomic Energy Agency (IAEA) and the United Nations as well as various conventions and initiatives. Therefore, there is no need to create new, parallel institutions or mechanisms.

The Summit process enables us to coordinate and synergize the work of the international community. In this context, we reaffirm the essential responsibility and central role of the IAEA.

National Nuclear Security Regime

Pakistan's nuclear security regimen has *five* pillars:

One, a well defined, robust command and control system. The National Command Authority (NCA), the apex decision making body, works under the chairmanship of the Prime Minister. It is supported by its secretariat, the Strategic Plans Division (SPD), and the Strategic Forces Commands. The NCA

exercises control over all aspects including policy, procurement, employment, and nuclear security. The SPD develops technical solutions, Personnel Reliability Programme (PRP), and intelligence capabilities to deal with issues related to nuclear security, non-proliferation, accidents and WMD terrorism.

Two, Pakistan's nuclear security regime is anchored in the principle of multi-layered defense for the entire spectrum of any nuclear threat - insider, outsider or cyber threat - and is guided by the concept of five *Ds* - deter, detect, delay, defend, and destroy. A specially trained Special Response Force ensures the security of our nuclear assets. Besides, an integrated intelligence system exercises constant vigil to provide depth in defense. Force validation exercises are carried out regularly to revisit and upgrade our safety and security regime.

Three, a rigorous regulatory regime encompasses all matters related to nuclear safety and security, including physical protection of materials and facilities, material control and accounting, transport security, prevention of illicit trafficking, border controls, and plans to deal with possible radiological emergencies. The Pakistan Nuclear Regulatory Authority (PNRA), an autonomous oversight body, has developed a sustainable nuclear security regulatory system with established response and recovery capabilities. It works closely with the IAEA.

Four, a comprehensive export control regime. The legislative, regulatory, administrative and enforcement measures of our export control regime are at par with the standards followed by the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR) and the Australia Group.

Five, international cooperation, consistent with our national policies and interests as well as international obligations.

Centre of Excellence: As part of its nuclear security programme, Pakistan has undertaken several steps to establish a Centre of Excellence, update regulations and adopt best practices.

The Center of Excellence conducts specialized courses in nuclear security, physical protection, material control and accounting, transport security and personnel reliability.

A National Institute of Safety and Security (NISAS) has been established at PNRA for facilitating national and regional training courses on nuclear security. The Institute, a key part of the Centre of Excellence, is equipped with the state of the art laboratories for training in the nuclear and radiation safety, nuclear security and physical protection.

In 2014, the Centre of Excellence, in collaboration with the IAEA, is planning to host regional training courses including course on "Security of Radioactive Sources". Physical protection and nuclear security courses are planned as well with IAEA's assistance.

These training facilities, associated with Pakistan's Centre of Excellence on Nuclear Security, have the potential to grow into a regional and international hub, with the support of the IAEA.

Nuclear Safety: In the past few years, Pakistan has invested heavily in nuclear safety at the plant, corporate and regulatory levels.

After the Fukushima accident, Pakistan carried out detailed assessment of its own nuclear power plants. We revisited safety parameters, emergency preparedness and response, and operators' training protocols and procedures. The approach to ensure safety of nuclear power plants is in accordance with our national legislative system. All new authorizations now require from the licensees to implement lessons learnt from the Fukushima accident.

Pakistan has accepted IAEA's proposal to join the Agency's Collaborating Centers, which are designed to standardize technology, disseminate information, and facilitate research and training.

Nuclear Security Action Plan (NSAP): A robust Nuclear Security Action Plan (NSAP) is being implemented in collaboration with the IAEA to manage radioactive sources, secure orphan sources, detect radiation and prepare for emergencies. Collaboration with IAEA is ongoing for upgrading physical protection of a nuclear power plant at Karachi.

Nuclear Medical Centres: Under IAEA-Pakistan Nuclear Security Cooperation Programme, security measures at 15 Nuclear Medical Centres in public and private sector, having category-1 radioactive sources, have already been upgraded. Upgrade measures at 8 more centres are underway.

Nuclear Emergency Management System: A Nuclear Emergency Management System has been established at the national level to handle nuclear and radiological emergencies. A Nuclear and Radiological Emergency Support Centre (NURESC) and a National Radiation Emergency Coordination Center (NRECC) are available round the clock as part of emergency response mechanism. The mechanism covers the entire range of activities and is endowed with state-of-the-art equipment, mobile labs and technical guidance. Several training courses and exercises for the first responders, emergency response personnel and front line officers have been conducted for emergency preparedness.

Revision of Pakistan's National Export List: The Strategic Export Control Division (SECDIV) in the Ministry of Foreign Affairs, in consultation with the relevant ministries and entities, revised the 'National Export Control Lists' in 2011. The lists, classified on the basis of the European Union's integrated system, cover the scope of export controls maintained by the NSG, Australia Group and MTCR.

Preventing Illicit Trafficking: The National Detection Architecture includes use of detection devices at several entry and exit points as well as other random check points to deter, detect and prevent illicit trafficking of nuclear and radioactive materials.

International Cooperation: Pakistan has been working with the UN Security Council Resolution 1540 Committee. So far, we have submitted four reports to the Committee that elaborate the measures we have taken for nuclear and radiological security as well as on controls over all forms of transfer of sensitive materials and technologies. We are now working on the fifth report.

As a party to the Convention on Physical Protection of Nuclear Material (CPPNM), the Nuclear Safety Convention, the Convention on Early Notification of a Nuclear Accident, and the Convention on Assistance in the case of a Nuclear Accident or Radiological Emergency, Pakistan has been contributing to the nuclear security framework. Our consistent observance of the IAEA Code of Conduct and participation in the IAEA in the Incident and Trafficking Database (ITDB) have been highly useful.

Pakistan has been working with the Global Initiative to Combat Nuclear Terrorism (GICNT) in different areas, including the development of the GICNT guidelines on a nuclear detection architecture, nuclear forensics and response and mitigation. Pakistan held the position of Chairman IAEA Board of Governors for 2010-11 and became a member of the UN Scientific Committee on the Effects of Atomic Radiation (UNSCEAR) in December 2011.

Future Commitments and Aspirations: Pakistan has more than 40 years of experience in safe and secure operation of nuclear power plants under IAEA safeguards. Pakistan Atomic Energy Commission (PAEC), a premier national institution, is leading the effort.

Safe and sustainable civil nuclear energy is essential to advancing our economic development agenda. Our Energy Security Plan includes a futuristic, self-sustaining Nuclear Power Programme 2050, to meet the existing energy shortfalls and to respond to the future requirements of a growing population and economy. In that context, we envisage generation of nuclear energy of 8,800 MWe by 2030 and 40,000 MWe by 2050. In this regard, Pakistan looks forward to the removal of barriers to equitable access to international civil nuclear cooperation.

With the experience and expertise it has gained in the areas of nuclear power generation, non-power application of nuclear technology, nuclear security and nuclear safety, under the auspices of the IAEA, Pakistan is well placed to assist interested states.

As a country with advanced nuclear fuel cycle capability, Pakistan is in a position to provide nuclear fuel cycle services under IAEA safeguards, and to participate in any non-discriminatory nuclear fuel cycle assurance mechanism.

Over the years, Pakistan has streamlined and strengthened its export control regime and enhanced its engagement with multilateral export regimes.

Pakistan qualifies to become a member of the Nuclear Suppliers Group and other export control regimes, on a non-discriminatory basis.

Islamabad, 26 March 2014

2. The Prime Minister, Nawaz Sharif's statement issued at the nuclear security summit at the Hague

Distinguished leaders,

We congratulate you for hosting this Summit; and thank your Government and the people of the Netherlands for their gracious hospitality.

Your leadership takes us one step further to strengthen nuclear security.

I also pay a tribute to President Barack Obama for launching the nuclear security summit process four years ago.

Looking back, we can say with confidence that our decisions and commitments have spurred national action, promoted international cooperation and fostered nuclear security culture.

Pakistan has constructively contributed to this process.

We all want nuclear security, which is a national responsibility and a global priority. We should all continue to take measures to secure all nuclear facilities and materials and prevent any perceived nuclear terrorist threat. We all need radioactive sources for hospitals, industry and research; but we should be vigilant about radiological threats.

Pakistan attaches highest importance to nuclear security because it is directly linked to our national security. Pakistan is a responsible nuclear weapons state. We pursue a policy of nuclear restraint, as well as credible minimum deterrence.

Our region needs peace and stability for economic development that benefits its people. That is why; I strongly advocate nuclear restraint, balance in conventional forces and ways to resolve conflicts.

Pakistan's nuclear security is supported by *five* pillars – a strong command and control system led by the National Command Authority (NCA); an integrated intelligence system; a rigorous regulatory regime; a comprehensive export control regime; and active international cooperation.

Our security regime covers physical protection, material control and accounting, border controls and radiological emergencies.

Our nuclear materials, facilities and assets are safe and secure. Pakistan's nuclear security regime is anchored in the principle of multi-layered defense for the entire spectrum – insider, outsider or cyber threat.

We have established a Centre of Excellence that conducts intense specialized courses in nuclear security, physical protection and personnel reliability. Pakistan is ready to share its best practices and training facilities with other interested states in the region and beyond.

We have also deployed radiation detection mechanisms at several exit and entry points to prevent illicit trafficking of radioactive and nuclear materials.

In the realm of international cooperation on nuclear security, IAEA has an essential responsibility and a central role to play. Pakistan has been working productively with the IAEA to implement its Nuclear Security Action Plan (NSAP).

We have been running a safe, secure and safeguarded civil nuclear programme for more than forty years. We have the expertise, manpower and infrastructure to produce civil nuclear energy.

As Prime Minister, I feel that energy deficit is one of the most serious crises facing Pakistan. As we revive our economy, we look forward to international cooperation and assistance for nuclear energy under IAEA safeguards.

I call for Pakistan's inclusion in all international export control regimes, especially the Nuclear Suppliers Group.

International treaties and forums should supplement national actions to fortify nuclear security.

Pakistan is a party to the Convention on the Physical Protection of Nuclear Material (CPPNM). We work closely with the IAEA to deal with safety and security of radioactive sources and illicit trafficking of nuclear materials. We regularly submit reports to the UN Security Council 1540 Committee on the measure we take to exercise control over transfer of sensitive materials and technologies.

I would like to announce at this Summit that we are considering ratification of the 2005 Amendment to the CPPNM and are actively conducting a review to meet its various requirements.

As we look towards the future, we should consolidate progress made so far on nuclear security. We must also maintain our political will, avoid duplication of effort and broaden our membership to gain more acceptance for our decisions.

I thank you.

Islamabad, 25 March 2014. *Source: www.mofa.gov.pk.*

F. SAUDI ARABIA

Joint Statement issued on the occasion of the visit of the Saudi Prince Salman Bin Abdulaziz to Pakistan

At the kind invitation of His Excellency Mr. Muhammad Nawaz Sharif, the Prime Minister of Pakistan, His Royal Highness Crown Prince Salman Bin Abdulaziz Al Saud, Deputy Premier and Minister of Defense, paid an official

visit to the Islamic Republic of Pakistan on 15-17 Rabie Thani 1435, 15-17 February, 2014.

The warm reception and cordial welcome accorded to His Royal Highness. The Crown Prince and his accompanying delegation by His Excellency President Mamnoon Hussain and His Excellency Prime Minister Muhammad Nawaz Sharif and senior officials, embodied the bonds of strong fraternal ties binding the two countries. The exuberant popular reception also reflected the depth of affection and respect the Pakistani people have for the Kingdom and its people under the leadership of the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al-Saud. During the visit, His Royal Highness Crown Prince held talks with the President, the Prime Minister and other high level officials. These meetings were held in very cordial atmosphere signifying the fraternal bonds characterized by deep mutual understanding and cooperation for the mutual benefit of the two brotherly countries and their peoples. There was a keen desire to further strengthen cooperation in various fields for the promotion of the causes of the Muslim Ummah as well as international peace and stability.

The two sides called for taking advantage of the opportunities available in the two brotherly countries for expanding and improving investment, trade, energy, infrastructure development, agriculture and exchange of government's delegations for mutual benefit of the two brotherly countries.

The two sides decided to continue to work on further fortifying existing political relations between the two countries through regular holding of bilateral consultations between the Foreign Ministries of the two countries. The two sides also agreed on the need to enhance bilateral cooperation in the field of defense.

Both sides acknowledged importance of completing necessary measures for signing of the Agreements and MoUs in different fields including Islamic Affairs and endowments, labour, manpower, sports and an agreement to encourage and protect mutual investment in the two countries.

The two sides reiterated the need for finding of a quick solution of the existing conflict in Syria according to Geneva I Resolution in order to restore peace and security in Syria and prevent bloodshed of the brotherly Syrian people. In this regard both sides called for the following:

- Importance of immediate withdrawal of all foreign armed forces and elements from Syrian territory.
- Lifting siege of the Syrian towns and villages and stopping aerial and artillery bombardment.
- The setting up of safe corridors and regions to deliver food and humanitarian aid to besieged Syrian citizens, under international supervision.
- The formation of transitional governing body with full executive powers enabling it to take charge of the affairs of the country.

On the Palestinian issue, the two sides reaffirmed their consistent stand to support the Palestinian right to arrive at a just solution which leads to establishment of Palestinian State with Al-Quds as its capital. The two sides

reiterated the need for stopping Israeli practices including continuation of building settlements and putting impediments to peace efforts. The two sides emphasized that the peace efforts should be based on Arab peace initiatives and the relevant UN Resolutions.

The two sides reiterated their commitment to fight extremism and terrorism in all its forms and manifestations and continue to cooperate in the field of exchange of security related information. They also emphasized the importance of security cooperation to combat the crimes of drug trafficking and money laundering.

The Saudi side expressed hope for reaching peaceful resolution of the Kashmir dispute in accordance with the relevant UN resolutions so that it contributes to the achievement of a permanent peace and stability in the region. The Saudi side welcomed the positive developments in Indo-Pakistan relations, which would reflect positively in the interest of the two neighbouring countries and stability in the South Asian region.

On the situation in Afghanistan, the two sides expressed their support for Afghan reconciliation by including all sides and components of the Afghan society to arrive at restoration of peace and stability in Afghanistan. They underlined support for the political process through holding the elections scheduled for April 2014.

His Royal Highness the Crown Prince Salman Bin Abdulaziz, Deputy Premier and Minister of Defense, thanked the government and people of Pakistan for the warm reception and hospitality His Royal Highness and the accompanying delegation has received.

Islamabad, 17 February 2014. *Source: www.mofa.gov.pk*

G. SYRIA

Statement of Sartaj Aziz, Prime Minister's Adviser on National Security and Foreign Affairs, in the National Assembly on Pakistan's position on Syria under Rule 289 of the Rules of Business

Following the recent visit of Saudi Crown Prince to Pakistan, a controversy seems to have been instigated in the media insinuating that Pakistan has changed its position on Syria under Saudi pressure and that "Pakistan is selling arms to Saudi Arabia for use by Saudi Sponsored anti-government rebels in Syria".

We strongly reject the media speculation that Pakistan has changed its position on Syria or is supplying arms to Syrian rebels directly or indirectly. These impressions are totally baseless and misleading.

Pakistan is a responsible State that takes its defence capabilities very seriously. We only sell arms through legal mechanism and by abiding all relevant national and international regulations which require End User Certification to prevent the buyer from onward sale or transfer of our products to any third party.

I would like to clarify that during the Saudi Crown Prince's visit the two sides only mentioned the need to enhance bilateral cooperation in the field of defence with an aim to have a mutually beneficial defence and security cooperation. We already have three defence agreements with Saudi Arabia regarding exchange of defence delegations, training programs and employment/deputation of our defence personnel in Saudi forces.

I would therefore vehemently reject the allegations that we are selling arms for use in Syria. These allegations are motivated to blemish the name of the country. I would urge all such quarters to act more responsibly in the national interest and refrain from such misleading propaganda.

Similarly I would also like to correct the impression that Pakistan has changed its position on Syria under pressure from Saudi Arabia. For the benefit of the House, I would like to recall the following extract relating to Syria in the Pakistan-Saudi Joint Statement issued at the conclusion of the Crown Prince's visit:

"The two sides reiterated the need for finding of a quick solution of the existing conflict in Syria according to Geneva I Resolution in order to restore peace and security in Syria and prevent bloodshed of the brotherly Syrian people. In this regard both sides called for the following:

- Importance of immediate withdrawal of all foreign armed forces and elements from Syrian territory.
- Lifting siege of the Syrian towns and villages and stopping aerial and artillery bombardment.
- The setting up of safe corridors and regions to deliver food and humanitarian aid to besieged Syrian citizens, under international supervision.
- The formation of transitional governing body with full executive powers enabling it to take charge of the affairs of the country."

Pakistan has always taken a principled position on the situation in Syria. We have always called for:

- Protecting the sovereignty and territorial integrity of Syria;
- Cessation of hostilities and violence by all sides;
- Expressed concern on the humanitarian crisis in that country;
- Welcomed the Syrian accession to the Chemical Weapons Convention and destruction of their chemical weapons stockpile; and
- Supported international efforts to find a peaceful Syrian-led and inclusive solution being pursued under the Geneva process, meeting the democratic aspirations of the Syrian people through a comprehensive political dialogue involving the entire spectrum of the Syrian polity.

This position has been conveyed by us at various international and regional fora including UN and OIC.

It would be noted that we have always supported calls for withdrawal of all foreign armed forces from Syria; lifting of the siege of Syrian towns to provide humanitarian assistance; and formation of transitional governing body is

actually agreed by all sides including the Syrian Government and Syrian opposition under the Geneva I Communiqué adopted on 30 June 2012.

Our Permanent Representative to UN had also explained our position following our “Yes” vote on UNGA resolution on Syria on 15th May, 2013. He elaborated that Pakistan had called on the “representatives of Syrian Government and opposition” to “demonstrate maturity to agree on a mechanism with full executive authority as agreed in the Geneva communiqué to negotiate a transition towards reconciliation, peace and stability.” Pakistan had also called for end to bloodshed and suffering in Syria. Our Permanent Representative in the speech had stated that “the humanitarian catastrophe in Syria is getting worse by the day. Fires of sectarianism, extremism and terrorism are consuming entire communities and neighborhood”. He had further clarified following points:-

- This resolution does not give recognition to Syrian National Coalition (SNC).
- Sovereignty, independence and territorial integrity of Syria would not be violated. The SNC may however, send representative, interlocutors of the opposition for the dialogue with the Syrian Government directly or under the auspicious of the UN.
- Taken note of the resolutions of the Arab League insofar as they are related to the resolution of the political situation in Syria.

We had reiterated this position again in July 2013, calling for bringing an immediate end to bloodshed in Syria. Pakistan had called on the UN Security Council and international community “to take steps to stop arms supplies to all sides and bring the Syrian Government and opposition representatives to Geneva for talks that would lead to a political solution and national reconciliation.”

The Prime Minister in his speech at the 68th plenary session of the UNGA in September 2013, had called for adoption of a resolution to “start the stalled political process in Syria”. He had also appreciated the consensus Geneva-I communiqué.

I myself during my statement on 27th September, 2013 in the Security Council had, while voting on resolution 2118, encouraged the Security Council to reunite behind the common cause of international peace and security and had emphasized that “elimination of chemical weapons in the country is important. But it is not a remedy of all the other problems plaguing this unfortunate country. Killing has to stop. More than hundred-thousand people have already lost their lives in this conflict. Political solution remains the only viable option. It is time to move back to Geneva communiqué which clearly delineates the process for a transition acceptable to Syrian people. It calls for establishment of a transition authority with full executive powers.”

Let me also highlight the fact that the situation in Syria continues to evolve. Last week on Friday (22 February), UN Security Council unanimously adopted Resolution 2139 in which it demanded that “all parties immediately

cease all attacks including shelling and aerial bombardment...”, and called for “safe and unhindered humanitarian access to all affected areas in Syria”.

I may add here that while we fully support territorial integrity of Syria, we have joined the international community in demanding safe corridors for provision of humanitarian assistance to affected areas in Syria.

From the foregoing, it shall be clear that our position, which is based on principles of international law, has been pursued by us consistently without any change.

Honorable members would note that there is nothing new in the Pakistan-Saudi Joint Statement issued at the conclusion of the Saudi Crown Prince’s visit. The wording agreed in this joint statement is in line with our declared position and also the positions agreed unanimously by international community in UN Security Council, General Assembly and Human Right Council resolutions. It is also in line with our position on Syria in the OIC.

I hope that this would help in dispelling the misleading impression, being projected that Pakistan has changed its position on Syria.

Islamabad, 25 February 2014. *Source: www.mofa.gov.pk*

H. TAJIKISTAN

‘Pakistan-Tajikistan Joint Statement on Enhanced Partnership

The Prime Minister of the Islamic Republic of Pakistan, His Excellency Mr. Muhammad Nawaz Sharif, paid an official visit to the Republic of Tajikistan from 17-18 June 2014, at the invitation of the President of the Republic of Tajikistan, His Excellency Mr. Emomali Rahmon. The visit was a part of regular high-level exchanges between the two fraternal countries.

The Prime Minister was accompanied by a high-level delegation comprising, the Minister for Water & Power, Minister for Textile Industry, Special Assistant to The Prime Minister on Foreign Affairs, and senior officials. The Prime Minister and the accompanying entourage were accorded a warm and cordial welcome.

The Prime Minister and the President had a *tete-a-tete*, which was followed by delegation-level talks. Prime Minister Muhammad Nawaz Sharif also had separate meeting with the Prime Minister of Tajikistan. During their wide-ranging consultations, President Emomali Rahmon and Prime Minister Muhammad Nawaz Sharif underscored the historical bonds between the two countries, rooted deep in common faith, cultural affinities and civilizational links. The two leaders affirmed their shared commitment to peace, stability and progress and underlined their vision of a strategic Pakistan-Tajikistan relationship serving the cause of peace and development in the region and beyond.

The two leaders expressed satisfaction over the development of bilateral relations and noted that a vast potential existed for further expansion in

trade and investments, energy, defence and security cooperation, education and cultural collaboration, and people-to-people contacts. They underscored their resolve to realize this potential through concerted efforts.

The leaders agreed to set a target of expanding bilateral trade to US \$ 500 million over the next three years and to work for a Preferential Trade Agreement (PTA). They also agreed to reinforce economic cooperation through existing and new institutional frameworks. The two sides highlighted the significant opportunities existing for mutual investments and agreed to take steps, through their respective investment promotion institutions, to ensure a favorable environment for investors from both countries. To promote these objectives, it was decided to convene the 5th session of the Joint Ministerial Commission in Islamabad during 2014. To intensify collaboration between the private sectors of the two countries, it was agreed to establish a Joint Business Council (JBC).

The leaders laid a strong emphasis on enhanced connectivity by air, road and rail and on facilitating travel, transit, transportation and tourism. They mandated the Joint Ministerial Commission to make concrete recommendations in this regard.

The two sides underscored the need for strengthening transit and transportation facilities, including through enhanced cooperation at the regional level. In this context, it was noted that early finalization of the Trilateral Transit Trade Agreement among Afghanistan, Pakistan and Tajikistan would provide a boost to trade and economic relations. It was further noted that direct road links would impart more impetus to these efforts. The Pakistan side also undertook to provide easy access to Tajik goods via its seaports at Karachi and Gwadar.

The two leaders reaffirmed their commitment to the CASA-1000 power project and underlined the importance of its earliest realization.

Both sides emphasized the importance of parliamentary exchanges and welcomed, in this context, the recent visit to Tajikistan of the Speaker of the National Assembly of Pakistan. They agreed to exchange parliamentary delegations, on a regular basis.

The two sides reaffirmed their desire to exchange cultural troupes regularly.

It was agreed to further promote tourism and increase people-to-people exchanges.

Both sides denounced terrorism in all its forms and manifestations and reaffirmed their desire to strengthen mutual cooperation in combating terrorism, both at the bilateral level and within the UN system.

The two leaders affirmed their desire to increase bilateral security and defence cooperation. The Pakistan side committed to provide continued assistance in developing Tajikistan's defence capability, including through training to the Tajik armed forces and security personnel.

The two leaders conferred on regional and international issues. They affirmed that a peaceful and stable Afghanistan would strengthen the prospects

for regional peace and stability and expressed their support for an inclusive Afghan-led and Afghan-owned peace and reconciliation process. They also reiterated their commitment to utilize the Quadrilateral forums to reinforce efforts in support of peace, security and stability in the region.

The leaders highlighted close cooperation between the two countries within the framework of UN, OIC, ECO, SCO and other relevant international and regional organizations. They expressed the commitment to continue fruitful cooperation on mutual support in the elective bodies of international organizations.

In the presence of the two leaders, the following Agreement/MoUs were signed:

- i. Agreement between the Governments of the Republic of Tajikistan and the Islamic Republic of Pakistan on Formation of a Joint Working Group Combating the International Terrorism;
- ii. Memorandum of Understanding between the Government of the Islamic Republic of Pakistan through the Ministry of Textile Industry and the Government of the Republic of Tajikistan through the Ministry of Industries & New Technologies on Collaboration in Textiles Development;
- iii. Memorandum of Understanding on Cooperation in the Field of Vocational Training between the Government of Islamic Republic of Pakistan and the Government of the Republic of Tajikistan;
- iv. Memorandum of Understanding between the Department of Libraries, Capital Administration & Development Division, Government of the Islamic Republic of Pakistan and the National Library of Tajikistan; and
- v. Memorandum of Understanding between Tajik National University, Dushanbe and National University of Modern Languages, Islamabad, Pakistan.

The Prime Minister of Pakistan expressed his deep gratitude for the gracious hospitality extended to him and the members of his delegation by the President of the Republic of Tajikistan. The Prime Minister extended an invitation to President Emomali Rahmon to pay a state visit to Pakistan, which was accepted. The dates for the visit will be determined through diplomatic channels.”

Islamabad, 18 June 2014. *Source:* www.mofa.gov.pk

I. UNITED KINGDOM

Joint Statement issued after the meeting of Pakistan’s National Security and Foreign Affairs Adviser, Sartaj Aziz, and United Kingdom’s Foreign Secretary William Hague, in London

Adviser Sartaj Aziz and Foreign Secretary William Hague met to further the strategic relations between Pakistan and the United Kingdom, which underpins the enduring partnership between both countries.

They reviewed progress on bilateral commitments and discussed future plans to develop a deeper dialogue between the two countries, strengthening friendship and promoting mutual interests. The dialogue represents a long-term commitment by both countries to work together for greater security and prosperity.

Adviser Sartaj Aziz and Foreign Secretary William Hague discussed priority areas of the bilateral relationship including; renewing commitment to increase bilateral trade to £ 3bn by 2015; promoting investments; enhancing Pakistan's EU trade access recently secured with significant UK support; the UK's commitment to stand alongside Pakistan to tackle militancy, terrorism and extremism while acknowledging the huge sacrifices the Pakistani nation has made. They also welcomed the positive contribution made by the British Pakistani community to further strengthen the relationship between the two countries. The two sides agreed to review the whole spectrum of the Enhanced Strategic Dialogue during Prime Minister Nawaz Sharif's forthcoming visit to the UK.

After the meeting the Foreign Secretary William Hague said: "Pakistan and the UK share longstanding ties. I was pleased to have this opportunity to discuss plans to reframe the Enhanced Strategic Dialogue into a deeper and more focused agreement between our two countries, which strengthens our partnership and promotes our mutual interests. This dialogue represents a continuing, long-term commitment by both countries to work together to create the conditions necessary for greater security and prosperity."

Adviser Sartaj Aziz said:

"I was delighted to hold substantive discussions with Foreign Secretary William Hague and other key British cabinet members on the progress of bilateral cooperation in areas of common interest. I emphasized the importance of greater international recognition of Pakistan's security concerns. We agreed to intensify efforts to achieve meaningful and mutually beneficial progress in a holistic manner under the framework of the Enhanced Strategic Dialogue. The UK remains, as Prime Minister Nawaz Sharif has said, one of Pakistan's closest allies and the leading development partner."

The Enhanced Strategic Dialogue was signed in 2011 and sets out the UK and Pakistan's strategic partnership in 5 areas: trade and business relations; financial, macro-economic stabilization and development cooperation; Education and health; consultations on defence and security; and cultural cooperation.

Islamabad, 14 March 2014. *Source: www.mofa.gov.pk*

J. USA

2014 U.S.-Pakistan Strategic Dialogue Ministerial (Joint Statement)

U.S. Secretary of State John Kerry and Pakistan Advisor to the Prime Minister on National Security and Foreign Affairs Sartaj Aziz, accompanied by a high-level delegation, met in Washington on January 27, 2014, for the Ministerial meeting of the U.S.-Pakistan Strategic Dialogue. The first Ministerial since the revitalized Strategic Dialogue was announced during Secretary Kerry's August 2013 visit to Pakistan, this session built on Prime Minister Sharif's October 2013 official visit. Reaffirming the strong relationship and enduring partnership between the two countries, the Strategic Dialogue Ministerial marked the commitment of both countries to strengthen the bilateral relationship and advance their shared interests in a stable, secure, and prosperous Pakistan and region. Both sides expressed their conviction that an enduring U.S.-Pakistan partnership is vital to regional and international security. They recognized their shared interest in Pakistan's economic growth, increased trade, regional stability, and mutually-determined measures to counter extremism and terrorism.

Secretary Kerry and Advisor Aziz reaffirmed the importance of the U.S.-Pakistan Strategic Dialogue and reviewed the progress of the Strategic Dialogue's five working groups: 1) Energy; 2) Security, Strategic Stability, and Non-Proliferation; 3) the Defense Consultative Group; 4) Law Enforcement and Counterterrorism; and 5) Economics and Finance. Meetings of the first three working groups convened in late 2013.

Building a Foundation for Inclusive Economic Growth

Secretary Kerry and Advisor Aziz reaffirmed their commitment to expanding bilateral trade and business links and welcomed the upcoming United States-Pakistan Trade and Investment Framework Agreement (TIFA) Council meeting in March 2014 in Washington, D.C. The Secretary underscored the U.S. commitment to supporting private sector-led growth in Pakistan and welcomed the proposal by Advisor Aziz to regularly convene a Joint Business and Investment Forum, involving the private sector. Both sides also look forward to a follow-on conference to the successful U.S.-Pakistan Business Opportunities Conference held in Dubai in June 2013, and to a U.S.-convened conference in April 2014 in Islamabad that will link Pakistani and Central Asian businesses to encourage increased regional trade. They also look forward to the forthcoming announcement of a third fund of the Pakistan Private Investment Initiative (PPII) to leverage private equity for small and medium enterprises. Additionally, they reaffirmed the agenda for the upcoming Economics and Finance Working Group, to be held in April 2014 in Washington, D.C., where the United States and Pakistan will discuss trade and investment promotion, economic assistance, and regional economic integration. They further proposed that the working groups continue to refine the benchmarks used to realize these goals.

Alleviating Pakistan's Energy Crisis

Strategic Dialogue participants, including Minister of Water and Power Khawaja Asif, reviewed concrete next steps from the Energy Working Group, which was held in Washington in November 2013, as well as a subsequent trade delegation to Houston, Texas. The two sides expressed satisfaction with discussions held in November 2013 on a range of options to enable Pakistan to overcome its energy deficiencies. The two sides noted progress in developing a U.S. technical assistance program to support the development of Pakistan's domestic natural gas reserves. Secretary Kerry highlighted that U.S. assistance in the energy sector has added over 1,000 megawatts of power to Pakistan's national grid, helping provide power to over 16 million Pakistanis. In addition, the Overseas Private Investment Corporation (OPIC), the development finance institution of the U.S. government, is currently working on financing up to 300 MW of wind power generation projects that will deploy U.S.-based investment in Pakistan.

The United States and Pakistan also underscored the importance of intensifying efforts to facilitate regional energy connectivity and continuing to upgrade Pakistan's transmission infrastructure. Pakistan welcomed the recent U.S. commitment of \$15 million in support of the Central Asia-South Asia electricity transmission project (CASA-1000) that will help create a regional energy grid to link Central and South Asia for the first time. Both sides expressed support for cooperation in expanding power generation capacity; promoting the efficient use of energy resources; fostering development of Pakistan's gas resources and their efficient utilization; increasing utilization of hydroelectric and renewable resources; and continuing reforms to the energy sector to ensure its financial sustainability and to attract private sector investment.

Strengthening educational linkages and people to people contacts

Secretary Kerry and Advisor Aziz discussed the important role of investments in education in helping prepare Pakistan's younger generation to enter the job market and become leaders in their country and communities. They reaffirmed the shared intent expressed by President Obama and Prime Minister Sharif in October 2013 to further promote educational and research opportunities for Pakistani students, scholars, and researchers in U.S. institutions.

Deepening Cooperation on Shared Security Challenges

Secretary Kerry, Advisor Aziz, and their respective delegations had constructive conversations on security, strategic stability, and Pakistan's intensified efforts to combat terrorism. Secretary Kerry thanked Advisor Aziz for Pakistan's efforts to help defeat Al-Qaeda and expressed appreciation for the sacrifices of Pakistan's military personnel and civilians in the fight against terrorism and extremism. The Defense Consultative Group (DCG) annual engagement is the key bilateral forum for discussing the U.S.-Pakistan security relationship and defense cooperation. The DCG last met in November 2013, and both sides

renewed their commitment to pursuing a forward-looking, transparent, and politically sustainable defense relationship in areas of mutual interest. The United States expressed appreciation for Pakistan's continued contribution to regional maritime security, and both sides reaffirmed the decision by President Obama and Prime Minister Sharif to strengthen their cooperation in this area.

A follow-on Defense Resourcing Conference (DRC) in February 2014 will focus on security assistance issues. The United States and Pakistan will participate in the 2014 Nuclear Security Summit in The Hague, and both countries look forward to continuing the bilateral dialogue on security, strategic stability, and non-proliferation (SSNP). Secretary Kerry expressed confidence in Pakistan's commitment and dedication to nuclear security and appreciation for Pakistan's efforts to improve its strategic trade controls. He also recognized that Pakistan is fully engaged with the international community on nuclear safety and security issues.

Both sides welcomed plans to convene the Law Enforcement and Counterterrorism Working Group in March in Washington, D.C. During that meeting, the two countries look forward to discussing counterterrorism cooperation and assistance, as well as additional joint steps to counter improvised explosive devices (IED), disrupt terrorist financing, and improve border management. Both Secretary Kerry and Advisor Aziz condemned terrorism in all its forms and manifestations, and Secretary Kerry expressed appreciation for the steps taken by Prime Minister Nawaz Sharif and the Government of Pakistan to combat terrorism. The United States and Pakistan renewed their common resolve to promote peace, stability, and transparency throughout the region and to eliminate the threats posed by extremism and terrorism.

Advancing Regional Peace and Stability

Recognizing the paramount importance of regional stability, Secretary Kerry and Advisor Aziz stressed that a peaceful, stable, independent, and united Afghanistan is in the interest of the region, and affirmed the important role of countries in the region in supporting Afghanistan's progress toward stability and prosperity. Both sides emphasized their support for a policy of non-interference in Afghanistan, including by all countries of the region.

Both sides also reaffirmed that Afghan-led peace and reconciliation is the surest way to end violence and ensure lasting stability of Afghanistan and the region. They noted Pakistan's important role in supporting Afghan-led reconciliation, and Secretary Kerry expressed appreciation for Pakistan's concrete efforts in this regard. Both sides reiterated their call on the Taliban to join the political process and enter into dialogue with the Afghan government. Secretary Kerry and Advisor Aziz reiterated that peace and reconciliation must respect the historic achievements that Afghanistan has made over the past decade. Both sides shared their mutual conviction that a stable and peaceful Pakistan-Afghanistan border was important for the success of counterterrorism, counterinsurgency, and counter-IED efforts, and that cross-border militancy was

a serious threat to both countries. They thus underscored the critical significance of improved border control in achieving these objectives.

Secretary Kerry and Advisor Aziz also recognized the potential for enhanced stability and prosperity from improved bilateral relations between Pakistan and India, benefiting the lives of citizens on both sides of the border. Toward that end, the United States welcomed Prime Minister Sharif's vision for a peaceful neighborhood and efforts for the economic uplift of the people of the region, including steps taken by Pakistan and India to improve their relations.

An Enduring Partnership

Noting with satisfaction the overall progress of the Strategic Dialogue and of its various working groups, Secretary Kerry and Advisor Aziz affirmed the utility of continuing to refine the goals and benchmarks by which we measure success, to further promote bilateral cooperation. In this context, both sides looked forward to the next Ministerial meeting of the Strategic Dialogue to review progress in implementing our shared goals.

Secretary Kerry and Advisor Aziz reaffirmed their commitment to further advancing the strong partnership between the two countries through the Strategic Dialogue and stressed the importance of a U.S.-Pakistan partnership built on a foundation of mutual interest and respect.

Islamabad, 30 January 2014. *Source: www.mofa.gov.pk*

II: Political Developments

Text of the Protection of Pakistan Act, 2014 [As Passed by the National Assembly]

A BILL

to provide for protection against waging of war against Pakistan and the prevention of acts threatening the security of Pakistan

WHEREAS it is expedient to provide for protection against waging of war against Pakistan, prevention of acts threatening the security of Pakistan and for speedy trial of offences falling in the Schedule annexed to this Act and for matters connected therewith or incidental thereto;

It is hereby enacted as follows:-

1. Short title, extent and commencement.—(1) This Act may be called the Protection of Pakistan Act, 2014.

(2) It extends to the whole of Pakistan:

Provided that the Federal Government may, by notification in the official Gazette, confine the application of this Act to such area or areas as it may specify in this behalf or may by similar notification exclude any area or areas from the application of this Act.

(3) It shall come into force on such date or dates as the Federal Government may, by notification in the official Gazette, specify and different dates may be specified for different provisions of this Act:

Provided that this Act shall remain in force for a period of three years from the date any of its provisions first comes into force unless extended further by a resolution passed by each House of the Parliament for a period not exceeding three years.

2. Definitions.—In this Act, unless there is anything repugnant in the subject or context,—

- (a) “armed forces” means the Military, Naval and Air Forces of Pakistan and the Reserves of such Forces;
- (b) “civil armed forces” means Police, Frontier Constabulary, Frontier Corps, Pakistan Coast Guards, Pakistan Rangers or any other civil armed force notified by the Government as such;
- (c) “Code” means the Code of Criminal Procedure, 1898 (Act V of 1898);
- (d) “Enemy” means any person who raises arms against Pakistan, its citizens, the armed forces or civil armed forces or aids or abets the raising of arms or waging of war against Pakistan or threatens the security and integrity of Pakistan or commits or threatens to commit any scheduled offence and includes a person who commits any act outside territory of Pakistan for which he has used the soil of Pakistan for preparing to commit such act that constitutes an offence under the laws of Pakistan and the laws of the state where such offence has been committed and includes an act of aiding or abetting such offence;
- (e) “Enemy Alien” means a person whose identity is unascertainable as a Pakistani whether by documentary or oral evidence or who has been deprived of his citizenship acquired by naturalization and is suspected to be involved in waging of war or insurrection against Pakistan or depredation on its territory by virtue of involvement in offences specified in the Schedule;
- (f) “Government” means the Federal Government;
- (g) “Police” includes all the police forces established by the Provincial Governments or the Federal Government;

- (h) “Prosecuting agency” means a prosecuting agency established by the Government for the prosecution of offences falling under this Act;
- (i) “Prosecutor General” means the person appointed as Prosecutor General by the Government under this Act;
- (j) “Schedule” means a Schedule annexed to this Act;
- (k) “Scheduled offence” means an offence as set out in the Schedule;
- (l) “security of Pakistan” shall have the same meaning as is assigned to it in Article 260 of the Constitution;
- (m) “Special Court” means the Special Court established under section 8; and
- (n) “Special Judicial Magistrate” means the Special Judicial Magistrate appointed under section 8.

3. Use of armed forces and civil armed forces to prevent scheduled offences.— (1) Any police officer, or member of the armed forces, or civil armed forces who is present or deployed in any area may, on reasonable apprehension of commission of a scheduled offence after giving sufficient warning, use the necessary force to prevent the commission of a scheduled offence, and in so doing shall, in the case of an officer of the armed forces or civil armed forces, exercise all the powers of a police officer under the Code.

(2) In particular and without prejudice to generality of sub- section (1), an officer of the police, armed forces and civil armed forces may,—

- (a) after giving prior warning use such force as may be deemed necessary or appropriate, keeping in view all the facts and circumstances of the situation, against any person who is committing or in all probability is likely to commit a scheduled offence, it shall be lawful for any such officer after forming reasonable apprehension that death **or** grievous hurt may be caused by such act, to fire, or order the firing upon any person or persons against whom he is authorized to use force in terms hereof:

Provided that the decision of fire or order firing shall be taken only by way of last resort, and shall in no case extend to the inflicting of more harm than is necessary to prevent the scheduled offence which has given rise to the reasonable apprehension of death or grievous hurt:

Provided further that all cases of firing which have resulted in death or grievous hurt shall be reviewed by an Internal inquiry committee constituted by the concerned law enforcement agency;

- (b) any police officer, a member of the armed forces or civil armed forces acting in aid of civil authority may arrest, without warrant, any person who has committed a scheduled offence or against whom a reasonable suspicion or credible information exists that he has committed, or is about to commit any such act or offence; and
- (c) any such officer may enter and search, without warrant any premises to make any arrest or to take possession of any property, fire-arm, weapon or article used, or likely to be used, in the commission of any scheduled offence.

(3) Nothing contained in sub-section (1) or sub-section (2) shall affect the provisions of Chapter IX of the Code and the provisions of section 132 of the Code shall apply to any person acting under this section.

4. Application of the Code.—The provisions of the Code, insofar as they are not inconsistent with this Act, shall be applicable thereto.

5. Investigation.— (1) All the scheduled offences shall be cognizable and non-bailable.

(2) All scheduled offences, where armed forces / civil armed force are acting in aid of civil authority shall be inquired into and investigated by a Joint Investigation Team comprising of one gazetted police officer and two officers from the armed forces/civil armed forces. The Joint Investigation Team shall be headed by the Police Officer as aforesaid.

(3) Whenever a person is arrested or detained in custody under clause (b) of sub-section (2) of section 3 and it appears that the inquiry or investigation cannot be completed within the period of twenty-four hours, the head of Joint Investigation Team or any other officer acting under him, excluding the time necessary for journey from the place of arrest or detention to the court shall produce him before a Special Judicial Magistrate and may apply for remand of the accused to the custody of the police or custody of any other investigating agency.

(4) A Special Judicial Magistrate may authorize, from time to time, the detention of the accused in such custody as such Special Judicial Magistrate thinks fit for a term not exceeding ninety days:

Provided that the Special Judicial Magistrate shall not remand an accused person to custody under this section for a period exceeding fifteen days at a time.

Provided further that all such reports requesting for further custody of the accused shall be submitted through the Public Prosecutor.

(5) A person arrested or detained under this Act whose identity is unascertainable shall, subject to provisions of section 15, be considered an Enemy Alien and presumed to have joined waging war or insurrection against Pakistan.

6. Preventive detention.— (1) The Government may, by an order in writing, authorize the detention of a person for a period specified in the order that shall not exceed ninety days if in the opinion of the Government such person is acting in a manner prejudicial to the integrity, security, defense of Pakistan or any part thereof or external affairs of Pakistan or public order or maintenance of supplies and services:

Provided that detention of such person shall be in accordance with the provisions of Article 10 of the Constitution:

Provided further that without prejudice to the above, an Enemy Alien or an Enemy may be detained by the Government for such period as may be determined by it from time to time in accordance with Article 10 of the Constitution.

Explanation.—A person connected or reasonably believed to be connected with the commission of a scheduled offence or a person falling under sub-section (5) of section 5 shall be deemed to be a person acting in the manner stated above.

(2) In areas where the Federal Government or the Provincial Government has called Armed Forces in aid of civil power under Article 245 of the Constitution or where any civil armed force has been called by the Federal Government or Provincial Government in aid of civil power under the Anti-Terrorism Act, 1997, the said requisitioned force may detain any Enemy Alien, Enemy, or any person connected or reasonably believed to be connected with the commission of a scheduled offence in designated internment camps after a notification to that effect:

Provided that detention of such person shall be in accordance with the provisions of Article 10 of the Constitution.

(3) At any time during the said notifications or upon their withdrawal, such internee may be handed over to Police or any other investigating agency for formal investigation and prosecution.

(4) The Federal Government shall make Regulations to regulate the internment orders, internment camps, and mechanisms for representation against the internment orders.

(5) Any person arrested or detained by the armed forces or civil armed forces and kept under arrest or detention before the coming into force of the Protection of Pakistan (Amendment) Ordinance, 2014 (Ordinance No. I of 2014) shall be deemed to have been arrested or detained pursuant to the provisions of this Act if the offence in respect of which such arrest or detention was made also constitutes an offence under this Act.

7. Report.— Upon completion of investigation, the Joint Investigation Team shall, through the Public Prosecutor, submit a report before the Special Court:

Provided that notwithstanding anything contained in the Qanun-e-Shahadat, 1984 (P.O.10 of 1984), such report shall be admissible in evidence within the meaning of section 173 of the Code.

8. Establishment of Special Courts etc.—(1) The Government may establish as many Special Courts under this Act as determined by it.

(2) The Government, in consultation with the Chief Justice of the concerned High Court, may appoint any person as judge of the Special Court constituted under this Act who is or has been a Sessions Judge in any province of Pakistan or has been an Advocate of the High Court for a period of not less than ten years.

(3) A judge of the Special Court shall have all the powers of a Sessions Court as provided under the Code.

(4) The Government may provide security of tenure to a judge of the Special Court appointed under this Act through rules to be framed under this Act.

(5) The Government may, in consultation with the Chief Justice of the concerned High Court, appoint any Magistrate of the First Class serving as a member of the subordinate judiciary under any High Court or any other officer of not less than BPS-18 of the Pakistan Administrative Service or Provincial Management Service of any Province as Special Judicial Magistrate.

(6) The Special Judicial Magistrate shall have all the powers of a Magistrate of the First Class provided under the provisions of the Code, unless these are inconsistent with the provisions of this Act.

(7) No Special Court shall take cognizance of a scheduled offence except on a report submitted under section 7.

9. Place of inquiries, investigations and trials etc.—(1) The Government, on the report of a prosecuting agency, shall determine the place of custody, inquiry, investigation and trial of a scheduled offence anywhere in Pakistan.

(2) Subject to the Constitution,—

- (a) the Government, Joint Investigation Team, armed forces or civil armed forces may, in the interest of the security of its personnel or for the safety of the detainee or accused or intern, as the case may be, or for any other reasonable cause withhold the information regarding the location of the detainee or accused or intern or internment centre established or information with respect to any detainee or accused or intern or his whereabouts; and
- (b) the Government may not in the interest of the security of Pakistan disclose the grounds for detention or divulge any information relating to a

detainee, accused or interne who is an Enemy Alien or Enemy.

(3) A person convicted of a scheduled offence subject to direction of the Government may be confined at any place in Pakistan including the prisons established by the Provincial and Federal Governments.

10. Exclusion of public from proceedings of Special Court.— In addition, and without prejudice, to any powers which a Special Court may have by virtue of any law for the time being in force to order the exclusion of the public from any proceedings, if at any stage in the course of the trial of any person before a Special Court, an application is made by the prosecution on the ground that the publication of any evidence to be given or of any statement to be made in the course of the trial would be prejudicial to the public safety, and that, for that reason, all or any portion of the public should be excluded during any part of the hearing, the Special Court may make an order to that effect, but the passing of sentence shall in any case take place in public.

11. Establishment of Prosecuting Agency.—The Government shall establish an independent Prosecuting Agency headed by a Prosecutor General in order to provide consultation and legal guidance to the investigating agency and to conduct the prosecution of scheduled offences.

12. Prosecutor General.—(1) The Government may appoint any person as Prosecutor General who is not less than forty-five years of age and has been an Advocate of the High Court for a period of not less than ten years.

(2) The Prosecutor General may issue instructions and guidelines for the competent investigation and effective prosecution of the cases of scheduled offences.

(3) The Prosecutor General may, with prior approval of the Government, withdraw from the prosecution of any accused in a case pending before any Special Court and on submission of such request the Court may discharge or acquit the accused from the case as it may deem fit.

13. Protection of judges, prosecutors and witnesses etc.—The Government shall take appropriate measures to provide adequate security to the prosecution witnesses, investigating officers, prosecutors, Special Judicial Magistrates and Judges of the Special Courts and for this purpose may establish, anywhere in Pakistan, safe houses and high security prisons with court rooms.

14. Joint trial.—(1) While trying any offence under this Act, a Special Court may also try any other offence, which an accused may, under the Code of Criminal Procedure, 1898, be charged, at the same trial if the offence is connected with such other offence.

(2) If, in the course of any trial under this Act of any scheduled offence it is found that the accused person has committed, in addition any other offence

under any other law for the time being in force, the Special Court may convict an accused for such other offence also and pass any sentence authorized by this Act or, as the case may be, such other law.

15. Burden of proof.—An accused facing the charge of a scheduled offence on existence of reasonable evidence against him, shall be presumed to be engaged in waging war against Pakistan unless he establishes his non-involvement in the offence.

16. Punishments.—Notwithstanding anything contained in the Pakistan Penal Code or any other law for the time being in force, the scheduled offence shall be punishable with imprisonment which may extend to ten years, with fine and confiscation of property unless the scheduled offence already provides a higher punishment. The Special Court may also deprive the offender of the citizenship acquired by him by naturalization.

17. Transfer of cases.—(1) Where, after taking cognizance of an offence, a Special Court is of opinion that the offence is not a scheduled offence, it shall, notwithstanding that it has no jurisdiction to try such offence, return the case to the prosecuting agency for its submission before a court of ordinary jurisdiction.

(2) The Prosecutor General may at any stage of the proceedings withdraw a case from one Special Court and may submit the same before another Special Court constituted under this Act.

(3) Notwithstanding anything contained in any other law for the time being in force, the Government may apply to any court of law or tribunal that any case involving any Scheduled Offence punishable under this Act, pending before such a court or tribunal be transferred to a Special Court, then such other court or tribunal shall transfer the said case to a Special Court and it shall not be necessary for the Special Court to recall any witness or again record any evidence that may have been recorded.

18. Certain provisions of the Code not applicable.—The provisions of sections 374, 426, 435, 439, 439A, 491, 496, 497, 498 and 561A of the Code shall not be applicable to the scheduled offences.

19. Appeal.—(1) An appeal against the final judgment of a Special Court shall lie to the Supreme Court.

(2) Copy of the judgment of a Special Court shall be supplied to the accused and public prosecutor on the day the judgment is pronounced.

(3) Any aggrieved person or the Government may file an appeal against the final judgment of a Special Court within a period of thirty days from the pronouncement of judgment.

20. Savings.—No member of the police, armed forces or civil armed forces acting in aid of civil authority, Prosecutor General, prosecutor, Special Judicial Magistrates or the Judge of a Special Court shall be liable to any action for the acts done in good faith during the performance of their duties.

21. Power to make rules.— (1) The Government may from time to time make rules to carry out the purposes of this Act and may also amend, delete or add any offence in the Schedule by publication of a notification in the official gazette.

(2) In particular and without prejudice to the generality of foregoing power such rules may include guidelines for police and members of armed force / civil armed forces acting in aid of civil authority while using force to prevent scheduled offences.

22. Overriding effect.— Subject to the proviso to sub-section(2) of section 1 and such conditions as the Government may specify by notification in the Official Gazette, the provisions of this Act shall have effect notwithstanding anything contained in any law for the time being in force. In case there is any conflict between the provisions of this Act and any other law for the time being in force the provisions of this Act shall prevail to the extent of inconsistency.

23. Removal of difficulties.— If any difficulty arises in giving effect to any provision of this Act, the President may make such order, not inconsistent with the provisions of this Act, as may appear to him to be necessary for the purpose of removing such difficulty.

SCHEDULE *[See section 2(j)]*

Scheduled Offences (1) The following acts, if committed with the purpose of waging war against Pakistan or threatening the security of Pakistan shall be the scheduled offences and includes other offences relating to:

- (i) acts that are calculated to influence or affect the conduct of Government by intimidation or coercion, or to retaliate against government conduct except peaceful civil or political protests;
- (ii) crimes against ethnic, religious and political groups or minorities including offences based on discrimination, hatred, creed and race;
- (iii) use of arson, fire-bombs, suicide bombs, biological weapons, chemical weapons, nuclear arms, plastic explosives and other materials capable of exploding or creating bombs employed to kill persons or destroy property;
- (iv) use of arson and bombs on public places, government premises, sites of worship, historical places, business

- concerns, or other places, and risking or causing death to any person therein;
- (v) killing, kidnapping, extortion, assault or attack of members of the Parliament, Judiciary, Executive, Media, and other important personalities or any other person;
 - (vi) killing, kidnapping, extortion, assault or attack on officers and employees of Pakistan including armed forces and law enforcement agencies;
 - (vii) killing, kidnapping, extortion, assault or attack on foreign officials, official guests, tourists, foreign visitors, or internationally protected persons etc;
 - (viii) killing, kidnapping, extortion, assault or attack on social or welfare workers, including health personnel, aid workers, and volunteers;
 - (ix) destruction of or attack on communication and interaction lines, devices, grids of stations, or systems etc;
 - (x) destruction of or attack on energy facilities including dams, power generating and distributing systems including stations, lines and poles;
 - (xi) destruction of or attack on aircrafts and airports, attack on flight crew with any weapon or endangering human life by means of weapons on aircrafts;
 - (xii) destruction of or attack on gas or oil pipelines and liquid or natural gas facilities and other means of their transport including tankers;
 - (xiii) destruction of or attack on of national defense materials, premises, utilities, and installations including check posts, prisons and other fixtures;
 - (xiv) destruction of or attack on educational institutions, police stations and security organizations etc.;
 - (xv) crimes against computers including cyber crimes, internet offenses and other offences related to information technology etc;
 - (xvi) wrecking, disrupting or attacking mass transport systems including trains, buses, cars and their stations and ports;
 - (xvii) violence or attack against maritime navigation, maritime fixed platforms, shipping and port installations and other maritime fixtures;
 - (xviii) violence against nuclear arms, sites or any other related installations;
 - (xix) hostage taking, or attempting to take hostage any person;
 - (xx) violence against nationals occurring outside of Pakistan;
 - (xxi) transcending or crossing national boundaries.

(2) Offences punishable under sections 121, 121A, 122, 123, 123A, 123B, 124, 124A, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139 and 140 of the Pakistan Penal Code.

(3) Any abetment or conspiracy to commit any of the above offences.

STATEMENT OF OBJECTS AND REASONS

The Bill provides for protection against waging of war against Pakistan, prevention of acts threatening the security of Pakistan and for speedy trial of offences falling in the Schedule annexed to the Bill and for matters connected therewith or incidental thereto.

SHAIKH AFTAB AHMED
Minister of state for Parliamentary Affairs
Member-in-Charge

Source: www.na.gov.pk

III: Economy

Pakistan Economic Survey's Overview of the Economy, 2013-14

Pakistan succeeded in attaining 4.14 percent growth in the outgoing fiscal year which is the highest level achievement since 2008-09. The economy has taken a turnaround on account of following serious economic agenda and striving sincerely to implement it. Early positive results, particularly stabilizing foreign exchange reserves, appreciation of exchange rate, stability in prices despite heavy adjustments, remarkable industrial growth on account of improved energy supply, exceptional increases in remittances, historical heights of Karachi Stock Exchange, shift in market based (T-Bills and PIB), public debt toward medium to long term, successful launching of Euro Bond and auction of 3G/4G licenses reinforced this view. The international financial institutions are also acknowledging and appreciating the positive improvements in national economy.

A comprehensive agenda of reforms is highly focused on inclusive growth and to reinvigorate the economy, spur growth, maintain price stability, provide jobs to the youth and rebuild the key infrastructure of the economy

through removal of bottlenecks like, energy shortages, privatization of bleeding PSEs, circular debt along with creating conducive investment climate to boost exports and tax revenues, and bridge fiscal and current account deficits. Government has shown commitment to develop vibrant and competitive market in order to accelerate and sustain economic growth through productivity, competitiveness, innovation and entrepreneurship.

Global Developments: The outgoing year witnessed global recovery, and the global outlook indicates some optimism in economic activities. The world economy after witnessing a moderate growth of 2.1 percent in 2013 experiencing 3.0 percent growth in 2014 and outlook is even stable with 3.3 percent growth. This is driven by stronger growth in advanced economies, especially in the United States and also recovery in some emerging economies. The economy of the United States registered moderate growth in the first quarter of 2013, after stagnation in 2012. In the outlook, GDP projected to grow by 2.6 percent in 2014. After experiencing 1.3 percent in 2013, Japan's GDP is projected to grow by 1.6 percent in 2014. Growth is projected to accelerate for most advanced economies of the world. China is recognized the second largest economy in the world; many commodity-based economies have risen in recent years with China's growth.

China and Pakistan entered into a comprehensive plan to create a new "economic corridor" between the two nations. The list of projects to be completed in Pakistan is under consideration and joint working groups have been formed. The corridor will serve as a driver for connectivity between South Asia and East Asia. These new trade linkages are expected to increase and Pakistan will benefit from key export markets, and undoubtedly the Pakistan economy has a bright future.

Europe's economic recovery, which began in the second quarter of 2013, is expected to continue spreading across countries and gaining strength while at the same time becoming more balanced across growth drivers. The Middle East has benefited from some of the world's strongest growth rates since the financial crisis hit in 2008. A further boost has been provided by significant investment in economic diversification. Qatar's economy performed strongly with double-digit growth in most years adding up to a 66.7 percent expansion between 2008 and 2013, and the Saudi Arabia's economy grew by 29.6 percent. A boost to living standards is also expected in Gulf Cooperation Council (GCC) economies, as investment in downstream industries and diversification begins to bear fruit.

In South Asia, performance of Pakistan is improving quantitatively and qualitatively as the growth is broad based and touched almost all sectors of the economy and the growth recorded for 2013-14 is the highest level of achievement since 2008-09, which will increase further in coming years as business climate is improving on fast track, which is reported and appreciated by the various national and international organizations.

With regard to world commodity prices, agriculture prices are projected to decrease by 2.5 percent in 2014 under assumptions that the existing crop condition will continue for the rest of the year. In agriculture commodity markets, the key risk is weather. According to global crop outlook assessment released by USDA, production and stock are expected to increase by 12 and 20.5 percent, respectively. Wheat will improve, price risk for rice is on the downside, edible oil and oil seed market have limited upside risk as well. The oil prices are also expected to average \$103/bbl in 2014 and may fall in 2015. Natural gas prices in the US are expected to remain elevated during 2014 and strengthen even more in longer term while coal prices are expected to weaken in 2014 but will gain in 2015.

Pakistan economy has achieved some milestone during short period of 10 months which includes successful return to the international bond market after a long period. The positive response from international investor to Pakistan's first Sovereign Bond issuance has shown that the international market appreciated the economic direction of the country. This transaction is Pakistan's largest international sovereign bond which attracted significant investment. The transaction was closed successfully on April 08, 2014. Against the initial expectations of raising US \$500 million, the investor response was overwhelmingly strong and the order-books were oversubscribed consisting of over 400 orders from high quality investors. After a careful consideration of the investors' order book, financing was raised to \$2.0 billion including \$1.0 billion each in 5 and 10 years tenor with coupon at the rate 7.25% and 8.25%, respectively. The transaction represents the largest ever international bond offering by Pakistan. The 5 years bonds are distributed across all major geographic regions: 59% in the US, 19% in UK, 10% Europe, 10% in Asia and 2% others. The success of the transaction highlights investor's confidence in the recent changes in country's leading economic indicators, external finances and structural reforms undertaken by the present government.

The other achievement is the successful auction of 3G/4G spectrum which has opened the new avenues of socio economic development in the country. The auction for 3G/4G spectrum licenses were carried out in a transparent manner and the new technology is expected to generate 900,000 new job opportunities in the next four years along with other direct and indirect benefits to the economy. Further achievement is the successful reviews by IMF. After every review the IMF scaled up the projections of economic growth and adjusted downward its inflation forecast for the country. Likewise World Bank, Asian Development Bank, Islamic Development Bank all have opened their windows to support the development agenda of the present government.

During the year some of the main reform programme focused on improvement in corporate governance, restructuring of PSEs and Strategic Partnership through Privatization. The government has formed a high level Commission for ensuring transparency in appointment of heads of key public sector organizations and bodies. In order to institutionalize corporate governance initiatives for PSEs, the Public Sector Companies (Corporate

Governance) Rules 2013 have been approved by the government. The Rules help clarify roles of different stakeholders involved in the management of PSEs. A gradual shift towards majority of independent directors in the Board of Directors has been stipulated in the rules. Role and functions of the Board have been clarified and offices of Chairman and CEO have been separated.

The government is envisaging strategic partnership / disinvestment of 31 PSEs representing the most viable transactions. The indicative mode of related divestments has been finalized. The Strategy is modeled around disinvesting a mix of PSEs in the oil & gas, banking & finance, power, industrial, transport and real estate sectors. A key element of the Strategy is Strategic Partnership, which entails transfer of management to investors through partial sale of shares. The government's strategy will also focus on disinvesting the government's shareholding in various entities especially in Oil & Gas, Power and Financial sectors through Capital Market Transactions, both on international and domestic markets. Direct sale of assets and units to investors is also envisaged. This will help in broadening and deepening domestic capital markets. It will facilitate foreign direct and portfolio investments as well as mobilize savings of individuals, households and institutional investors of Pakistan by providing them an opportunity to take ownership in the successful businesses, through public offering of shares.

Since the elections held in May 2013, Government of Pakistan (GoP) has undertaken bold measures and interventions in the power sector. Firstly, payables of power sector entities against the Independent Power Producers (IPPs) and public sector power entities amounting to Rs. 480 billion (till 30th June, 2013) have been fully cleared. The clearance of stock of circular debt has added 1,700 MW of electricity to the national grid and eased load shedding considerably in the country. Secondly, the GoP has moved in the direction of providing targeted subsidy to power consumers (domestic up to 200 units) by moving towards better cost recovery leading to a financially stable power sector. In the first phase, tariffs of industrial, commercial and bulk consumers have been rationalized to recover full cost of service, while tariffs of other consumers have been rationalized in the second phase. This has significantly reduced the subsidy requirement of the power sector and eased burden on the national exchequer.

Government has developed National Power Policy (2013) which provides a roadmap for providing affordable energy in the country through efficient generation, transmission and distribution system.

The policy envisages provision of affordable electricity in the country by replacing generation from expensive imported fuels by cheaper indigenous resources led by hydel, coal and renewable energy sources, respectively.

The agenda for improving Pakistan's business environment in order to attract higher foreign investment as well as to promote domestic entrepreneurship, has involved review of existing laws, rules and regulations that are obsolete, overlapping, and unduly add to the cost of doing business. Recent business related reforms initiated in key areas include

- Facilitating new business start-ups,
- Designing frameworks to improve contract enforcement,
- Rationalizing tariffs,
- Regulatory reforms to improve the regulatory quality and
- Increasing access to finance and facilitating business solvency.

The Economic Advisory Council has also been reactivated and recommendations made by the subgroup formed by EAC to bring development in these specific areas such as; industry, trade, resource utilization and expenditure management, energy, agriculture/food security and social sector. The specific recommendations focused on developing a framework for providing export insurance coverage, Up-gradation of Pakistan Standards and Quality Control Authority (PSQCA) and affiliated labs, Impact assessment of all free trade agreements (FTAs) and preferential trade agreements (PTAs), framework for providing export insurance coverage, finalization of National Engineering Exports Development Strategy, real estate transactions at realistic value, broaden the tax net in the retail sector development of agriculture promotion projects in Balochistan for dates, livestock and other cash crops and health insurance to be introduced.

The government is committed to bring reforms in real sector growth as well as to increase investment and saving to help in addressing the rising unemployment issue. The public investment has recorded a growth at the rate of 17.12 percent as compared to negative growth (-0.35) percent last year, which is a major shift in expenditure priorities of the government. It is also evident that total investment witnessed a growth of 8.46 percent as compared to 8.41 percent last year, which is an indicator that investor's confidence is improving in the country and government's measures are working in right directions. During July-9th May 2013-14, credit to private sector (flows) has improved and increased to Rs. 296.4 billion against the expansion of Rs.92.5 billion in the comparable period last year, showing a significant growth. The increase in flows will supplement and strengthen the investment in the private sector and its impact will be realized shortly.

The GDP growth accelerated to 4.14 percent in 2013-14, against the growth of 3.7 percent recorded in the same period last year, which is also highest as compared to last six years. The growth momentum is broad based, as it is recorded that all the three major sectors namely agriculture, industry and services have provided support to improve economic growth. The agriculture sector grew at the rate of 2.12 percent against the growth of 2.88 percent in the last year. The industrial sector expanded by 5.84 percent against the growth of 1.37 percent in last year, while large scale manufacturing posted a growth of 5.31 percent against the growth of 4.08 percent last year. The services sector grew at 4.29 percent as compared to 4.85 percent in last year.

Agriculture Sector: Agriculture is the main source of livelihood for the rural population as well as ensures food availability to rural and urban inhabitants. It is a key sector of the economy as it provides raw materials to main industrial

units of the country and also plays a major contribution in export earning of the country. The agriculture sector accounts for 21.0 percent of GDP and absorb 43.7 percent of labour force, the sector has strong backward and forward linkages. The agriculture sector has four sub sectors including: crops, livestock, fisheries and forestry. The performance of this sector in the outgoing fiscal year remained moderate. Agriculture sector recorded a growth of 2.1 percent against the growth of 2.9 percent last year. Important crops such as, wheat, rice, sugar posted a remarkable growth of 3.74 percent as compared to 1.19 percent last year and has compensated the subdued growth in other crops.

During 2013-14, the availability of water for Kharif 2013 remained 13.5 percent more than Kharif 2012 and 2.4 percent less than the normal supplies of 67.1 MAF. The water availability during Rabi season 2013-14 was estimated at 32.5 MAF, which was 1.9 percent higher than last year's Rabi crop but 10.7 percent less than the normal availability of 36.4 MAF.

Agricultural credit is a vital input for leveraging the financial growth and ultimately leads to economic growth on sustainable basis. In line with the government priorities for development of agrarian economy, State Bank of Pakistan (SBP) has been striving for engaging the food security challenges in wake of various initiatives to support the government's objectives and goals. During 2013-14 (July-March), the banks have disbursed Rs. 255.7 billion which is 67.3 percent of the annual target of Rs. 380 billion as compared to last year target of Rs. 315.0 billion. The disbursement is 10.7 percent higher than Rs. 231.0 billion disbursed during the corresponding period last year.

Rabi 2013-14 started with an opening balance of 175 thousand tons of urea. Domestic production during Rabi 2013-14 was 2439 thousand tons. Urea off take during current Rabi 2013-14 was about 3099 thousand tons, against 3476 thousand tons of total availability, leaving a closing balance of 376 thousand tons for next season. DAP availability in current season of Rabi was 1125 thousand tons, which included 307 thousand tons of inventory, 526 thousand tons of imported supplies and domestic production of 292 thousand tons. Off take of DAP during current Rabi season was about 1075 thousand tons, leaving a balance of 56 thousand tons for next season.

Kharif 2013 started with inventory of 220 thousand tons of urea. Total availability of urea (including 325 thousand tons of imported supplies, 2496 thousand tons of domestic production) was about 3041 thousand tons against the off take of 2851 thousand tons, leaving inventory of 175 thousand tons for Rabi 2013-14. Total availability of DAP during Kharif 2013 was 921 thousand tons comprising 197 thousand tons of inventory, 326 thousand tons of imported supplies and 398 thousand tons of local production. DAP off take was 616 thousand tons leaving closing balance of 307 thousand tons for coming Rabi 2013-14.

Important Crops: Important crops account for 25.24 percent of agricultural value addition. This sub-sector has recorded a growth of 3.74 percent compared to a growth of 1.19 percent last year. The important crops includes all major

crops like wheat, maize, rice, sugarcane and cotton which registered growth at 4.44 percent, 7.27 percent, 22.79 percent, 4.27 percent and 2.00 percent, respectively.

Other Crops: Other crops have share of 11.65 percent to value addition in overall agriculture sector. This subsector of agriculture has witnessed a growth at 3.53 percent against the growth of 6.05 percent last year. This decline in growth of minor crops was mainly due to 36.8 percent lower production of gram, 7.8 percent less production of Potatoes, 5.1 percent decline in production of masoor and 5.4 percent decrease in other pulses.

Cotton Ginning: Pakistan is one of the leading producers and consumer of cotton in the world market. Ginning is the procedure for separating lint from the seed to cotton. Cotton Ginning has 2.81 percent contribution in agriculture sector. Cotton Ginning has witnessed a growth of (-) 1.33 percent against the growth of (-) 2.90 percent in the previous year due to reduction of the production of cotton as compared to last year.

Livestock: Livestock is the most significant component of agriculture sector, which contributes 55.91 percent of agriculture value addition. It is a sub-sector of agriculture which is relatively less volatile as compared to other subsectors. Its share in agriculture is more than combined shares of all other subsectors of agriculture and contributes 11.8 percent in GDP. Livestock consists of cattle, buffalos, sheep, goat, camel, horses, asses, mules and poultry and their products. Livestock has registered a growth of 2.88 percent against the growth of 3.99 percent last year.

Forestry: Growth of the forestry sub-sector is witnessed at 1.52 percent as compared to the growth of 0.99 percent last year.

Fisheries: Fisheries sub-sector has 2.03 percent contribution in agriculture and registered a growth of 0.98 percent compared to the growth of 0.65 percent last year. The sub-components of fisheries such as marine fishing and in-land fishing contributed to an overall increase in value addition in the fisheries sub-sector. The growth is expected to rise further in coming year due to lifting the ban by EU in fish export from Pakistan.

Industrial Sector: The industrial sector contributes 20.8 percent in the GDP of the country; it is also a major source of tax revenues for the government and also contributes significantly in the provision of job opportunities to the labour force. It is relatively less volatile sector as compared to other sectors of the economy. When the present government came into power last year, a comprehensive policy measures were planned and implemented on fast track to revive the economy. As a result industrial sector started revival and has recorded remarkable growth at 5.8 percent as compared to 1.4 percent in last year, which

is the highest level achieved since 2008-09. Industrial sector in Pakistan has four sub-sectors including mining & quarrying, manufacturing, electricity generation & distribution and gas distribution and construction.

Manufacturing Sector: Manufacturing is the key component playing a dominant role in the socio-economic progress of the economy. Manufacturing is the most important sub-sector of the industrial sector containing 64.92 percent share in the overall industrial sector. The growth of the manufacturing sector registered at 5.55 percent compared to the growth of 4.53 percent last year. Manufacturing which contribute 64.92 percent in overall industrial sector, having three sub-components; namely the Large-Scale Manufacturing (LSM) with the share of 52.45 percent, Small Scale Manufacturing with the share of 7.97 percent and Slaughtering with the share of 4.49 percent. Small scale manufacturing witnessed a growth at 8.35 percent against the growth of 8.28 percent last year and slaughtering growth is recorded at 3.51 percent as compared to 3.60 percent last year. LSM has registered a significant improvement. It has witnessed a growth of 5.31percent as compared to the growth of 4.08 percent last year. The realization of growth in industrial sector is due to improvement in energy and gas supply, which has supplemented the growth of industrial sector higher as compared to previous six years.

It is evident from the sector specific data that most sub-sectors performed well during the period July-March 2013-14, over corresponding period of last year. Major contribution was made by Fertilizer 21.64 percent, Leather Products 12.96 percent, Food Beverages & Tobacco 7.78 percent, Rubber Products 9.48, Chemicals 6.71 percent, Paper & Board 8.03 percent, Coke & Petroleum Products 7.48 percent, Electronics 2.91 percent, Iron and Steel Products 3.38 percent, Textile 1.44 percent and Non Metallic Mineral Products 0.15 percent. There are only few sectors which recorded negative growth including Engineering Products 21.40 percent, Woods Products 8.91 percent, Pharmaceuticals 0.49 percent and Automobiles 0.01 percent.

The Mining and Quarrying sub-sectors estimated the growth at 4.4 percent in 2013-14 as against 3.8 percent last year. Sulphur Chromites, Bauxite, Dolomite, Coal, Lime Stone, Crude Oil and Rock Salt posted a positive growth of 74.7 percent, 70.8 percent, 53.3 percent, 40.7 percent, 16.0 percent, 14.3percent, 11.6 percent and 10.7 percent, respectively.

Construction Sector: The share of construction in industrial sector is 11.48 percent and is one of the potential components of industries. The construction sector has registered a growth of 11.31 percent against the growth of (-) 1.68 percent of last year. This is also highest growth level achieved since 2008-09. The increase in growth is due to rapid execution of work on various projects, increased investment in small scale construction and rapid implementation of performance based development schemes and other projects of federal and provincial governments.

Mining and Quarrying: Mining and quarrying subsector contains 14.45 percent share of the industrial sector and contribute 3.0 percent in GDP of the country. This sub-sector witnessed a growth of 4.43 percent as compared to 3.84 percent growth of last year.

Electricity Generation & Distribution and Gas Distribution: This is the most essential component of industrial sector which also directly and indirectly contributes in uplift of all sectors of the economy. Its contribution in industrial sector is 9.15 percent and the share in the GDP is 1.9 percent. This sub-sector has registered growth at 3.72 percent as compared to negative growth of 16.33 percent during last year.

Services Sector: Services sector has emerged as the most significant driver of economic growth in the economy and is contributing a lead role in augmenting and sustaining economic growth in Pakistan. The share of the services sector has increased from 56.6 percent of GDP in 2008-09 to 58.1 percent in 2013-14. Services sector contains six sub-sectors including: Transport, Storage and Communication; Wholesale and Retail Trade; Finance and Insurance; Housing Services (Ownership of Dwellings); General Government Services (Public Administration and Defense); and Other Private Services (Social Services). The Services sector has witnessed a growth of 4.3 percent as compared to 4.9 percent last year. The moderate growth performance in services sector is broad based, all components contributed in positive growth as Finance and Insurance grew by 5.2 percent, General Government Services at 2.2 percent, Housing Services at 4.0 percent, Other Private Services at 5.8 percent, Transport, Storage and Communication at 3.0 percent and Wholesale & Retail Trade at 5.2 percent. This sector of the economy has a great potential to grow at much higher rate and government is making best efforts to tap this potential and in this regard various initiatives have been launched to create an enabling environment.

During last 8 years the sectoral share of the agriculture sector has declined from 23.0 percent to 21.0 percent. The sectoral share of the manufacturing sector also decreased from 13.8 percent to 13.5 percent and the share of other industries has remained more or less stagnant around 7.1 to 7.3 percent of the GDP over the last 8 years. The share of the services sector has increased from 56.0 percent to 58.1 percent in the same period.

On the expenditure side three main drivers of economic growth are consumption, investment and export. In most of the economies consumption is the largest and relatively smooth component of aggregate demand, the other two components investment and exports are volatile as compared to consumption. Pakistani society like other developing countries is a consumption oriented society, having a high marginal propensity to consume. The private consumption expenditure in nominal terms reached to 80.49 percent of GDP, whereas public consumption expenditures are 12.00 percent of GDP. Total consumption expenditures have reached to 92.49 percent of GDP in outgoing fiscal year compared to 92.14 percent of last fiscal year. The same trend was

observed in data analysis in the real terms. Total consumption has increased 0.35 percent of GDP, private consumption decreased by 0.69 percentage points as it declined from 81.18 percent of GDP to 80.49 percent of GDP. While public consumption increased by 1.04 percentage points as it increased from 10.96 percent of GDP to 12.00 percent of GDP.

Per Capita Income: Per capita income is defined as Gross National Product at market prices in dollar term divided by the country's population. Per Capita Income in dollar terms recorded a growth of 3.5 percent in 2013-14 as compared to 1.44 percent last year. The per capita income in dollar terms has reached to \$ 1,386 in 2013-14. The main factors, which are responsible for increase in per capita income, include acceleration in real GDP growth, relatively lower growth in population and the appreciation of Pak Rupee.

Investment and Savings: During the last few years investment could not pick up due to internal and external factors and is considered as a key concern for economic growth. Total investment is recorded at 13.99 percent of GDP as compared to 14.57 percent of GDP last years, while fixed investment is registered at 12.39 percent of GDP against the 12.97 percent of GDP last year. Private investment is witnessed at 8.94 percent of GDP as compared to 9.64 percent of GDP in last year. There is encouraging evidence that the total investment witnessed a growth of 8.45 percent as compared to 8.41 percent last year which is an indicator that investment activities are taking place on fast track as compared to last year and confidence of investors is improving due to better government policies. Public investment has recorded an impressive growth rate at 17.12 percent as compared to negative growth (-0.35) percent last year, which is a major shift in government expenditure priorities. Public sector investment is vital for catalyzing economic development. It generates spillover effects for private sector investment as private sector development is facilitated through public sector development spending particularly on infrastructure. Public investment as a percent of GDP increased to 3.45 percent against the 3.33 percent last year. Moreover, the credit to private sector flows during the period July-May 2014 remained significantly higher than last year, which provides a reason to believe that private sector will be supplemented and strengthen. The resolve of the government is to address the issue of lower investment and create an enabling environment to revive the confidence of the investors and other stakeholders. The positive development of the trends will be realized in investment growth. Saving is key determinant of economic growth, as higher saving brings out more investment, employment generation, stable prices and finally higher growth in the economy. Over the last three decades, saving rates have fallen sharply in many countries contributing to the emergence of large current account imbalances in these countries. National savings are 12.9 percent of GDP in 2013-14 compared to 13.5 percent in 2012-13. Domestic savings witnessed at 7.5 percent of GDP in 2013-14 as compared to 8.3 percent of GDP in 2012-13. Net foreign resource inflows are financing the saving investment

gap. There are two ways of improving the savings investment gap. One is through rising savings and the other is through declining investment. Present government is gearing up both savings and investment to augment the employment generating ability of the economy as well as raise resource availability for productive use in the economy.

Foreign Direct Investment: Most countries have liberalized their foreign direct investment (FDI) regimes during more than last two decades and pursued investment-friendly economic policies to attract investment. Pakistan is also following a liberalize investment policy. The FDI over the past five years remained slow due to number of internal and external factors. The present government's resolve is to restore investor confidence and create an enabling environment for foreign investment. Significant signs of recovery can be seen in the capital market growth which has reached to new height and emitting positive signals. The Investment Policy has been designed to provide a comprehensive framework for creating a conducive business environment for the attraction of FDI. Pakistan's policy trends have been consistent, with liberalization, de-regulation, privatization, and facilitation being its foremost cornerstones. Board of Investment (BOI) under the Prime Minister's office has approved investment policy to provide more investment friendly environment to investors.

Total foreign investment has reached to \$2979 million during July-April 2014 as compared to \$1277 million showing 133.3 percent higher as compared to last year. Out of total foreign investment, the FDI has reached to \$750.9 million. The major inflow of FDI is from US, Hong Kong, UK, Switzerland and UAE. Oil & Gas Exploration, financial business, power, communications and Chemicals remained major recipient of foreign investment.

Workers' Remittances: Remittances remained a key source of external resource flows for developing countries, for official development assistance and more stable than private investment flows. According to Migration and Remittances report 2014 of the World Bank, Pakistan is ranked on 7th number, in terms of the largest recipient of officially recorded remittances in the world. After India, Pakistan is the second largest recipient of remittances in the South Asian region. Pakistan is also one of the countries among 20 countries of the world where remittances cover more than 20 percent of imports and also remittances are equivalents to more than 30 percent of exports. Remittances in Pakistan grew rapidly in the second half of 2013, and continue to provide essential support to the balance of payments.

Remittances flows are usually the second largest source after FDI. However, in July-April, 2013-14, foreign direct investment stood at US\$ 750.9 million while workers' remittance was US\$12,895 million. Hence, in the recent years the remittances have become more important in terms of external funding for Pakistan. The Pakistan Remittances Initiative, which was launched in 2009, remained a central part of the government's efforts to encourage inflows from Pakistani Diaspora. SBP resolve is to further bring additional remittances through its PRI scheme through continuous improvement in payment system,

infrastructure, market research, tapping Pakistani Diaspora as well as strengthening PRI core team. The government is also aiming to explore new markets to export its manpower as well as incentives for the remittances to further enhance its growth. The available data further suggests monthly average inflow of the remittances for the period of July-April 2013-14 stood at \$ 1,289.46 million compared to \$ 1,156.98 million during the corresponding period last year. Remittances from Saudi Arabia recorded a substantial growth of 12.90 percent, U.K. 11.62, USA 11.39 percent and UAE 9.12 percent during the period under review.

Fiscal Development: Pakistan's fiscal sector is confronted with challenges in the past on account of structural weaknesses in tax system. Consequently, the economy has witnessed low tax to GDP ratio. On the other hand expenditure overrun surpassed the revenue increase due to high interest payments, untargeted subsidies and less than expected revenues. However, during the current fiscal year, situation has started to improve on account of reform agenda initiated by the present government soon after coming into power in June 2013. Main aspiration is to resolve long standing structural issues, particularly in energy sector. Consequently, fiscal deficit reduced to 3.2 percent during first nine months of current fiscal year against 4.7 percent of deficit in the comparable period of last year. This has also resulted in a significant decline in government borrowing for budgetary support.

During first ten months of current fiscal year, FBR's collection amounted to Rs.1,744.8 billion as provisional tax against Rs.1,505.5 billion in the comparable period of fiscal year 2012-13, posting a growth of around 15.9 percent. During July-April, 2013-14 FBR tax revenues as percent of GDP rose by 6.9 percent as compared to 6.7 percent of GDP during the same period of 2012-13. Present government has devised a comprehensive strategy with the aim to enhance resource mobilization efforts in the country and increase tax to GDP ratio from the lowest level of 8.7 percent to 15 percent in the next few years. It comprises three-pronged measures, such as broadening of tax base, removing anomalies in the taxation system and improving tax compliance while non tax revenues on the other hand, posted significant growth of 15.8 percent on account of \$ 674 million under Coalition Support Fund. Total expenditures contained at 3.7 percent during July- March, 2013-14 against 20.4 percent growth in the same period of fiscal year 2012-13 and reached to Rs.3,289.0 billion against Rs.3,171.1 billion in the same period of 2012-13. One of the significant development was decline in untargeted subsidies as during July-March, 2013-14 it remained lower than last year and stood at Rs.201.8 billion from Rs.270.0 billion in the comparable period of 2012-13. Of which electricity subsidies stood at Rs.192.0 billion against 265.5 billion in the same period of fiscal year 2012-13, hence reduced by 27.7 percent.

On the other hand provincial resource mobilization performed remarkably well during the first nine months of fiscal year 2013-14 with the growth rate of 24.3 percent. Consequently, provincial surplus posted a healthy

growth and reached to Rs.257.9 billion during the same period. After the announcement of 7th NFC award, provinces received a significant amount of the federal government tax as their share from the divisible pool along with additional grants.

On the basis of above development, IMF has described this improvement as “strong” and agreed that government’s reform program is on right track and economy is moving into right direction.

Money and Credit: Present government inherited difficult macroeconomic challenges due to volatile economic conditions on account of energy crisis, persistently high fiscal deficit, and security related issues and inflationary pressures in confluence with ongoing structural issues which brought plethora of challenges for monetary management in Pakistan. Situation further aggravated due to continuous decline in foreign and domestic investment and insufficient external inflows. At the same time, high government borrowing for budgetary purpose significantly affected the balance sheet of scheduled banks. Despite all these issues, banking sector of Pakistan showed strong resilience and emerged as a highly profitable financial backbone of the country.

During the current FY positive developments have been witnessed on monetary side, as government not only contained its borrowing from SBP for budgetary support but was also able to achieve the target set under IMF condition by end March, 2014. During the first half of current fiscal year, SBP reversed its policy stance from accommodative to tight policy as the rate was increased by cumulative 100 bps, staggered in two stages of 50 bps each. This policy stance was largely a reflection of expected inflationary pressures in the medium term on account of high growth in monetary aggregates and upward adjustment in administered prices of electricity and gas. However, during the second half of current fiscal year, SBP maintained the policy rate at 10.0 percent keeping in view the positive development of almost all major economic indicators.

Recent data shows that during July – 9th May, 2013-14, growth in money supply (M2) remained 7.32 percent which is less than 10.32 percent recorded in the same period last year. Contained growth in money supply was possible on account of decline in net government borrowing in particular for budgetary purpose as compared to the previous level.

Contained growth in government borrowing has contributed to decline in growth of Net Domestic Assets of the banking sector. Growth in NDA stood at 4.79 percent (Rs.411.3 billion) during July-9th May, 2013-14 as compared to net expansion of 13.65 percent (Rs.970.2 billion) in the same period last year. On the other hand, Net Foreign Assets (NFA) has improved on account of availability of external financing from International financial institutions (IFIs) and immediate efforts of SBP to increase liquid reserves. It has increased to Rs.236.9 billion during July-9th May, 2013-14 as compared to the net contraction of Rs.181.4 billion in the comparable period last year.

During the period under review, government sector borrowing for budgetary support squeezed only to Rs.264.7 billion against Rs.1, 075.8 billion in the same period of FY 13. Within the banking system, government retired Rs.10.5 billion to SBP against the borrowing of Rs.416.8 billion in the same period last year.

Capital Market: Capital Market is one of the significant aspects of every financial market. Broadly speaking the capital market is a market for financial assets which have a long or indefinite maturity. The financial institutions play the role of lenders in the capital market. Business units and corporate are the borrowers in the capital market. Capital market involves various instruments which can be used for financial transactions. Capital market provides long term debt and equity finance for the government and the corporate sector. Capital market can be classified into primary and secondary markets. The primary market is a market for new shares, where as in the secondary market the existing securities are traded. Capital market institutions provide rupee loans, foreign exchange loans, consultancy services and underwriting.

Pakistan stocks market consists of Karachi Stock Exchange (KSE), Lahore and Islamabad Stock exchanges. The Karachi Stock Exchange (KSE) is Pakistan's largest and most liquid stock exchange, was incorporated in 1949 as a Company Limited by Guarantee. As a result of demutualization KSE stood corporatized and demutualised as a public company limited by shares under the name of 'Karachi Stock Exchange Limited', with effect from August 27, 2012.

Pakistan's Stock Market has achieved enormous growth during the current fiscal year as demonstrated by sharp and impressive rise in KSE-100 index as compared to Global Stock Markets including China, India, Tokyo, Hong Kong, UK and USA. The healthy growth of earnings and improvement in business sentiments after the 11th May, 2013 general elections were the main triggers for the market appreciation that attracted foreign and domestic investors.

The KSE 100 index which was at the level of 21,005.69 at the end of last financial year crossed first the barrier of 25,000 level mark at the end of December, 2013 and was trading around 28,913 level by the end of April, 2014. The Index reached the maximum points level of 29,458.15 during the first 10 months on 16th April, 2014. the KSE 100 index in cumulative terms increased by 38 percent during Jul-April 2013-14. However, when compared with 11th May, 2013, the KSE index improved by more than 44.4 percent by the 21st May, 2014 as it reached to 28760 and total market capitalization reported as 21st May \$70.4 billion with growth of 37.2 percent.

KSE-100 index remained World's 5th Best Performing Index in 2013, which was up 49.4% (37% in US\$ terms) in 2013, beating all but four stock indices in the world. It handily beat Morgan Stanley's MSCI emerging market index which remained essentially flat. By comparison, India's main stock index rose just 8.99% in the same period. Further, Pakistan Stock market performed outstandingly during current fiscal year as compared to regional and

international stock markets. In global scenario, the US S&P 500 has registered an increase of 17.3 percent while the UK FTSE 100 was up by 9.1 percent during Jul-April, FY14. The Index of Tokyo NIKKEI 225 increased by 4.68 percent. The Hong Kong market went upward by 6.4 percent but China Shanghai Composite could not perform well and increased only by 2.4 percent. Beside this, Bombay Sensex Index increased by 15.6 percent.

It has been observed over the years that Pakistan's economy mostly relied on the banking system to meet the financing needs of the economy whereas capital markets relatively developed slowly. During the past few years, the significance of debt markets and in particular of bond markets has been realized as a complimentary source of finance. The major drivers of financial assets in Pakistan are deposits and government bonds, whereas corporate bonds remain a very small portion.

During July-April, FY14 a total of 11 debt securities issued through private placement which includes two Privately Placed Term Finance Certificates of Rs. 9.827 billion, 6 Sukuk issues of Rs.19.000 billion, Listed Term Finance Certificates of Rs 2.770 billion and Commercial Paper of Rs. 0.150 billion.

There are about 3.6 million investors in National Saving Schemes (NSS). Presently, Defence Saving Certificates, Regular Income Certificates, Special Savings Certificates/Accounts, Bahbood Saving Certificates, Savings Account, Pensioners' Benefit Account and Prize Bonds are in operation.

Inflation: Overview of inflationary trends during ten months of the current FY (July-April) 2013-14, indicates that inflation moved at slow pace on account of improved supply position of essential items and declining trend in major global commodities prices. Due to this slow trend the inflation rate was recorded at 8.7 percent on average basis during July-April, 2013-14, over an increase of 7.7 percent of corresponding period. The one percentage point increasing trend in inflation can be attributed to many factors but domestic food prices were the major stimulant to drive the head line inflation. The increase in food items prices was on account of demand/supply fundamentals happened owing to cyclical conditions and also increase in the prices of imported food items due to increase in global market. Some variations in price movement of other measures of inflation were also observed. The Sensitive Price Indicator (SPI) measuring the movements in prices of 53 essential items increased to 9.8 percent. Meanwhile Wholesale Price Index (WPI) based inflation was 8.3 percent during the period which is slightly higher over 8.0 percent in comparable period of last year. Core inflation plays an important role in fluctuation of inflation rate. The government borrowing is one of the key factors, influencing the trend in inflation because of their positive relationship. However, this relationship holds with period lag. The present government low level of borrowing i.e. by 15.7 percent during July-April, 2013-14, against 29 percent increase in borrowing in the comparable period last year has resulted in the decline of core inflation to 8.3 percent during the period under review as against 9.9 percent during July-

April last year, which shows that at policy level government took effective measures to contain inflation.

The measures adopted by the government to control inflation includes tightening of money supply, close watch on regular basis on prices of essential items in the ECC meetings and it took necessary measures to control prices and ensure smooth supply of essential items to contain core inflation. The National Price Monitoring Committee (NPMC) headed by Federal Finance Minister also monitored prices of essential commodities in consultation with provincial governments and concerned federal ministries/divisions and organizations and reviewed the supply position of essential items and recommended measures to enhance availability of essential commodities in the market to keep the inflation rate in single digit.

Trade and Payments: The world economy experienced subdued growth at 2.1 percent in 2013. While most developed economies continued to tackle with the challenges and taking appropriate fiscal and monetary policy actions in the aftermath of the financial crisis. World Gross Product has been forecasted to grow at a pace of 3.0 and 3.3 per cent in 2014 and 2015, respectively.

Unlike imports, which are closely related to domestic business activity, exports are more dependent on developments outside the domestic economy. A statistically significant link exists between world exports and world GDP and it is therefore worthwhile to see the impact on Pakistan's exports due to changes in the world GDP. For most of the period, the elasticity remained greater than one.

The European Union (EU) was not only Pakistan's largest export destination in FY13, but Pakistan's exports to the EU were valued at around US\$5.7 billion) but it is also engaged in multiple levels of social and economic development activities in the country. It is expected that with the grant of GSP plus status, Pakistan exports to EU countries will gain momentum in coming months. The 10 year GSP plus status for Pakistan by the European Union is a blessing for the country. It will revive industrial sector of Pakistan and create thousands of new jobs for the people. Prior to GSP Plus our exports were facing stiff competition from countries like China, India, Brazil, and Bangladesh. After GSP Plus status to Pakistan these will now be duty free and thus, more than 90 percent of our exports to EU will be eligible for duty free access. It is estimated that due to GSP Plus there will be an increase of more than US\$ 1.0 billion worth of exports to EU during FY 14.

During July-April, 2013-14, overall exports recorded a growth of 4.24 percent against a growth of 4.23 percent in the same period last year. In absolute terms, exports have increased from \$ 20,143 million to \$ 20,997 million. Whereas Pakistan imports were up only by 1.2 percent in the first ten months of the current fiscal year, rising from \$ 36,664.94 million during FY 13 (Jul-Apr) to \$ 37,104.50 million during first ten months of current financial year. According to the PBS data trade deficit reduced from \$ 16,522 million during July-April, FY 13 to \$ 16,107 million during July-April, 2013-14. USA, China,

UAE and Afghanistan have emerged as our major trading partners in terms of both exports and imports.

Pakistan's balance of payments shows an increase in capital flows that has substantially offset a gradual widening of the current account deficit during current financial year. External account turned into surplus during July-April, 2013-14, compared to the same period last year. Overall external account balance posted a surplus of US\$ 1,938 million during July-April, 2013-14, compared to a deficit of US\$ 2,090 million in the corresponding period of last year.

Worker's remittances registered commendable growth during July-April, 2013-14, growing by 11.5 percent against 6.4 percent growth recorded in the corresponding period of last year. The consistent growth in remittances reflects a shift from informal to formal avenues to remit funds from overseas Pakistanis. The Government and SBP have focused on promotion of formal channel for international remittances through banks and different money transfer services under the Pakistan Remittances Initiatives (PRI).

Foreign investment during July-April, 2013-14, increased by 133.3 percent compared to same period last year, due to Foreign Public Investment in debt securities comprising special US dollar bonds Euro bonds, FEBC, DBC, T-bills and PIBs.

Public Debt: Prudent public debt management can help countries reduce their borrowing cost, contain financial risk and develop their domestic debt market. It can also facilitate countries in maintaining their financial stability and help to develop their domestic financial systems. The inadequate debt management and an unlimited and permanent growth of debt to GDP ratio may result in negative tendencies and negative impact on key macroeconomic indicators, like crowding out of investment, financial system instability, inflationary pressures, exchange rate fluctuation etc. Prudent utilization of debt leads to higher economic growth and it also helps the government to accomplish its social and developmental goals.

The stock of public debt stood at Rs.15, 534 billion at the end March, 2014 representing an increase of Rs.1, 168 billion or 8 percent higher over last fiscal year. The primary source of increase in public debt during July-March, 2013-14 was in domestic debt that positioned at Rs.10,823 billion, representing an increase of Rs.1,306 billion, whereas, external debt posed at Rs.4,711 billion representing a decrease of Rs.138 billion as compared to end June 2013. The decline in external debt during first nine months of current fiscal year is mainly attributed to net repayments and appreciation of Pak Rupee against US Dollar. Public debt servicing reached at Rs.1,155 billion against the annual budget estimates of Rs.1,561 billion, thereby, consuming nearly 47 percent of total revenues.

The composition of domestic debt portfolio has itself undergone a transformation from a high dominance of unfunded debt to an increasing dependence on short term floating debt which is a source of vulnerability as it

entailed high rollover and refinancing risk. Besides, the cost and stock of external public debt witnessed increase due to depreciation of Pak Rupee. The present government took following measures to effectively manage its public debt during first nine months of current fiscal year:

- Developed its first Medium Term Debt Management Strategy (2014-18) to take informed financing decisions based on the evaluation of cost-risk tradeoffs.
- Trading of government debt instruments was launched to broaden the investor base and have a liquid government securities market.
- Pakistan successfully tapped international capital markets after a gap of 7 years and raised US\$ 2 billion against the initial expectations of US\$ 500 million. This transaction represented the largest ever international bond offering by Pakistan.
- With increased external inflows, the government was able to reduce the pressure on domestic resources while strengthening the foreign exchange reserves vis-a-vis improving exchange rate parity which also contributed towards reduction in public external debt.

External Debt and Liabilities (EDL) stock was recorded at US\$ 61.8 billion as at end March, 2014 out of which public external debt amounted to US\$ 47.8 billion. EDL stock is increased by US\$ 906 million during July-March, 2013-14. Out of this total increased, US\$ 275 million was contributed by translational loss on account of cross-currency movement against US Dollar. The IMF approved three years Extended Fund Facility program for Pakistan on September 04, 2013 for SDR 4.4 (US\$ 6.64) billion against which US\$ 1,657 million was disbursed in the first nine months of current fiscal year. Total disbursements excluding IMF were US\$ 2,301 million during first nine months of current fiscal year compared with US\$ 1,782 during the same period last year. The servicing on EDL was recorded at US\$ 5,388 million during first nine months of current fiscal year. An amount of US\$ 4,747 million was paid against principal, out of which, US\$ 2,519 million was against IMF loans.

Education: The present government focuses strongly on primary education and endeavour to resume the compendium on education from 2.0 percent of its GDP to 4.0 percent by 2018 on education sector.

To achieve the MDGs targets on education to improve literacy rate the federal government has allocated in the budget 2013-14 a substantial amount of Rs. 59.28 billion and Rs. 5.72 billion in PSDP 2013-14 for expansion and development of Basic and College education. In addition, the provincial governments have also allocated Rs. 59.440 billion to accelerate the pace of education at all levels to achieve the MDGs targets.

Currently, the literacy rate of the population (10 years and above) is 60 percent while the Millennium Development Goals (MDGs) target is 80 percent literacy rate till 2015. Literacy remained much higher in urban areas than in rural areas and higher among male than female. Province wise data suggests that Punjab leads with 62 percent followed by Sindh with 60 percent, Khyber

Pakhtunkhwa with 52 percent and Balochistan have the lowest literacy rate of 44 percent.

The overall education situation based on key indicators such as likely enrolments, number of institutes and teachers, has shown a slight improvement. At national Level, the total number of enrolments during 2012-13 was estimated at 41.1 million as compared to 40.3 million during the same period last year. Under President's Fanni Maharat Program & Prime Minister's Hunarmand Program, individuals across the country are provided opportunities to gain skills development & training enabling the labor force to enhance their productivity and employability through training institutes/centres. During July-March 2013-14, a total of 6,677 youths received vocational & technical training under the President' Fanni Maharat Programme and Prime Minister's Hunermand Pakistan Programme and 2,687 are under training.

Higher Education Commission (HEC) is also contributing its role in running different scholarship programmes to enhance academic qualification of professionals at various levels on merit basis in line with the national requirements. During the period 2008-13, a total of 7731 scholarships were awarded under different programmes of HEC. The federal government, on the initiative of the Prime Minister of Pakistan has launched a scheme to support the students from less developed areas. Under this innovative and special scheme, along with tuition fee, the federal government have paid other academic, incidental, or mandatory fees charged by educational institutions as one-off or on a per semester basis of Masters, MS/ M. Phil and Ph.D. students of selected areas. Under the programme, Rs.1200 million will be paid as fee for 35,000 students. In the development portfolio of HEC, there are 129 on-going development projects in the Federal PSDP 2013-14 and Government of Pakistan has included 33 new development projects at an overall estimated cost of Rs. 26.3 billion with an allocation of Rs. 2.6 billion for 2013-14. During 2013-14, Government of Pakistan has allocated Rs.18.49 billion to HEC for the development of higher education sector and so far, Rs. 14.36 billion has been released up till May 2014.

Health and Nutrition: Significant progress toward achieving better health outcome has been made as is evident from its vast health infrastructure and medical facilities across the country.

The existing national public health network in Pakistan has extended to 167,759 Doctors, 13,716 Dentists and 86,183 Nurses. Rapid population growth is resulting in the inadequacy of health care facilities despite reasonable expansion in number of hospitals, doctors, nurses and other health care facilities. The inadequacy of healthcare facilities is reflected as there are estimates of 1,099 persons against one Doctor and one Dentist versus 13,441 persons, while the current ratio of population and availability of hospital beds works out at 1,647 persons per bed. The government's commitment toward attaining better health outcomes is reflected by the progressive nature of health spending which

has increased by 29 percent from Rs.79.46 billion in 2012-13 to current Rs.102.33 billion.

The current fiscal year saw tremendous increase in health care facilities which includes an increase of 5,000 Doctors, 500 Dentist, 3,150 Nurses, 4,500 Paramedics and provision of 3,600 Hospital Beds. This together with construction of 7 new Rural Health Centres (RHCs) and 32 Basic Health Units (BHUs) and immunization of 6 million children is an encouraging effort by the government to provide better health facilities to the general public. To effectively address the health problems, a number of health programs are carried out. These include TB, Malaria, AIDs, Cancer Treatment and Food and Nutrition Programs. Adequate food translates itself into improved nutrition which improves the productivity of the labor force. Pakistan per capita food intake is estimated at 2,450 calories per day for 2013-14 which is at the level of last year, while Protein intake is 72 gram.

Population, Labour force and Employment: Population growth rate has decreased from 1.97 percent in 2013 to 1.95 percent in 2014 due to timely and effective measures adopted by the government. Although a population of 188.2 million projected for the year 2014 is well above the carrying capacity of its resources and creating population resource imbalance. Youth population, according to population projections of planning commission, is approximately 56 percent of the total population in the year 2014. To emancipate the country from problems associated with population-resource imbalance, increasing number of unemployed and least productive youth population, the present government is working on both population control and capacity building of youth population under the concept of inclusive growth. Family planning program of the government encompasses Family Welfare Center, Reproductive Health Services Centers, Regional Training Institutes and Mobile Services Units. These family programs will help in reducing population growth rate, fertility rate, infant mortality rate and maternal mortality rate in the country.

The government has started a number of schemes under the umbrella of Prime Minister Youth Initiative for creating livelihood opportunities for unemployed youth and to make them an engine of growth for Pakistan economy. Social safety nets of Pakistan have also been devised with special focus on reaping the potential of bulging youth population and capturing the population dividend. These programs include Interest Free Loan Scheme, Business Loan Scheme, Youth Training Scheme, Youth Skill Development, Provision of Laptop Scheme, Fee Re-imbursement Scheme for the students from the less develop areas.

According to the Labour Force Survey 2012-13, Pakistan has 59.74 million labour force, around 2.5 million people added in labour force as compared to 2010-11. Out of this labour force only 56.01 million people got employment and resultantly 3.73 million people are unemployed. Most of the labour force in Pakistan works in the rural areas where agriculture is the dominant activity. The total labour force working in the agricultural sector

decreased from 45 percent in 2010-11 to 43.7 percent in 2012-13. In manufacturing sector the labour force participation rate has increased from 13.7 percent in 2010-11 to 14.1 percent in 2012-13 and the share of community/social and personal sector has increased from 10.8 percent to 13.3 percent in 2012-13. Overall unemployment rate has increased from 6.0 percent in 2010-11 to 6.2 percent in 2012-13 with rural unemployment increasing from 4.7 percent in 2010-11 to 5.5 percent in 2012-13 and urban unemployment is stable at 8.8 percent in 2012-13. This rise in unemployment is on account of rise in population, low growth and less job opportunities created in the past for power shortages resulting in lower production.

Policy makers in Pakistan are identifying overseas employment opportunities for the unemployed youth, providing them appropriate trainings and bridging the gap between employer and employee in the global labor market. Ministry of Overseas Pakistanis and Human Resource Development has been entrusted with the task of aligning labor supply with the changing global market requirements which is making serious efforts for achieving this objective. Since 1971 up to March 2014 around 7.4 million overseas Pakistanis working /living around the globe. The main concentration of Overseas Pakistanis is in Middle East 49.2 percent, Europe 28.3 percent and America 16.2 percent. Manpower export has dropped significantly from 0.638 million in 2012 to 0.622 million in 2013. In 2013 UAE has hired almost 0.1 million more people as compared to the last year. However, the situation is different in Saudi Arabia, where the number of emigrants decreased from 0.3 million in 2012 to 0.2 million in 2013. The reason for this decrease is that Kingdom of Saudi Arabia has launched Nitaqat programme.

Transport and Communication: Pakistan is on the crossroad of most effective, economical and viable transit routes viable throughout the seasons to the land locked Central Asian Countries and other neighboring countries providing trade corridor. World Bank estimates that poor performance of the transport sector is costing Pakistan about five percent of its GDP. Furthermore thirty percent of agriculture output is currently wasted due to its inefficient farm to market channels, lack of cold storage facilities and an obsolete underpowered trucking fleet. Pakistan's total road network is around 263,775 Kms which carries over 96 percent of inland freight and 92 percent of passenger traffic. During current financial year 2013-14, NHA has executed 83 development projects costing Rs. 615.2 billion. Government of Pakistan has allocated Rs. 63.04 billion in the Federal PSDP for construction of roads, river bridges, tunnels, flyovers and interchanges. Government of Punjab and Federal Government have jointly launched twin cities Rawalpindi-Islamabad Metro-Bus service project on 23rd March, 2014, with a total cost of Rs. 44.21 billion. Metro bus project will be completed in next 10 months.

Government is taking new initiatives to improve the performance of Pakistan Railways by repairing/purchasing of locomotives, enhanced HSD oil reserves up to 12 days to streamline the train operation. During 2013-14,

Pakistan Railways executed 33 development projects costing 241.7 billion. Government of Pakistan has allocated 30.964 billion for the continuation of its on-going projects.

Since 2002, the performance of Pakistan International Airlines (PIA) has been on downward trend. Present government has taken various initiatives/steps to improve the performance/cost reduction of PIA by contracts re-negotiation, route rationalization, re-deploying aircrafts on more profitable domestic and international routes.

Pakistan National Shipping Corporation (PNSC) provides transportation a service for crude oil requirements of the country comprises of nine vessels of various types/size with a total deadweight capacity of 642,207 tons. During July-March, 2013-14, PNSC companies earned revenue of Rs.11.37 billion as against Rs. 8.21 billion over the corresponding period of last year showing a growth of 38.5 percent. Karachi Port Trust operation comprised upon 11.5 Kilometers long approached channel, a depth of 12 meters and a turning basin of 600 meters provides safe navigation of vessels up to 75,000 metric tons deadweight. During July-March 2013-14, Port Qasim Authority handled 0.632 million TEUs (Twenty Equal Units) of container traffic which is 17.5 percent higher over the corresponding period of last year. At Gwadar Port, 563.2 tons Urea import was handled during July-March 2013-14. During July-March 2013-14, the total cargo handled at Gwadar Port is stood at 5764.4 thousand tons against 5064.8 thousand tons over the corresponding period of last year showing a growth of 13.8 percent.

Telecommunication sector of Pakistan has proved itself versatile and dynamic with the adoption of next generation advanced technology. The introduction of 3G/4G spectrum would help in expediting socio-economic progress of the country. Auction of 3G/4G spectrum is the major achievement of the government in Telecom Sector and has earned revenue of \$1112.8 million by auction of 3G/4G spectrum. Telecom revenues during Jul-Mar 2013-14, were amounting to Rs.345.5 billion, which made this sector very attractive for further investment. Tele density has been improved and facilities have reached to 77 percent of the population and cover 92 percent of the total land area of the country, which is at par in comparison with the regional countries. During July-March 2013-14, Telecom sector earned revenue of Rs.345.5 billion and over US\$ 0.53 billion have been invested in telecom infrastructure development and new technologies. Cellular Mobile subscribers reached to 136.5 million at the end of March, 2014. During the period July-March 2013-14, an amount of Rs. 161.37 billion has been collected through National Savings Schemes and Pakistan Post has earned commission amounting to Rs.806.8 million.

A gigantic collaboration extended by the Chinese Government in construction of infrastructure projects like; China-Pak Economic Corridor and High Priority Early Harvest Projects will pave multi dimensional socio-economic and geo-political benefits to both the countries. The advancement in Telecommunication sector would create 900,000 new jobs into the country,

increase data penetration up to 10 percent in next three years and will increase GDP growth by 1.5 to 1.8 percent.

Energy: Pakistan's primary energy supply heavily depends upon the imported crude oil & petroleum products because of low production capacity of crude oil and natural gas. Energy is being one of the main inputs in industrial and commercial activities as well as important household commodity. Much of our modern lifestyle depend on availability of energy i.e. electricity, fuel and gas. No wonder, energy shortage results in loss of economic activities with a drag on investment, and impacts negatively society's social cohesion.

Energy crisis in Pakistan had been brewing since 2007 and deepened in 2012, which not only affected the economic growth and employment but also consumed major portion of foreign exchange reserves. Absence of effective planning, an economically and financially viable strategy, and a set of right incentive package to attract investment in the oil exploration sector combined with a weak and incapacitated regulator resulted in supply-demand gap. The situation has been further compounded due to high transmission and distribution losses on the thermal electricity side as well as declining revenue collection. In order to keep this inefficient system running, government has been facing huge losses due to increased quantum of subsidies and accumulation of circular debt.

Realizing the gravity of situation and importance of energy for economic activities, the present government has taken this issue on top of its economic reform agenda by pursuing a comprehensive plan to address above mentioned problems. In this context, government retired the circular debt (Rs 480 billion) immediately after taking oath which added 1700 MW of electricity into the system. In order to sustain, government developed National Power Policy (2013) which was announced to provide an affordable energy in the country through efficient generation, transmission and distribution system.

Poverty and Social Safety Nets: Poverty is measured traditionally in terms of ability to meet a minimum number of calories intake or to have a minimum level of income to satisfy basic needs of an adult per day because poor spend sixty percent of their income on food related expenditures. Official poverty line in Pakistan is calorie based and is defined as per capita food and non-food expenditure per month to support food consumption yielding 2350 calories per adult equivalent per day.

According to Pakistan's Millennium Development Goal Report 2013, the incidence of absolute poverty decreased from 22.3 percent in 2005-06 to 12.4 percent of population living below official poverty line in 2010-11*. Government of Pakistan is committed to improve the livelihood and earning

* The figures may be considered interim indication of poverty situation in the country. A technical group on poverty is reviewing official methodology and to find out possible causes of variance in poverty numbers and recommend final official estimates.

capabilities of the poor to eradicate extreme poverty, the government has started a spectrum of social safety net programs for creating opportunities for the poor to escape poverty and to increase their resilience to crises. The commitment of the government for eradicating poverty is translated into pro-poor expenditure of Rs.588,105 million during the period July-December, 2013-14 for improving the quality of life.

Banazir Income Support Programme is one of the most popular and well thought interventions of the government. Present government has continued the program with total disbursements Rs.48.18 billion up to March 2014, in terms of cash grants and the number of beneficiaries increased to 5.25 million. The programme has four closely associated and complementary components including Waseela-e-Rozgar (Technical and Vocational Training), Waseela-e-Haq (Microfinance), Waseela-e-Sehat (Life and Health Insurance) and Waseela-e-Taleem (Primary Education).

International donor agencies have acknowledged the targeting mechanism and wide coverage of BISP by providing generous assistance to execution of schemes under these programs. Various donor agencies including USAID, ADB, IDA and UK have committed an amount of US \$1436.63 million (approx. Rs. 143663 millions) for BISP, since its inception. Out of these allocations, total disbursements of loans and grants for BISP up to 30.04.2014 stood at US \$ 589.15 million (approx. Rs. 58915 million). IMF Mission during a review meeting held in Dubai in April-May, 2014, has also appreciated BISP and showed their support for continuation and further improvement in the programme.

Pakistan Poverty Alleviation Fund (PPAF) is also contributing a large amount of funds and different interventions are being made for reducing poverty and hunger, enhancing gender equality and women empowerment, improving maternal health and child mortality and increasing community participation. PPAF's role in microcredit, water and infrastructure, drought mitigation, education, health, and emergency response interventions has been widely appraised. Total disbursement through PPAF during the period July to December 2013-14 is Rs. 8414 million.

Environment: Pakistan is facing rapid population growth coupled with unplanned industrial expansion which has placed enormous pressure on country's natural resource base and have significantly increased the level of air, water and land pollution. The environment protection cannot be achieved without underpinning economic activity with sustainable development. Government of Pakistan has Climate Change Division and entrusted it with the mandate to protect environment of the country. While climate change is a global phenomenon, its impacts is felt more severely by the developing world due to their greater vulnerabilities and lesser capacity to manage the effects of climate change, and similarly, within society, by marginal and vulnerable groups including women and children. Pakistan's emissions of greenhouse gases (GHGs) are much lower than those of the rest of the world. Environmental

degradation along with poor home hygiene, lack of basic sanitation and unsafe drinking water has a huge impact on the health of the population, particularly children under five.

Government of Pakistan has devised Climate Change Policy to ensure that climate change is mainstreamed in the economically and socially vulnerable sectors of the economy and to steer Pakistan towards climate resilient development. Efforts are underway to attain goals of sustainable social and economic development, ensuring water, food, energy and environment securities, without over-exploiting forests and ecosystems, to meet the needs of present and future generations.

Source: www.finance.gov.pk

IV: Human Rights

State of Human Rights in Pakistan, 2013

Highlights

- **Law and law-making**

- Parliament made around two dozen laws. Eight presidential ordinances were promulgated.
- Several security-specific laws were adopted. The president promulgated the Protection of Pakistan Ordinance.
- Important legislation took place in provinces. The highest number of laws was made by the provincial assembly of Sindh.
- All four provinces introduced laws for local government institutions but elections to local bodies were only held in Balochistan.
- Khyber Pakhtunkhwa became the first province to enact the right to information law. Punjab followed suit.

Administration of justice

- There was a heavy backlog of cases across all tiers of the judicial system. 20,000 cases were pending in the Supreme Court.
- The Supreme Court continued to use *suo motu* powers as legal experts highlighted lack of guidelines governing how the court took up and prioritised such matters.
- The National Judicial Policymaking Committee's call for increasing the number of judicial officers went largely unheeded.
- Security-specific laws aimed at countering terrorism raised apprehension of denial of due process rights.
- 68 citizens were booked under the penal law offences relating to religion.

Law and order

- Over 14,000 murders were reported to the police. 694 people died in 45 suicide bombings
- 357 police encounters were reported. 503 suspects were killed and 49 injured in the encounters. 50 policemen were killed and 99 injured.
- 31 drone attacks killed 199 people.
- 91 aid workers were attacked in Pakistan in 2013.
- Hundreds of cases of kidnapping for ransom were reported.
- 2,576 rape cases were reported from Punjab.
- 3,218 people were killed in violence in Karachi, up 14% from 2012
- Over 64,000 firearms, 561 grenades and 2.7 million bullets were seized. 72 million kilogrammes of explosives were confiscated in KP.

Jails and prisoners

- More than 90 cases of enforced disappearance were reported. 129 mutilated bodies of suspected disappearance victims were also found.
- At least 227 people were sentenced to death under different offences. Executions remained suspended.
- 64% of the prisoners in severely overcrowded jails were under trial.
- Hundreds of Pakistani and Indian fishermen and other civilians remained incarcerated in each other's jails.

Freedom of movement

- Special provisions had to be made in Muharram for the safety of Shia mourners, including curbs on movement and banning entry of certain clerics in some cities.
- Ethnic, sectarian and political violence in Karachi rendered many locations no-go-areas.
- Pilgrim buses en route to Iran through Balochistan could only travel in convoys escorted by security forces because of threats of attacks.
- Major highways in Balochistan connecting important cities remained incomplete.
- The substantial backlog of passports was finally cleared with over 450,000 passports issued in 2013.

Freedom of thought, conscience and religion

- In the first few weeks of 2013, sectarian violence claimed the lives of over 200 Hazara Shias in Balochistan.
- More than 200 sectarian attacks killed 687 people.
- Seven Ahmadis lost their lives in targeted attacks.
- In the deadliest attack ever against Pakistan's Christian citizens, over 100 people were killed in a Peshawar church.
- A Muslim mob torched a predominantly Christian neighbourhood in Lahore after a Christian man was accused of blasphemy. 100 houses were burnt as residents fled.

- Individuals charged with offences relating to religion included 17 Ahmadis, 13 Christians and nine Muslims
- In Badin, dead bodies of two Hindus were dug up by mobs that claimed that the graveyards belonged to Muslims and only Muslims could be buried there.

Freedom of expression

- 11 journalists were killed and many more injured while performing their duties in 2013.
- Impunity continued for perpetrators of attacks on journalists.
- Pakistan was on the 159th spot out of 179 countries in World Freedom Index.
- Internet curbs grew. YouTube was not revived and other websites were blocked without prior intimation.

Freedom of assembly

- Terror attacks remained a major threat to the freedom of assembly, targeting prayer congregations and funerals. Bombings killed hundreds of worshippers.
- Restrictions like Section 144 curbs continued to be placed on public gatherings.
- Many political, religious gatherings and protests against energy shortages turned violent. At least two people were killed, several more injured, and public and private property destroyed.
- Police paid little heed to imaginative crowd management principles. Their response to any hint of disorder and violence was often disproportionate to the provocation offered by the protesters.

Freedom of association

- In the run-up to the elections, political leaders, offices and gatherings were attacked. ANP, MQM and PPP were the main parties targeted.
- Workers affiliated with NGOs and aid organisations were attacked and many were killed, injured and abducted.
- Laws targeting banned militant organizations were made but implementation remained wanting.

Political participation

- An elected government completing its normal term marked a significant stage in Pakistan's search for a democratic polity.
- The run-up to the polling day was marred by violence. People participated in the general election despite militants' threat to disrupt it. The turnout was a little over 55%.
- The electoral rolls were found flawed and the authorities had to work overtime to meet the judiciary's directives and public concerns.

- Women's share of seats in the country's legislatures fell to 19.5% in 2013, from 19.9 % in 2008. The number of women contesting general seats in 2013 was 218% higher than in 2008 (419 as against 192).

Women

- 869 women were killed in the name of honour.
- More than 800 women committed suicide in 2013.
- Only 18.3% women had secondary or higher level of education and only 28% were formally counted in the workforce.
- At least 56 women were killed solely for giving birth to a girl child.
- There were only 560 women in Khyber Pakhtunkhwa's 60,000-strong police force. In Punjab, only 9 out of 146 SPs were women. Out of 474 DSPs in Punjab, only 35 were women.
- Women's participation as voters and candidates grew in the 2013 election.

Children

- 3 out of 10 primary-age children were not attending school. The stunting rate among children younger than five had increased from 41.6% to 43.7% in a decade. 800,000 children died in Pakistan each year, 35 per cent of these due to malnutrition.
- 47,099 children were left out in the polio vaccination drive. The bulk of parents' refusal came from Khyber Pakhtunkhwa (24,968)
- 1,204 children became victims of physical violence in the first six months of 2013. 68% were girls.
- Around 1,400 juveniles were in prisons.
- 11 to 12 million child labourers were employed, half of them below the age of 10

Labour

- Only 1.59 million workers, out of the 59 million labour force, had access to social security
- The number of unemployed persons increased from 3.40million in 2010-11 to 3.72 million in 2013.
- 10 laborers died in accidents in the ship-breaking industry in one month alone.
- An estimated 2 million Pakistanis were trapped in various forms of modern-day slavery.

Education

- Pakistan allocated just under 2% of the GDP to education.
- The country ranked 180th in terms of literacy rate among 221 countries in the world, behind China, India, Iran and Nepal.

- Pakistan had almost 5.5 million children out of school, the second highest number in the world behind Nigeria. Pakistan also had the third highest number of illiterate adults in the world.
- Average expected years of schooling in Pakistan were only 6.8.
- A survey found 2,088 ghost schools, 1,008 schools under illegal occupation, and 5,827 non-functional schools in the country.

Health

- Pakistan appeared certain to miss MDG targets on maternal health and infant mortality.
- There was one doctor for every 1,127 people, one dentist per 14,406 people, one hospital bed for every 1,786 people.
- 85 confirmed polio cases were reported across Pakistan, 60 of them from FATA alone. Pakistan was the only polio-endemic country to report more polio cases in 2013 than 2012.
- 20 polio vaccinators were killed in attacks on vaccination teams. Nine policemen protecting them were also killed.
- More than 300 people were killed in the measles epidemic. Punjab was worst affected with 23,477 cases and 192 deaths.
- Dengue claimed scores of lives across Pakistan. 16,000 patients were diagnosed with the disease. Swat district of KP was badly hit with 8,546 patients and 33 deaths.

Housing

- Pakistan had a housing unit backlog of 9 million. Displacement amid armed conflict and natural disaster aggravated the situation.
- 20,312 houses were destroyed in the floods.
- 33% of people in Pakistan lived with no drainage system.
- Slum dwellers in cities lived without most of the basic urban infrastructure.
- Collapse of poorly constructed buildings caused hundreds of casualties

Environment

- Despite grave environmental challenges, the issue was largely neglected in political party manifestos ahead of May 11 elections.

An international study counted Pakistan amongst the three countries most affected by extreme weather events. Another found Pakistan to be “one of the most water-stressed countries in the world”.

The 2013-14 budget allocated only Rs 59million for Climate Change Division, compared with Rs 135 million in 2012-13.

Lahore, Quetta and Peshawar were among the top 10 most polluted cities in the world.

Fossil fuel-burning power plants, vehicular emission and fumes from industries remained the main air pollutants in the country. Dust and smoke particles in Pakistan were twice the global average.

Pakistan's forest cover remained abysmally low. A brief policy change by the government in March led to movement of legal and illegal timber and felling of hundreds of thousands of trees.

Water-related diseases were the cause for 40% of all deaths in the country.

Refugees

- Well over one million Pakistanis were displaced around the country due to armed conflict and natural and man-made disasters.
- Internal displacement occurred or continued in FATA, Khuzdar, Dera Bugti, Kohlu, Hunza-Nagar and parts of Karachi.
- More than a quarter of a million Pakistanis remained stranded in Bangladesh in abysmal conditions.
- 31,800 registered Afghans left for Afghanistan under the UNHCR voluntary repatriation programme. 1.6 million registered and an equal number of unregistered Afghans remained behind.
- Khyber Pakhtunkhwa hosted nearly one million registered refugees; only 16,250 of these left for their country in 2013, the lowest in the last few years.

Source: State of Human Rights in 2013, Human Rights Commission of Pakistan, Lahore, 2014, pp.3-9.