

Documents

January-June 2017

I. Foreign Policy

A. AFGHANISTAN

Prime Minister Nawaz Sharif's message of condolence on terrorist attack in Balkh, Afghanistan

"My Government and the people of Pakistan stand in solidarity with the government of Afghanistan and our Afghan brethren in this hour of grief. Terrorists have struck the Balkh Province leading to the loss of the precious lives of Afghan soldiers.

We strongly condemn this barbaric act of terrorism. Our heart goes out to the victims of this terrorist attack. We express our heartfelt condolences with the bereaved families and pray for speedy recovery of the injured.

Terrorism is a common enemy and a threat to peace in the region. Pakistan feels the pain of our Afghan brethren as we have also suffered from this scourge.

I wish to reaffirm that we stand by Afghanistan and its people in their fight against terrorism and pursuit of peace and stability.

Prime Minister Nawaz Sharif"

Islamabad, 22 April 2017. *Source:* www.mofa.gov.pk

B. ARAB –ISLAMIC-AMERICA SUMMIT

Prime Minister attends first Arab-Islamic-American Summit: Foreign Office's reported version

Pakistan has a deep commitment to the unity of the Muslim world, and to the promotion of interfaith harmony and dialogue, we are pleased to be part of this important Summit, said Prime Minister Muhammad Nawaz Sharif in his interaction with King Salman Bin Abdul Aziz, President Donald J. Trump and other leaders from the Arab and Islamic countries who gathered for the first Arab-Islamic-American Summit in Riyadh today.

The Prime Minister said that being the frontline state, Pakistan has rendered remarkable sacrifices in the global fight against terrorism. Choice of Saudi Arabia as the venue for the first Arab-Islamic-American Summit is appropriate, given the reverence and respect that the entire Muslim world has for this land of the Holy Prophet (Peace Be Upon Him).

The Prime Minister appreciated the leadership of President Trump to make this Summit as his first overseas engagement, and said that this initiative of President Trump is of great symbolic significance.

The rising tide of terrorism and extremism is the most daunting challenge that the world confronts today, the Prime Minister stated. Unfortunately, Pakistan has been in the forefront of this existential struggle, bearing a disproportionately large burden, the Prime Minister highlighted.

Tens of thousands of our citizens and thousands of our security personnel have been martyred, or injured in terrorist attacks; while billions have been lost in terms of economic cost, the Prime Minister further said.

Prime Minister Muhammad Nawaz Sharif apprised that like many other countries, Pakistan has made tough choices and taken difficult decisions to deal with the new and emerging challenges. "We have confronted terrorism with courage and conviction; and the massive human and financial costs have further strengthened our resolve" the Prime Minister further stated.

The turnaround in Pakistan both on the security and economic fronts, with the last year witnessing the lowest number of terrorist attacks in a decade, presents a good example of how political commitment, based on an across-the-board national consensus, supported by determined and well organized kinetic operations of armed forces, could bring about the desired results in countries afflicted with the scourge of extremism and terrorism, the Prime Minister informed the leaders during his short interactions during the Arab-Islamic-American Summit.

Besides His Majesty King Salman Bin Abdul Aziz and President Trump, the Prime Minister exchanged views with a number of other leaders including the Emir of Qatar, King of Bahrain, President of Azerbaijan, Prime Minister of Malaysia and President of Tajikistan.

Islamabad, 21 May 2017. *Source:* www.mofa.gov.pk

C. CHINA

Joint Press Release issued after Chinese Foreign Minister Wang Yi's visit to Afghanistan and Pakistan

At the invitation of Afghanistan and Pakistan, Foreign Minister Wang Yi of China visited the Islamic Republic of Afghanistan and the Islamic Republic of Pakistan from June 24th to 25th. During this visit, the three parties condemned the recent terrorist attacks occurred in both Afghanistan and Pakistan, and extended condolences to the deceased and sympathy to the affected people. The three parties had in-depth exchange of views on the Afghan issue, the relationship between Afghanistan and Pakistan and China-Afghanistan-Pakistan trilateral cooperation, and reached consensus on the following points:

1. The three parties are all committed to maintaining regional peace and stability, enhancing regional connectivity and economic cooperation and promoting shared security and development.
2. Both Afghanistan and Pakistan are willing to improve relations with each other, strengthen political mutual trust, enhance cooperation in various fields including counter-terrorism, and jointly meet security challenges. The Chinese side hopes Afghanistan and Pakistan could maintain stable and sound relations, and is willing to provide necessary assistance in this regard based on the needs of both sides.
3. Afghanistan and Pakistan agree to establish a crisis management mechanism, which will include prevention through timely and effective intelligence and information sharing and other mutually agreed measures. This would enable the two sides to maintain timely and effective communications in case of any emergencies, including terrorist attacks, with a view to seeking proper solution through dialogue and consultation and preventing deterioration of the situation which might have negative effect on the bilateral relationship. The Chinese side will support this mechanism.
4. The three parties agree to establish the China-Afghanistan-Pakistan Foreign Ministers' dialogue mechanism to cooperate on issues of mutual interest, beginning with economic cooperation.
5. The three parties believe that peace and reconciliation is the fundamental solution to the Afghan issue, which could not be solved by violent means. The Chinese side and the Pakistani side support the "Afghan-led and Afghan-owned" reconciliation process, and stand ready to continue to play a constructive role in advancing this process. The three parties call on the Afghan Taliban to join the reconciliation process at an early date.
6. The three parties believe that the Quadrilateral Coordination Group should be revived to create an enabling environment for peace talks and for Taliban to join the peace talks.
7. The three parties support the Kabul process and hold the view that the Shanghai Cooperation Organization-Afghanistan Contact Group should be revived as early as possible to play a constructive role in moving forward the Afghan reconciliation process.

Islamabad, 25 June 2017. *Source:* www.mofa.gov.pk

D. ECO

1. ECO Islamabad Declaration

13th ECO Summit Islamabad, 1 March 2017 - ECO Islamabad Declaration

We, the Heads of State and Government of the Member States of the Economic Cooperation Organization, gathered on the occasion of the thirteenth ECO Summit Meeting, in Islamabad under the theme "Connectivity for

Regional Prosperity", at the invitation of the Government of the Islamic Republic of Pakistan, on the first day of March 2017, to review the objective conditions and progress in implementation of ECO programmes and projects and to exchange views on regional and global issues of common interest to the ECO Region with the aim of consolidating ECO as an organization, bolstering cooperation and building on shared values and mutual interests;

We, therefore, while:

Reiterating our political will and strong commitment for realizing the aims and objectives of the Organization for economic development, common prosperity, regional integration and peace and stability in the ECO Region;

Celebrating the silver jubilee of the expansion of the membership of the ECO that ushered in a new era and prospects of enhanced regional cooperation for development, and Welcoming further enlargement and outreach of the Organization through full membership to the interested states, and observer ship to the interested states/organizations, on case to case basis, adding value to the Organization;

Reaffirming our commitment to the principles and objectives enshrined in the Treaty of Izmir, and Attaching great importance to the cooperation frameworks developed under the different agreements concluded between the Member States and the momentum created in different fields of cooperation which can underpin and complement each other for meeting the objectives of the Economic Cooperation Organization;

Recalling our commitment to the purposes and principles of the UN Charter including in particular the respect for political independence, sovereignty and territorial integrity of states, development of friendly relations among nations, and pacific settlement of disputes;

Sharing our assessment of the constantly evolving global and regional environment and new developments that present multiple challenges and opportunities;

Resolving to work together, including by positioning the ECO to effectively address these challenges and to seize the opportunities for the collective benefit of the region and its people;

Noting the positive political, economic, cultural and technological developments that can facilitate the realization of the long-held dream of trans-Eurasian connectivity, including in the ECO Region;

Approaching connectivity as a dynamic concept that encompasses multiple dimensions including cyber, energy, rail, road, and ports and shipping;

Encouraging further development of educational and scientific linkages, and cultural and people to people contacts;

Underlining the significance of fully exploiting the complementarities offered by shared geography, history and culture, and the comparative advantages and diversity of resources of member states to bring about greater connectivity and economic integration in the ECO Region;

Appreciating the value and importance of a steady and flexible approach to regional connectivity and integration that enables Member States to

contribute to, be part of and benefit from the various connectivity and integration programs in a gradual and progressive manner according to their respective state of preparedness;

Recognizing the existence of various connectivity initiatives in the ECO region, and welcoming that these projects feed into the overall vision of comprehensive ECO connectivity and integration;

Reiterating commitment to promote intra-ECO trade as an instrument of enhanced economic cooperation and revitalization in the Region;

Underlining the importance of the Post 2015 Development Agenda and the role that can be played by the ECO Member States for achieving the goals and targets set out therein and in this context Recalling that promotion of conditions for sustainable development through mobilization of economic and social potential of the ECO Region requires further strengthened cooperation and collaboration especially through enhanced trade and connectivity among the Member States in order to further strengthen the deep-rooted historical and cultural ties among the peoples of the Region;

Recognizing the importance of moderation as an approach to counter all forms of extremism and promote dialog, mutual respect, understanding and social harmony, thereby contributing towards the achievement of sustainable and inclusive development, equitable growth, stability and prosperity in the ECO Region;

Acknowledging the importance of Afghanistan for ECO Region and Reiterating our continued support to the national, regional and global efforts for reconstruction and sustainable development as well as peace and security in Afghanistan;

Welcoming the recently adopted United Nations General Assembly Resolution (A/RES/71/222) on proclaiming International Decade for Action "Water for Sustainable Development" 2018-2028;

Welcoming the adoption of the ECO Vision 2025 as a comprehensive document outlining the core principles and areas of cooperation within ECO, and Resolving that Member States as well as ECO Secretariat, ECO Specialized Agencies and Regional Institutions will take necessary steps for implementation of ECO Vision 2025 in a timely and effective manner;

Have agreed to:

Ensure continued and enhanced cooperation in the areas of common interest through effective, timely and result-oriented projects and programmes in the Organization.

Undertake to implement the long-term sectoral priorities of ECO on development of transport and communication infrastructure; facilitation of trade and investment; and effective use of the region's vast energy resources and to consider ways and means to promote ECO's connectivity with other regions in these areas.

Underscore the three core principles of ECO Vision 2025, i.e. sustainability, integration and conducive environment; and Emphasize the need to augment cooperation in the areas of trade, transport and connectivity, energy,

tourism, economic growth and productivity and social-welfare and environment as identified in Vision 2025.

Envision a more efficient and effective ECO, equipped with required capabilities and resources, to better serve the noble objectives of the Organization; and hereby Task our relevant Officials and the ECO Secretariat to take necessary and effective measures, using inside and outside resources, to bring about necessary reforms in the Organization.

Encourage Member States to accede to relevant agreements developed within the ECO framework in order to achieve the objectives set forth under the Treaty of Izmir and the ECO Vision 2025; and Task hereby our relevant Ministers and authorities to consider joining these agreements.

Enhance ECO-wide connectivity in terms of transport and transit; telecommunications; cyber; and all forms of energy; as well as people-to-people exchanges, including through regional tourism arrangements.

Welcome in this regard the China Pakistan Economic Corridor (CPEC) as a far-reaching initiative that would act as catalyst for the development of the entire region.

Encourage giving priority to, and cooperate on full implementation of the TTFA and its' annexes as ECO's approved and most comprehensive and well-studied Transit Transport Framework for ECO Region.

Note that the multi-dimensional connectivity in road, rail, energy, trade and cyber and associated infrastructure and industrial development can promote integration and economic development of the wider region. And to Encourage all relevant international and regional financial institutions to actively cooperate with ECO Member States in financing the development of ECO transport corridors, related connectivity and energy projects.

Work to double the current level of intra-ECO trade within the next 3-5 years, including through implementation of ECO Trade Agreement (ECOTA) and other ECO trade-related arrangements; as well as identification and elimination of physical and non-physical barriers to this end.

Acknowledge the crucial role of financing projects on regional development, appreciate the ECO Bank's growing scope of activities in this regard and Underline the need to further strengthen the Bank through augmenting its resource base, as well as increasing its membership.

Call for making ECO Reinsurance Company operational at the earliest and Encourage other Member States to join it.

Enhance regional cooperation in energy sector, focusing inter alia, on energy efficiency; energy infrastructure development including oil and gas pipelines, intra-regional energy trade, particularly electricity trade; and access to affordable energy resources, including renewable energy resources by promoting green energy investment and the development of environmentally friendly energy technologies; and Task respective authorities to consider possibility of pursuing the ongoing initiative of establishment of ECO Regional Electricity Market with the widest possible intra-regional power grid interconnection.

Support the coordination of measures in the field of sustainable growth including, inter alia, the use of environmentally friendly, renewable energy and clean energy, the conservation and efficient use of water and energy resources.

Develop, operationalize and commercialize the ECO intra-regional transit networks as well as corridors connecting ECO Region with other regions in line with the ECO rail and road development plans, with a view to building the required infrastructure needed for bolstering trade and transport connectivity within the Region and beyond.

Express satisfaction at the successful implementation of corridor-based strategy among the Member States, further Express appreciation for the ECO Secretariat for its active role in the execution of the TTFA.

Stress the importance of strengthened and continued cooperation among all stakeholders to build and run information structures in order to bridge the digital divide in the region.

Recognize that information and communication technologies have the potential to provide new solutions to development challenges, particularly in the context of globalization, and can foster economic growth, competitiveness, access to information and knowledge, poverty eradication and social inclusion that will help expedite the integration of all Member Countries into the global economy, and in this context, Welcome the joint Study undertaken by ITU and ECO on the ICT in the ECO Region, which would be presented to the 2nd ECO ICT Ministerial Meeting in Azerbaijan for its approval as well as its subsequent Action Plan.

Develop a robust regional tourism industry, built on the vast natural endowments and cultural resources, as potential contributor to the economic growth and sustainable development of ECO Region, and to the strengthened affinities within our nations; and, therefore, Task our tourism and other related authorities to ensure that a multi-sector and multi-purpose tourism industry will be in place in the ECO Region as per ECO Vision by the end of 2025.

Express concern about the existing unresolved conflicts in the ECO region, including Armenia-Azerbaijan conflict, which hinder the economic growth and realization of the full economic potential of the region and impede the development of economic cooperation on regional as well as broader level, and Stress the importance of making increased efforts for the earliest resolution of these conflicts based on the norms and principles of international law, in particular the principles of respect to sovereignty and territorial integrity;

Acknowledge the internationally agreed norms and principles, concerning sovereignty and Express concern over the attempts by certain quarters to threaten democracy discriminatory immigration policies by some states and use of unilateral economic sanctions and coercions by some states. Further Acknowledge the need for supporting measures to immediately address the threats to democratic governments, including coup d'etats aimed at overthrowing the democratically elected governments and constitutional orders of the Member Countries and the foreign occupation of the territories of the Member States, including economic strangulation, which undermine the role of

the legitimate democratic governments in pursuing their socio-economic development and programmes.

Recognize the inter-linkage between development, peace and security for lasting prosperity and stability in the Region and expressing grave concern over the security challenges of the region, including inter alia terrorism, in all its forms and manifestations which pose a great threat to individuals' lives and national, regional and global security, Reiterating that terrorism cannot and should not be associated with any religion, nationality, civilization or ethnicity and expressing our resolve to combat terrorism in all its forms and manifestations.

Recognize that the expansion of regional cooperation has, direct or indirect, impacts on safety, prosperity and welfare of our peoples and societies, including environment and climate change, health, food security standards, disaster risk reduction and education, which continue to be on the agenda of the Organization; and Task our relevant Ministers and officials as well as ECO Secretariat to streamline these important issues and concerns in the activities/projects of the Organization.

Support the efforts of the government of Republic of Azerbaijan aimed at promoting and strengthening Islamic solidarity among Muslim States and in this regard note with appreciation that proclamation of 2017 as the Islamic Solidarity Year in Azerbaijan by the President of Republic of Azerbaijan. To this end, Call Member States to actively participate in this event to be organized within the framework of the Islamic Solidarity Year in Azerbaijan, as well as in the 4th Islamic Solidarity Games and 4th World Forum on Inter-Cultural Dialogue to be held in May 2017 in Baku.

Take note of the establishment of Islamic Organization for Food Security aimed at the developing cooperation among ECO Member States in agriculture.

Welcome the "International Day of Nowruz" as a factor contributing to the strengthening of friendship between nations, and in this context, urge the Member States to actively participate in the celebration and preparation of joint events.

Acknowledge the important role that can be played by the National Parliaments of the Member States in giving more effect to the agreed frameworks within the ECO and Welcome the offer by the Islamic Republic of Pakistan to host the 2nd Parliamentary Conference of Parliamentary Assembly of the Economic Cooperation Organization (PAECO) at Islamabad in 2017.

Recognize the important role of the small and medium size enterprises (SMEs) in the economic growth of the Member States and the Region as a whole and Task our relevant authorities to undertake necessary measures to strengthen the SMEs, including those that enhance women entrepreneurship and knowledge based enterprises.

Ensure that the existing regional arrangements and programmes in ECO to combat the menace of drugs and transnational organized crimes, including, inter alia, human trafficking, are in place and continue to function and

that effective regional mechanisms for cooperation in law enforcement, judicial issues, capacity building, as well as other relevant areas are established.

Renew our strong desire for a secure, prosperous and peaceful Afghanistan, and recalling our recent commitments made in the Brussels Conference on Afghanistan, Taskour relevant authorities and the ECO Secretariat to develop a comprehensive ECO advocacy programme for Afghanistan in the upcoming "ECO Special Conference on Afghanistan" to be held in May 2017 in Kabul.

Express support to the implementation of the UN General Assembly Resolution (A/RES/71/222) on International Decade for Action "Water for Sustainable Development" 2018-2028, adopted on December 21, 2016, and Instruct the relevant authorities as well as the ECO Secretariat to consider this issue in the framework of the activities and projects of the Organization.

Appreciate the initiative of the Kyrgyz Republic to host

1st and 2nd World Nomad Games on 8-14 September 2014 and 3-8 September 2016, respectively, and Encourage Member States to actively participate in the 3rd Games scheduled for 2018, which will contribute to the cooperation between Member States.

Welcome the International Exhibition EXPO 2017 to be hosted in Astana, Kazakhstan from 10th June to 10th September 2017 and OIC First Summit on Science and Technology to be hosted in Astana, Kazakhstan on 10th -11th September 2017, and Encourage Member States to actively participate in these Events.

We also express our thanks to H.E. Mr. Muhammad Nawaz Sharif, Prime Minister of the Islamic Republic of Pakistan under his leadership the 13th ECO Summit reached a successful conclusion. We also extend our gratitude to the Government and People of the Islamic Republic of Pakistan for the warm hospitality and the excellent arrangement made for the Summit.

Islamabad, 1st March 2017.

2. Prime Minister of Pakistan's concluding remarks at the Islamabad 13th ECO Summit

Dear Excellencies, Colleagues,
Ladies and Gentlemen,

It gives me great pleasure to bring to closure the 13th ECO Summit. I would like to express my profound gratitude to all the participating Presidents, Prime Ministers, Leaders of the Delegations, Observers and Summit's Special Guests for their kind presence. Your participation, brothers, has ensured the success of our Conference. Insightful comments and thought provoking views shared by all of you, have indeed added value to our deliberations.

Being a founding member of the organization, Pakistan is committed to ECO objectives. Our Summit has underscored collective desire for regional

integration. ECO initiatives demand commitment and tangible actions for achieving desired goals.

The Summit provided us with an opportunity to reaffirm our collective commitment to progress and prosperity for the ECO region. It also allowed us to identify new areas of cooperation while cementing the progress on matters currently under process.

I believe that the ECO region has enormous potential for enhancing regional cooperation, based on the solid foundation of commonality of interests, economic complementarities, common cultural heritage and geographical proximity.

Located at the crossroads of important regions, the ECO region has both the potential and the capacity to function as a bridge between North and South, Europe and Asia. Its favorable geo-economic location can be better utilized for the development and prosperity of the region.

Peace is essential for sustainable development as has been highlighted by my distinguished brothers and colleagues. I would also like to underscore the importance of solidarity within the Islamic world, to address the challenges that confronts the adherents of Islam.

My government's commitment to a peaceful neighborhood has been repeatedly demonstrated. To this end, peaceful settlement of longstanding disputes, like Jammu and Kashmir and alleviating the sufferings of the Kashmiri people would greatly help in advancing the goals of stability and development of the entire region.

The successful holding of the Summit is a manifestation of the desire and commitment of the Member states to transform ECO into a vibrant regional block.

It is also a testament to Pakistan's commitment to act as a harbinger of positive changes and meaningful development in the region.

In wishing the organization sustained everlasting progress, I earnestly hope that the member-states will continue to work in harmony for the continued prosperity of our peoples.

Thank you.

Islamabad, 1st March 2017. *Source:* www.mofa.gov.pk

E. FRANCE

Prime Minister, Muhammad Nawaz Sharif's congratulatory message to French President elect, Emmanuel Macron

"On behalf of the Government and the people of Pakistan, and on my own behalf, I have a great pleasure in conveying my heartiest congratulations on your historic election as the President of the French Republic. It is a measure of the

trust reposed by the people of France in your inspiring leadership and progressive vision.

I am sanguine that the existing friendly ties between our two countries would continue to grow under your leadership. I look forward to working closely with you in the years ahead.

I also wish to express my best wishes for your Excellency's personal health and happiness, and for the well being and prosperity of the people of France."

Islamabad, 09 May 2017. Source: www.mofa.gov.pk

F. INDIA

1. In response to queries regarding media reports on failure of the Indian move in the Security Council's 1267 Sanctions Committee, the Foreign Office spokesperson made the following statement:

The 1267 Sanctions Committee related to ISIS/Al-Qaeda has rejected a politically motivated proposal by India. Replete with frivolous information and baseless allegations, the Indian proposal had no merit and was primarily aimed at advancing its narrow national agenda. The dismissal of this proposal is also a rejection of the Indian attempts to politicize and undermine the work of this important Committee of the Security Council.

While claiming to denounce terrorism, India has in fact deployed terrorism as an instrument of state policy, and has itself been involved in perpetrating, sponsoring, supporting, and financing terrorism. Pakistan has been a direct victim of this state sponsored terrorism by India. The arrest of Kulbhushan Jadhav, a RAW agent and serving officer of Indian navy, and his confession about involvement in terrorist activities aimed at destabilizing Pakistan and killing or maiming of Pakistani citizens, is yet another proof of Indian sponsored terrorism in Pakistan. With such duplicitous behaviour and blood on its hands, India has little credibility on counter-terrorism. In the coming days, Pakistan will share with the United Nations and members of the international community additional evidence of Indian involvement in terrorism in Pakistan.

It is clear that India's unfounded allegations against Pakistan are in fact aimed at masking its own terrorist activities in Pakistan, as well as diverting the attention of the international community from the grave violations of human rights and state sponsored terrorism perpetrated by the Indian occupying forces in the Indian Occupied Jammu and Kashmir, where the Kashmiri people are peacefully demanding their right to self-determination as promised to them by the United Nations and the international community.

Pakistan has made significant contribution and rendered enormous sacrifices in the success of the international community's counter-terrorism efforts. We are deeply committed to this common cause and look forward to

continuing close cooperation with the international community in this collective endeavor.

Islamabad, 1st January 2017.

2. Press Release issued by Office of the Attorney General of Pakistan on ICI Hearing of Kulbushan Jhadev's Case

A meeting took place today between the President of the International Court of Justice, Mr. Ronny Abraham, and the delegations of India and Pakistan to discuss the timelines in the Commander Jadhav case. The Registrar of the Court and other court officials were also present in the meeting. This was not a hearing and no discussion on the substance or merits of the case took place. The purpose of the meeting was only to discuss procedural matters including the time-lines for submission of written Memorials and to enable a hearing to be listed.

The delegation of Pakistan was led by the Mr. Ashtar Ausaf Ali, the Attorney General for Pakistan. Other members of the delegation included Dr. Mohammad Faisal, Director General for South Asia in the Ministry of Foreign Affairs, Mr. Ahmad Irfan Aslam, Head of International Disputes Unit in the Office of the Attorney General, Mr. Khawar Qureshi QC, Counsel for Pakistan.

The President of the Court sought the views of the parties as to time required for the submission of their written pleadings and supporting evidence called Memorials. The Attorney General urged the Court to adopt an expedited timetable with a view for an early substantive hearing. The Court will announce the timetable shortly.

The Attorney General informed the International Court of Justice of Pakistan's intent to appoint a judge Ad Hoc who will sit on the bench of the Court for all proceedings in this case, including the substantive hearing.

The Indian application seeks "at least release or acquittal" of Commander Jadhav. As was made clear by Pakistan's Counsel, Mr. Khawar Qureshi QC on 15 May 2017, India can never obtain this from the ICJ.

As has also been explained previously, the Court on 18 May 2017 made a procedural order to enable a full hearing to take place. It did not make any finding on jurisdiction or merits. Pakistan's arguments on jurisdiction and merits will be considered by the Court at the full hearing.

As can be seen from paragraph 60 of the Court order of 18th May 2017 itself, the Court stated that that it "in no way prejudged jurisdiction, admissibility or merits".

The Government of Pakistan is fully confident that India can never succeed in its application. India can never obtain acquittal or release of Commander Jadhav on the basis of its application to the International Court.

Islamabad, 8 June 2017. Source: www.mofa.gov.pk

G. KASHMIR

Statement of Mr. Sartaj Aziz, Adviser to Prime Minister on Foreign Affairs on the occasion of Kashmir Solidarity Day

"The Kashmir Solidarity Day, observed every year on 5 February, has special significance this year because the recent uprising in Indian occupied Kashmir, following the 8 July extra judicial killing of popular youth leader, Burhan Muzaffar Wani, has shaken the conscious of the international community", Mr. Sartaj Aziz said in a statement today. Kashmiris were subjected to a holocaust in November 1947, Mr. Sartaj Aziz recalled, when Indian forces killed more than 500,000 defenceless Kashmiri men, women and children. But Kashmiris continued their struggle for their right of self-determination promised to them in 5 different UN Security Council Resolutions between 1948 and 1954. Since 1990, when this movement again gathered pace, over 100,000 Kashmiris have been martyred, and tens of thousands arrested or maimed. Throughout this period, Indian authorities armed with inhuman laws, such as Public Safety Act and AFSPA have tried to muzzle the Kashmiri voice for freedom and refused to allow the UN Human Rights Commission, other human rights groups or the international media free access to Indian occupied Kashmir to verify these massive human rights violation or to report on them. "But the day of 8 July 2016, marks a turning point in this historic struggle of the Kashmiri people", Mr. Sartaj Aziz said. The brute force unleashed in the next few days led to the merciless killing of 150 youth, 20,000 were seriously injured and many hundreds were blinded either completely or partially.

This brutality, which has continued unabated in the past 7 months, has not however dampened the resolve of Kashmiri youth to secure their right of self-determination. Even prominent Indian leaders and a section of the Indian media are now raising their voice against this brutality. They have testified that Kashmiri youth are in open revolt against the Indian Government and are no longer afraid of losing their lives in this struggle for their fundamental rights.

Another important factor, Mr. Sartaj Aziz emphasized, in this "8 July turning point" is the total rejection of Indian narrative by the international community that Kashmir is an integral part of India, people of Kashmir are satisfied with the present arrangement but some disturbances take place because of cross border terrorism. The whole world now acknowledges that this is an indigenous youth led movement which has become stronger because of the Indian government's misguided efforts to change the demographic composition of the state and its insensitivity to the rights of minority communities in India. There have been debates in the Parliaments of many countries and civil society and human rights organizations in Europe and North America and specially in UK and Nordic countries, have been mobilizing public support for their campaigns to force India to halt the bloodshed in Kashmir and resume the dialogue process with Pakistan and the Kashmiri leadership to find an acceptable solution to the longstanding dispute, still on the UN agenda.

India has been desperately trying to divert the attention of the global community from this blood stained reality of Kashmir, by intensifying cross border firing along the line of control and pretending to be a major "victim" of cross border terrorism from Pakistan. In this game of brinkmanship, Mr. Sartaj Aziz pointed out, the Indian narrative has been totally rejected. It is now widely acknowledged that Pakistan itself is a much bigger victim of terrorism including that sponsored by India and that in the past three years, Pakistan has achieved commendable success in tackling the menace of terrorism and extremism. He expressed his deep concern over Indian government's drive to change the demography in occupied J&K, which is a blatant violation of UN Resolutions on Kashmir.

The UN Secretary General, Mr. Sartaj Aziz said in conclusion, has declared 2017 as the year of peace. One major hotspot of violence is the Line of Control between Indian occupied Kashmir and Azad Jammu and Kashmir. There is an urgent need for the international community to take effective steps to stop the Kashmiri bloodshed by India and resolve the Kashmir dispute by organizing a referendum in accordance with UN resolutions, to make a final determination if the Kashmiri people really want to live perpetually under Indian occupation?

Islamabad, 4 February 2017. *Source:* www.mofa.gov.pk

H. TURKEY

Declaration/MOUs/Agreements signed at the conclusion of the 5th Meeting of Pakistan-Turkey High Level Strategic Cooperation Council (HLSCC)

The 5th Meeting of Pakistan-Turkey High Level Strategic Cooperation Council (HLSCC) was held on 23 February 2017 at Ankara. The meeting issued the following Declaration/MOUs/Agreements at its conclusion:

1. Joint Declaration on Pakistan-Turkey Strategic Relationship for Peace and Prosperity.
2. Agreement between the Government of the Republic of Turkey and the Government of the Islamic Republic of Pakistan Concerning the Cooperation in the Field of Hydrocarbons.
3. Memorandum of Understanding between the Government of the Republic of Turkey and the Government of the Islamic Republic of Pakistan on Cooperation in the Field of Environment.
4. Memorandum of Understanding between Financial Monitoring Unit of Pakistan and Financial Intelligence Unit of Turkey concerning the Exchange of Financial Intelligence Related to Money Laundering, Associated Predicate Offences and Terrorism Financing.

5. Cooperation Agreement Between the Government of the Republic of Turkey and the Government of the Islamic Republic of Pakistan in the field of Forestry.
6. Protocol Between the Government of the Republic of Turkey and the Government of the Islamic Republic of Pakistan Regarding Exchange of Personnel.
7. Technical Implementation Agreement between the Government of the Republic of Turkey and the Government of the Islamic Republic of Pakistan on Providing Drug Analysis Services.
8. Memorandum of Understanding between the Department of Libraries, Capital Administration & Development Division, Government of the Islamic Republic of Pakistan and the National Library of Turkey, Ministry of Culture and Tourism, Republic of Turkey.
9. News Cooperation Agreement Between Anadolu Agency (AA) and Associated Press of Pakistan (APP).
10. 300 MW Solar Power Projects between Government of Punjab and M/s Zorlu Holdings.

Ankara, 23 February 2017. *Source:* www.mofa.gov.pk

I. SAUDI ARABIA

Prime Minister, Muhammad Nawaz Sharif, felicitates His Royal Highness Mohammad Bin Salman Bin Abdulaziz Al-Saud on his appointment as the Crown Prince of the Kingdom of Saudi Arabia

"I convey to you, on behalf of the government and people of Pakistan as well as on my own personal behalf, our heartfelt felicitations and warmest wishes on your appointment as the Crown Prince of the Kingdom of Saudi Arabia", the prime Minister said in his congratulatory message to His Royal Highness.

The Prime Minister expressed great confidence that under the most dynamic and visionary leadership of the Crown Prince, the Kingdom will attain even greater glory and the brotherly people of Saudi Arabia will prosper even more.

"Pakistan and the Kingdom of Saudi Arabia are bound together by a common faith, shared values, and joint aspirations for the future of the Ummah; I am most confident that the bonds that tie us will become even stronger, and the love between our people will grow even deeper, in the days to come", the Prime Minister stated.

The Prime Minister also conveyed his most earnest wishes for the peace, stability and prosperity of the Kingdom and people of Saudi Arabia to HRH Mohammad Bin Salman Bin Abdulaziz Al-Saud.

Islamabad, 22 June 2017. *Source:* www.mofa.gov.pk

J. SCO**Statement by the Prime Minister of Pakistan at the SCO Heads of State Council**

Your Excellency President Nursultan Nazarbayev,
Distinguished SCO leaders,
Excellencies,
Ladies and Gentlemen,

Today is a historic day for Pakistan, India and the Shanghai Cooperation Organization. With immense pride and high expectations, Pakistan enters into this prestigious and important organization as a full member.

On this occasion, I thank the founding members of the SCO - China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan - for their staunch support to Pakistan's membership.

We are grateful to the SCO Secretary General and his efficient team for their assistance in the membership process.

I also convey my profound gratitude to President Nazarbayev and the people of Kazakhstan for hosting this important summit; and for extending warm hospitality.

Mr. President,

Pakistan is not unfamiliar with the SCO. In fact, over the last decade, it has developed a deep association with the organization as its active Observer. We have attended all Summits; and worked earnestly with SCO's institutions such as its Business Council, Inter banking Consortium, SCO Forum and the Regional Anti-terrorist Structure.

So, in a sense, we come prepared but we realize that we have a lot to learn from the wisdom of the founding members, as we orient our foreign policy in a changing international environment.

Mr. President,

With SCO members, we share deep historical and cultural ties, as well as strong economic and strategic linkages. SCO's goals resonate with Pakistan's national ethos; and so do the core values of the Shanghai Spirit and the SCO Charter with our own quest for a peaceful neighborhood.

In this contact, I welcome the proposal made by President XI on the need for a "long term treaty of good neighborhood for the next 5 years" among SCO members.

As leaders, we should leave a legacy of peace and amity for our future generations; not a toxic harvest of conflict and animosity. Instead of talking about counterweights and containment, let us create shared spaces for all.

Mr. President,

I congratulate India for joining the SCO family.

Today, in its outreach, the SCO is truly transcontinental. In coming decades, it would serve as a strong link between the Asia-Pacific, East Asia, West Asia and the Atlantic region.

Over the years, the SCO has emerged as a sheet anchor for regional stability. Now it is destined to become a cornerstone of global politics and economics, with economics gaining primacy.

The SCO gives us a powerful platform for partnerships to promote peace, build trust, and spur economic development for shared prosperity. Moreover, it helps us all combat terrorism, reduce arms race, eliminate poverty, fight epidemics, deal with natural disasters, tackle climate change, and ensure water security.

Mr. President,

We fully endorse the SCO's resolve to fight the twin evils of terrorism and extremism. Pakistan has fought its own fierce war against international terrorism and violent extremism; and with the grace of God we have been able to turn around the security and economic situation in our country. The SCO's expansion takes place at an opportune time, as the Belt and Road Initiative (BRI) transforms global economic landscape. And, in Pakistan, we are diligently implementing the China-Pakistan Economic Corridor (CPEC), which is the flagship of the BRI. What is more, these mega projects will benefit the entire SCO community.

Mr. President,

We attend this summit with the confidence that we would be able to change the world for the better. We would do so by harnessing the SCO's enormous potential and proven competencies, as well as by leveraging the strong political will of the nations represented in the SCO. Pakistan stands ready to contribute to this collective endeavor. Thank you.

Islamabad. 09 June 2017.

2. Pakistan's Foreign Office brief on membership of the Shanghai Cooperation Organization

Pakistan was today formally admitted as a full member of Shanghai Cooperation Organization (SCO) at the 17th Meeting of the Heads of State Council of SCO in Astana, Kazakhstan.

All the Heads of the family members of SCO, including President Xi Jinping of China, President Vladimir Putin, President Nursultan Nazarbayev congratulated Prime minister Nawaz Sharif on this historic occasion.

The Shanghai Cooperation Organization (SCO) is an intergovernmental organization established in June 2001. Its founding members include Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. SCO's basic

principles are mutual trust, equality, respect for cultural diversity, and a desire for common development.

Pakistan has been an Observer in SCO since 2005. It was the first Observer state to apply for full membership in 2010. The SCO Heads of State in their meeting in June 2015 agreed, in principle, to grant membership to Pakistan. Subsequently, a Memorandum of Obligations was signed in 2016. Pakistan successfully completed all the steps required to become a full member including accession to SCO instruments.

Pakistan's membership of SCO is an important foreign policy milestone. Pakistan shares with the SCO and its Members, historical and cultural links and strong economic and strategic complementarities. Our interest and objectives intersect across a wide range of areas and issues.

Pakistan's membership of this important organization would strengthen its cooperation with SCO member states; advance our goals of effective contribution to regional peace, stability and development and help play a more effective role for regional cooperation against terrorism and extremism. Our membership will also help create greater economic linkages and cooperation with Central Asian countries in the areas of energy and transport and promote Pakistan as a regional trade corridor. It will also enable Pakistan to convey its perspective on regional issues and help develop consensus at an important forum. Pakistan offers critical overland routes and connectivity for trade and energy transactions intra regionally and inter regionally. With inclusion of Pakistan and India, total population of SCO is now 45 percent of the world's population and it accounts for 25 percent of the world's GDP.

Through its presence in SCO Secretariat in Beijing and Regional Anti-Terrorist Structure (RATS) in Tashkent, Pakistan hopes to play an effective role in the activities of the Organization.

On the sidelines of the SCO Summit, The Prime Minister held bilateral meetings with the Presidents of Kazakhstan, Uzbekistan, Afghanistan and Russia. He exchanged views with these leaders on matters of mutual interest and discussed ways to strengthen bilateral relations with these entities and to promote stability and prosperity in the region. The UN Secretary General also called on the Prime Minister.

Islamabad, 9 June 2017. *Source:* www.mofa.gov.pk

K. USA

Press statement on the US-India joint statement of 27 June 2017

We have taken note of the US-India Joint Statement issued from Washington D.C. on 27 June 2017.

The Joint Statement is singularly unhelpful in achieving the objective of strategic stability and durable peace in the South Asian region. By failing to

address key sources of tension and instability in the region, the statement aggravates an already tense situation.

The meeting in Washington D.C. between President Trump and Prime Minister Modi was a missed opportunity to induce India to alter its policies inimical to peace in the region. India's persistent gross human rights violations in Kashmir and state backed persecution of religious minorities in India need to be replaced by respect for basic human dignity, protection of life, property and freedom of speech. Democratic stewardship, as claimed in the statement, demands that as a minimum.

Pakistan firmly believes in the legitimacy of the Kashmir cause and supports the peaceful struggle of the Kashmiri people for their right to self determination- a right promised to them by the international community through repeated UN Security Council resolutions. Any attempt to equate the peaceful indigenous Kashmiri struggle with terrorism, and to designate individuals supporting the right to self determination as terrorists is unacceptable. Equally unacceptable is the willful disregard of the atrocities being committed by Indian security forces against innocent Kashmiri civilians. This undermines the ideals and principles of the UN Charter. It endangers peace and security in the region.

Pakistan stands ready and committed to resolve all outstanding disputes, especially Jammu & Kashmir, with India through peaceful means and in accordance with UN Security Council resolutions that underscore the importance of addressing the aspirations of the people of Kashmir. This is a commitment that India also needs to make publicly.

Pakistan has been the primary victim of terrorism in the region. Pakistan's contributions and sacrifices in fighting terrorism are un-matched. No country has sacrificed as much as Pakistan, not only in material resources but in lives. Through relentless security operations, we have achieved significant success in eliminating terrorists and their networks from our soil without discrimination. We are committed to bring the fight against terrorism to its logical conclusion by eliminating this scourge from our soil. Pakistan expects the international community to unequivocally stand with it in this fight against terrorism.

Regrettably, those who seek to appropriate a leadership role in the fight against terror are themselves responsible for much of the terror unleashed in recent years in Pakistan. India has supported the Tehrek-Taleban as a proxy against Pakistan from across the border. India's culpability in creating this further source of regional insecurity cannot be ignored.

Pakistan is also deeply concerned on the sale of advanced military technologies to India. Such sales accentuate military imbalances in the region and undermine strategic stability in South Asia. This further emboldens India to adopt aggressive military doctrines and even contemplate military adventurism. Transfers of modern military hardware and technologies as well as repeated exceptions made for India have dis-incentivized India to engage in efforts to establish a strategic restraint regime and a durable security architecture in the region.

II: Economy

Pakistan Economic Survey's 'Overview of the Economy': Executive Summary (excerpts)

* * * * *

Growth and Investment

Economy of Pakistan has continued the growth momentum as the GDP growth reached to 5.28 percent in 2016-17 which is the highest in 10 years, on the back of rebound growth in agriculture which registered a growth of 3.46 percent against the growth of 0.27 percent last year. Industrial sector witnessed the growth of 5.02 percent against 5.80 percent last year, large scale manufacturing posted growth of 4.61 percent against 3.29 percent last year, while Services sector surpassed its target and recorded 5.98 percent growth as compared to 5.55 percent last year.

The share of commodity producing sector has reached to 40.41 percent of GDP during out going FY2017 as compared to 40.80 percent last year. It grew by 4.3 percent during FY2017 as compared to 3.0 percent during FY2016.

Agriculture accounts for 19.53 percent of GDP and employed bulk of the total work force. Agriculture sector recorded a growth of 3.46 percent in FY 2017 as compared to the growth of 0.27 percent last year. The crops sub-sector comprises of 37.22 percent of agriculture sector and is the basic driver of growth of the agriculture sector as well as GDP on the whole. Crops sub sector recorded a growth of 3.02 percent as compared to the growth of (-4.97) percent last year. Important crops accounting for 23.85 percent of value added of agriculture, its share in GDP is 4.66 percent. Important crops recorded a growth of 4.12 percent in FY2017 as compared to (-5.47) percent last year. Other crops have contributed 11.03 percent in agriculture sector and its share in GDP is 2.15 percent in FY 2017. This sub-sector has registered a growth of 0.21 percent against the growth of 0.59 percent last year. Cotton Ginning has a 2.34 percent contribution in agriculture sector and in GDP its share is 0.46 percent. This sub-sector grew at 5.59 percent as compared to negative growth of (-22.12) percent. Livestock's share in agriculture sector stood at 58.33 percent while it contributes 11.39 percent in the GDP. Livestock during outgoing fiscal year grew by 3.43 percent as compared to 3.36 percent last year. Forestry sub-sector has registered a growth of 14.49 percent as compared to growth of 14.31 percent last year. Fisheries contribute 2.12 percent in agriculture and its share in GDP is 0.41 percent; its growth remained at moderate 1.23 percent against the growth of 3.25 percent last year.

Industrial sector contributes 20.88 percent in GDP. This year it recorded a growth of 5.02 percent as compared to 5.80 percent last year. Manufacturing is the most vibrant sub-sector of the industrial sector having 64.4

percent contribution in the industrial sector and in GDP it accounts for 13.45 percent. Manufacturing sub-sector is further divided in three components including large-scale manufacturing (LSM) with the share of 51.26 percent in industrial sector, small scale manufacturing share is 8.80 percent in industrial sector, while Slaughtering contributes 4.34 percent in the industry. Small scale manufacturing recorded a growth of 8.18 percent in outgoing fiscal year against the growth of 8.20 percent last year and slaughtering maintained the growth rate of last year at 3.61 percent. Construction as a sub sector contributes 13.13 percent in industrial sector and in GDP its share is 2.74 percent against the share of 2.65 percent last year; it absorbs 7.31 percent of labor force. Construction is considered as one of the potential components of industrial sector in the economy of Pakistan. This sub-sector has witnessed a growth of 9.05 percent against the growth of 14.60 percent last year.

Mining and quarrying contributes 13.91 percent in industrial sector and its share in GDP is 2.90 percent. Mining and quarrying has recorded a growth of 1.34 percent against the growth of 6.86 percent last year. Electricity generation & distribution and Gas Distribution contributes 8.55 percent in industrial sector and in GDP its share is 1.78 percent. This sub-sector has recorded a growth of 3.40 percent during the outgoing fiscal year as compared to 8.43 percent growth last year.

Services sector grew at 5.98 percent against the commodity producing sector growth of 4.26 percent. The share of the services sector has reached to 59.59 percent of GDP in FY 2017. Services sector has witnessed a growth of 5.98 percent as compared to 5.55 percent last year. Wholesale and Retail Trade Sector contributes 18.50 percent in GDP and is also the largest subsector of the services having share of 31.1 percent in the services sector. Wholesale and Retail Trade recorded a growth of 6.82 percent against the target of 5.5 percent, whereas it grew at 4.25 percent last year. Transport, Storage and Communication having a contribution of 13.27 percent in the GDP and has a share of 22.3 percent in services sector; moreover, directly and indirectly it plays an important role in improvement of economic activities in all sectors of the economy. The transport, storage and communication registered a growth of 3.94 percent as compared to 4.82 percent last year.

Finance and Insurance contributes 5.7 percent in services sector and its share in GDP is 3.37 percent in FY 2017. Finance and Insurance comprises the State Bank of Pakistan; all scheduled Banks (domestic and foreign), Development Financial Institutions (DFIs), all Insurances companies, modaraba / leasing companies, money changers and Stock Exchange Brokers. The financial sub-sector consists of all resident corporations principally engaged in financial intermediations or in auxiliary financial activities related to financial intermediation. Finance and insurance witnessed a significant growth of 10.77 percent as compared to 6.12 percent last year. General government services contribute 12.8 percent in services sector and its share in GDP has reached to 7.61 percent in outgoing FY 2017. It has recorded a growth of 6.91 percent as compared to 9.72 percent last year. Housing Services (Ownership of Dwellings)

having contribution of 11.1 percent in services sector and its share in GDP is 6.64 percent during FY 2017. This sub-sector has maintained the growth of 3.99 percent as targeted for FY 2017. Other private services have a share of 17.1 percent in services sector and its contribution in GDP has reached to 10.20 percent in FY 2017. Other private services witnessed a growth of 6.28 percent as compared to 6.78 percent last year.

Consumption, investment and exports are the main drivers of economic growth under the expenditure approach, which is also recognized as aggregate demand side of the economy. During FY2017 the growth continued the previous trend with major contribution by private consumption largely due to remittances inflows, better growth in agriculture, small scale manufacturing and services sector. Consumption shared 7.92 percentage points to overall economic growth, while the investment contributed 1.28 percentage points, and net exports contribution is negative (-3.52) percentage points.

Total investment has reached to the level of Rs 5027 billion as compared to the Rs 4527 billion last year, showing the growth of 11.04 percent in FY 2017. Investment to GDP ratio has reached to 15.78 percent in FY 2017. Fixed investment have increased to Rs 4517 billion as compared to Rs 4061 billion last year, and recorded growth of 11.23 and fixed investment as percentage of GDP is recorded at 14.18 percent. Private investment has registered a growth of 6.63 percent and private investment as percentage of GDP reached to 9.90 percent. Whereas public investment grew by 23.55 percent and as percentage of GDP it has increased from 3.79 percent to 4.28 percent, which is the clear reflection government expenditure strategy is development oriented. It has spillover effects on private sector investment as private sector development is facilitated through public sector development spending particularly on infrastructure. Public Sector Investment increased by Rs 1363 billion in FY 2017 compared to Rs 1103 billion in FY 2016.

National savings plays a dominant role in achieving desired level of investment to reach the planned target of economic growth. Contribution of national savings to domestic investment is the mirror image of foreign savings required to meet the investment demand. The foreign savings are needed to finance saving investment gap, reflects the current account deficit in the balance of payments. National savings reached to 13.1 percent of GDP in FY2017 against 14.3 percent last year. Domestic savings are recorded at 7.5 percent of GDP in outgoing fiscal year as compared to 8.2 percent of GDP last year.

Per Capita Income in dollar terms has witnessed a growth of 6.4 percent in FY 2017 as compared to 1.1 percent last year. The per capita income in dollar terms has increased from \$ 1,531 in FY 2016 to \$ 1,629 in FY 2017. Main contributing factors for the rise in per capita income are higher real GDP, growth, low population growth and stability of Pak Rupee.

Agriculture

Agriculture is the lifeline of Pakistan's economy accounting for 19.5 percent of the gross domestic product, employing 42.3 percent of the labour force and

providing raw material for several value-added industries. It thus plays a central role in national development, food security and poverty reduction. The rapid growth of Pakistan's urban areas means that demand for high-value perishable products such as fruits, vegetables, dairy, and meat is rising. Government is seeking to increase the yield for rural growers through major infrastructure investments including reliable transport networks and other building blocks for modern supply chains. CPEC will go a long way in the enhancement of agribusiness benefits by exploitation of value-added product innovation and supply chain.

During 2016-17, performance of the agriculture sector remained up to the mark and achieved growth of 3.46 percent close to the target of 3.5 percent and last year's meager growth of 0.27 percent. This was possible by better harvesting of important crops through greater availability of agriculture inputs like water, agriculture credit and intensive fertilizers off take. The growth in crops was registered at 3.02 percent against the negative growth of 4.97 percent during the same period last year. The growth of sub sector of important crops, other crops and cotton ginning posted growths of 4.12 percent, 0.21 percent and 5.59 percent, respectively against last year growths of -5.47 percent, 0.59 percent and -22.12 percent respectively. Other sub sectors of Agriculture like Livestock, Forestry and Fishing posted a growth of 3.43 percent, 14.49 percent and 1.23 percent, respectively. The upturn in crop yields by significant margins occurred both on account of increase in production and improved yields. Maize production increased by 16.30 percent against 6.77 percent last year, Sugarcane 12.41 percent against 4.23 percent, Cotton by 7.59 percent against -28.96 and Rice 0.71 percent against -2.88 percent last year). Only wheat production growth remained at par low of last year. Other crops accounted for 11.03 percent in value addition of agriculture grew by 0.21 percent during 2016-17 against 0.59 percent during the same period last year due to decline in the production of vegetables and oilseeds by posting negative growth of 0.73 percent and 5.93 percent, respectively.

Livestock account 58.33 percent in the agriculture and it witnessed a growth of 3.43 percent compared to 3.36 percent during corresponding period last year. The Fishing sector contribution stands at 2.12 percent in agriculture value addition and recorded a growth of 1.23 percent compared to 3.25 percent growth of same period last year. Forestry sector having contribution of 2.33 percent in the agriculture value addition witnessed a significant growth of 14.49 percent during 2016-17 due to higher timber production reported by Khyber Pakhtunkhwa.

Pakistan's agricultural production is closely linked with the availability of irrigation water. During 2016-17, the availability of water for Kharif 2016 stood at 71.4 million acre feet (MAF) showing an increase of 9.0 percent over Kharif 2015 and 6.4 percent more than the normal supplies of 67.1 MAF. During Rabi season 2016-17, the water availability remained at 29.7 MAF, which is 9.7 percent less than Rabi 2015-16 and 18.4 percent less than the normal availability of 36.4 MAF.

The domestic production of fertilizers during 2016-17 (July-March) decreased slightly by 0.3 percent over the same period of last fiscal year. The imported fertilizer also decreased by 5.8 percent. Therefore, total availability of fertilizer also decreased marginally by 1.5 percent during current fiscal year. Total offtake of fertilizer nutrients witnessed increase by 30.5 percent. Nitrogen offtake increased by 33 percent while phosphate increased by 23.2 percent. Potash offtake recorded a significant boost of 82.5 percent during 2016-17 (July-March). Increase in offtake of fertilizer is due to substantial reduction in prices of all fertilizer products as a result of subsidy announcement by the government in June, 2016 as detailed below:

- Cash subsidy on phosphate fertilizer equivalent to Rs 300 per 50 kg bag of DAP.
- Reduction in GST on urea from 17 to 5 percent.
- Cash subsidy on nitrogenous fertilizer equivalent to Rs 156 per 50 kg bag of urea.
- Subsidy of Rs 800 and Rs 500 per bag of SOP and MOP respectively, from 1st February 2017 by Government of Punjab in order to promote the use of Potash.

Better market prices of agriculture produce especially rice, cotton and sugarcane also had positive effect on fertilizer use.

In backdrop of the government's priority for agriculture sector, Agriculture Credit Advisory Committee (ACAC) has set the indicative agricultural credit disbursement targets of Rs700 billion for FY 2016-17 to 52 participating institutions including 20 Commercial banks, 2 Specialized Banks, 4 Islamic Banks and 10 Microfinance Banks and 16 Microfinance Institutions/Rural Support Programmes (MFIs/RSPs).

Agriculture credit is persistently rising. During FY 2015-16, Rs 598.29 billion was disbursed to the target of Rs 600 billion. For FY 2016-17 the target is Rs 700 billion. During FY 2016-17 (July-March), the banks have disbursed Rs 473.1 billion which is 67.6 percent of the overall annual target of Rs 700 billion and 22.7 percent higher than disbursement of Rs 385.5 billion made during the corresponding period last year.

This indicative agriculture target is 17 percent higher than the last year's disbursement of Rs 598.3 billion. Out of the total target, Rs 340.0 billion have been allocated to five major banks, Rs 102.5 billion to ZTBL, Rs 139.6 billion to 15 Domestic Private banks, Rs 12.5 billion to Punjab Provincial Cooperative bank, Rs 60.1 billion to 10 Microfinance banks, Rs 11.0 billion to four Islamic banks and Rs 34.3 billion to 16 newly inducted MFIs/RSPs for FY 2016-17.

Manufacturing & Mining

During July-March FY 2017, the Large Scale Manufacturing (LSM) registered an impressive growth of 5.1 percent as compared to 4.6 percent in the same period last year. On Year on Year (YoY), LSM recorded exorbitant growth of

10.5 percent in March 2017 compared to 7.6 percent of the corresponding month last year.

The industry specific data shows that Iron & Pakistan Economic Survey 2016-17. Steel products recorded highest growth of 16.58 percent, Electronics 15.24 percent, Automobiles 11.31 percent, Food, Beverages & Tobacco 9.65 percent, Pharmaceuticals 8.74 percent, Non Metallic mineral products 7.11 percent, Paper and Board 5.08 percent, Engineering Products 2.37 percent, Fertilizers 1.32 percent, Textile 0.78 percent and Rubber Products 0.04 percent. The other sectors that showed decline included Wood Product -95.04 percent, Leather products -17.97 percent, Chemicals -2.20 percent and Coke & Petroleum Products -0.32.

In automobile sector, there has been surge in productions of all its sub sectors Remarkable growth has been witnessed in Farm Tractors which is recorded at 72.9 percent, Trucks 39.3 percent, Jeeps & Cars 4.68 percent, motor cycles 21.4 percent, Buses 19.7 percent during July-March FY 2017 as compared to corresponding period last year, whereas LCVs production declined by 36.9 percent. Automobile sector is among the top growth sector in the large scale manufacturing in Pakistan. The negative growth in case of Light Commercial Vehicles (LCVs) resulted from the discontinuation of Apna Rozgar Scheme but was compensated by increased production of other models and growth in tractors and trucks. The trucks production has risen due to economic activity in the country to meet CPEC related material and freight transport needs.

The Mining and Quarrying sector grew by 1.34 percent in FY 2017. Calcite, Bauxite, Ocher, Sulphur, Chromite, Marble, Coal, Quartz, Gypsum and Lime stone posted a positive growth rate of 138.32 percent, 116.25 percent, and 60.27 percent, 55.22 percent, 42.62 percent, 30.14 percent, 22.84 percent, 18.68 percent, 12.69 percent and 8.47 percent, respectively. However, some minerals witnessed negative growth rate during the period under review such as Barytes - 73.00 percent, Magnesite -57.73 percent, Dolomite -40.93 percent, Soap Stone - 6.11 percent, Rock Salt -1.73 percent and Natural gas -0.10 percent.

Fiscal Development

After having peaked at 8.8 percent of GDP in FY2012 followed by 8.2 percent of GDP in FY2013, overall fiscal deficit narrowed to 4.6 percent of GDP in FY2016, reflecting sustained and substantial consolidation since FY2013.

Total expenditures witnessed a downward trajectory without compromising the expenditures on development projects and social assistance. Particularly, expenditures under Public Sector Development Program (PSDP) have been raised adequately in order to meet the investment requirements. During FY2017 the size of federal PSDP has increased to Rs 800 billion from Rs 348.3 billion during FY2013, showing a cumulative increase of over 129 percent.

During first nine months of current fiscal year, the fiscal deficit stood at 3.9 percent of GDP against 3.5 percent of GDP recorded in the same period of

FY2016 on account of higher development expenditures along with various tax incentives to promote investment and economic activity in the country and security related expenditures. On the basis of previous estimates of GDP at Rs 33,509 billion, fiscal deficit was recorded at 3.7 percent during first nine months of current fiscal year against 3.4 percent registered in the comparable period of FY2016. Total revenues grew at 6.2 percent to Rs 3,145.5 billion during July-March, FY2017 against Rs 2,961.9 in the comparable period of FY2016.

Total expenditure has gone up by 10.4 percent to Rs 4,383.6 billion during July-March, FY2017. Within total expenditures, development expenditure (excluding net lending) grew by 14.9 percent to Rs 803.9 billion during first nine months of current fiscal year as against Rs 699.4 billion in the same period of FY2016. Within development expenditure, the spending under PSDP has posted a growth of 19.8 percent to Rs 746.6 billion during July-March, FY2017 against Rs 623.4 billion in the same period of FY2016. Current expenditures grew by 5.8 percent to Rs 3,605.1 billion during July-March, FY2017 against Rs 3,407.0 billion during the same period of FY2016. The containment in current expenditures primarily stemmed from significant decline in mark-up payments and Overview of the Economy subsidies. The mark-up payments grew by 1.4 percent and while current subsidies reduced by 9.8 percent.

During July-April, FY2017 FBR collected Rs 2,518.5 billion as provisional tax revenues against Rs 2,332.1 billion in the same period of FY2016, reflecting a growth of 8.0 percent. During first nine months of current fiscal year, provincial surplus amounted to Rs 227.6 billion against 221.2 billion in the comparable period of FY2016. During July-March, FY2017, overall tax revenues grew by 14.8 percent to Rs 1,652.6 billion as compared to Rs 1,439.9 billion in the same period of FY2016. Within tax revenues, provincial taxes revenues posted a remarkable growth of 23.5 percent and federal transfers to provinces grew by 13.5 percent.

* * * * *

Trade and Payments

A reversal in global oil prices accompanied by falling exports the trade deficit widened by 33.1 percent to US\$ 17.8 billion in July-March FY2017, remittances and Coalition Support Fund inflows both remained slower over the same period last year, however, the impact was offset by an improvement in the income account, mainly due to lower profit repatriations by oil and gas firms. The current account deficit increased to US\$ 6.1 billion in July-March FY2017, against US\$ 2.4 billion in July-March FY2016. As a percentage of GDP it stood at 2 percent compared to 0.9 percent of the comparing period last year.

During July-March FY 2017 exports declined by 1.3 percent and stood at US\$ 16.1 billion as compared to US\$ 16.3 billion in July-March FY2016. However Year on Year exports in March, 2017 increased by 1.4 percent. The imports increased by 14.0 percent in July – March FY2017 as compared to last

year. Services trade deficit fell by 1.9 percent during the first nine months of FY2017. This year Pakistan has received inflows amounting to US\$ 550 million on account of CSF during July – March of FY2017 against US\$ 937 million during last fiscal year. Remittances could not continue its upward growth trajectory during July-March FY2017 the remittances remained US\$ 14.058 billion as compared to 14.388 billion during same period last year. Year on year basis remittances inflow dropped marginally by only 1 percent, however, on month on month basis March-February about 20 percent of decent increase is recorded. The trend will continue in coming months and is expected that the target of US\$ 20.2 billion for FY 2017 will likely to be achieved. Net FDI inflows rose 14.8 percent to US\$ 1.6 billion in July- March FY2017, against US\$ 1.4 billion same period last year. In October, FY2017 foreign currency reserves hit all time high at \$ 24.03 billion, of which net reserves with SBP were \$18.93 billion and scheduled banks \$ 5.10 billion. However, with the current account deficit widening and not being fully offset by financial inflows, the country's total liquid FX reserves as on end-March FY2017, declined to US\$ 21.57 billion of which SBP US\$16.47 billion and Commercial Banks US\$ 5.10 billion. The average exchange rate during July-May 04 FY2017, at 104.79 to a dollar, was down marginally (0.5 percent) against last year's comparable average of 104.30. The stability in the exchange rate was a result of the still elevated level of liquid reserves available with SBP.

Public Debt

Gross public debt was Rs 20,873 billion as at end March 2017 while net public debt was Rs 18,893 billion. Gross public debt recorded an increase of Rs 1,194 billion during first nine months of current fiscal year. Out of this total increase, increase in domestic debt was Rs 1,121 billion while government borrowing from domestic sources for financing of fiscal deficit was Rs 1,018 billion. This differential is mainly attributed to increase in government credit balances with the banking system. Similarly, increase in external debt contributed Rs 73 billion in public debt. Revaluation gains on account of appreciation of US Dollar against other foreign currencies reduced the impact of net external inflows on external public debt portfolio.

- Pakistan's public debt dynamics witnessed various positive developments during first nine months of current fiscal year. Some positive developments are as follow:
- Government continued to adhere to the targets set forth in Medium Term Debt Management Strategy (MTDS) to ensure public debt sustainability.
- Weighted average interest rate on the domestic debt portfolio has been further reduced while cost of external debt contracted by the government is not only economical but is also dominated by long term funding.
- Government successfully issued a 5-year US\$ 1,000 million Sukuk at the lowest ever rate of 5.5 percent in international capital market.
- In order to facilitate the investors of Central Directorate of National Savings (CDNS), CDNS has been allowed direct membership of Clearinghouse.

Accordingly, CDNS became only non-banking member of National Institutional

- Facilitation Technologies (Pvt.) Limited (NIFT).
- Government launched first-ever registered premium prize bond which is only issued in investors' names with unique features of both the profits paid biannually and the prize money through quarterly draws.

An improvement was observed in most of the public debt risks indicators during last three and half years in-line with the objectives set forth in Pakistan's first MTDS (2013). Refinancing risk of the domestic debt portfolio reduced through lengthening of the maturity profile as percentage of domestic debt maturing in one year was reduced to 52.7 percent at the end of December 2016 compared with 64.2 percent at the end of June 2013. Exposure to interest rate risk was also reduced as the percentage of debt re-fixing in one year decreased to 45.5 percent at the end of December 2016 compared to 52.4 percent at the end of June 2013. Similarly, share of external loans maturing within one year was equal to around 31.9 percent of official liquid reserves at the end of December 2016 as compared with around 68.5 percent at the end of June 2013 indicating improvement in foreign exchange stability and repayment capacity.

EDL stock was US\$ 75.7 billion as at end March 2017 out of which external public debt was US\$ 58.4 billion. External public debt recorded an increase of US\$ 0.7 billion during first nine months of current fiscal year. The impact of net fresh external borrowing was partially offset by revaluation gains during first nine months of current fiscal year. Within external debt, the largest component is the multilateral debt and bilateral debt, constituting around 87 percent of the public external debt as at end March, 2017. The loans from multilateral and bilateral development partners are primarily aimed at removing structural bottlenecks from Pakistan's economy and are instrumental in enhancing Pakistan's potential output by promoting efficiency and productivity.

* * * * *

Transport and Communications

Total length of roads in Pakistan including GB and AJK is 264.401 thousand kilometres. Presently, NHA network comprises of 39 national highways, motorways, expressway, and strategic roads with total stretch of 12,131 kms. NHA existing portfolio consists of 50 ongoing projects costing Rs 1,605.6 billion. During last five years, NHA has rehabilitated/constructed the 3,934.04 Kilometers length of roads over the country. NHA successfully attracted private sector investment and has awarded/supported five (05) projects worth over Rs 144 billion. NHA is authorized to plan and develop China-Pak Economic Corridor (CPEC) connecting Khunjrab to Gwadar. Currently CPEC projects worth Rs 700 billion related to NHA are ongoing.

The network of Pakistan Railways comprises of 7,791 route kilometers, 451 Locomotives (DL 439 + Steam 12), 1,732 passengers coaches and 15,948

freight wagons. Prem Nagar dry port Lahore is the first successful model of joint venture between Pakistan Railways and two private parties. Up gradation of Mainline-1 (ML1) and construction of dry port and cargo handling facilities have been included, as Early Harvest Projects (EHP) under China-Pakistan Economic Corridor (CPEC).

For revival of PIA, efforts are underway to improve the financial health of the Corporation by reducing its losses through various means and modes. Presently, PIA operates to 50 destinations including 28 international and 22 domestic. PIAC have recently signed agreements for acquisition of 20 percent aircraft on dry lease. The average age of fleet has also been reduced presently to 10 years which will further reduce to 8 years after grounding of above 20 years old A-310. PIA is perusing aggressive to induct fuel efficient narrow body aircraft i.e. A320 in order to overcome fleet constraints.

PNSC fleet comprises of 09 vessels of various type / size with a total deadweight capacity of 681,806 metric tons being the highest ever carrying capacity since its inception. Direct operating expenses decreased to Rs 6,607 million from Rs 6,734 million. PNSC plans to add more oil tankers to its fleet.

The cargo handled at KPT improved by 15.3 percent in FY 2016 over FY 2015. During July – March FY 2017, the cargo handled data suggests a growth of 6.9 percent over the same period last year showing improved economic activity. Imports and exports through KPT have grown by 8.2 and 2.2 percent respectively during July- March 2016-17 as compared with previous year corresponding period.

Test operations of the country's biggest port, the Pakistan Deep Water Container Port, has commenced from dated 09-12-2016 when the first container ship was accommodated at its berth No.4. The new Port is located at the Keamari Groyne East of Karachi Port, and has the capacity to cater for mother ships. This new port is expected to play a major role in the CPEC. In the first phase of development, the terminal operator has constructed berths No.3 and 4 while berths No.1 and 2 are left for completion under second phase. The terminal operator has already brought in equipment, including five ships to shore gantry cranes and a power station with a generation capacity of 28 megawatts is also made available. The port has the capacity to handle 3.1 million TEUs a year and have a storage yard to accommodate 550,000 TEUs per year. Port Qasim handled 26.677 million tonnes of total cargo during the financial year 2016-17 (July-March) as against the corresponding period 2015-16, reflecting as increase of 12.2 percent.

In Balochistan province, Gwadar is the first port on the south western Arabian Sea coastline which is about 635 km from Karachi and 120 km from the Iranian border by road. Gwadar Port is located just outside the Strait of Hormuz, near the key shipping routes from Arabian Gulf to Far East and Europe. Gwadar Port is a strategic warm-water, deep-sea port and phase-1 of the port has been developed jointly by Government of Pakistan and the Government of the Peoples Republic of China with a total cost of US\$ 288.0 million.

Gwadar Port is fully functional with three multipurpose berths, each 200 meters in length dredged to 14.5 meters in depth alongside the berth, handling a ship of 50,000 DWT capacity. By 2055, it is anticipated that Gwadar Port will be the largest site of its kind in Pakistan, with a 50 km sea front and 10,000 hectares of port backup area.

To resolve the port connectivity with the highway network, “Gwadar Port East bay Expressway” project has now been agreed upon for funding under CPEC. The proposed expressway will connect the Gwadar Port with the Mekran Coastal Highway, passing along the east bay of Gwadar City, with a total length of 18.98 Km, including 4.3 Km along-the-shore and 14.6 Km on-shore sections. A double track rail link along the expressway is also part of the project.

The Information Technology sector is exhibiting accelerated progress with total IT turnover of US \$ 3.1 billion, including both exports and domestic revenue. The Broadband penetration has jumped from 3.7 million to 40.7 million. The IT and Telecom sectors are expanding and generating new jobs as businesses utilize modern ICT technologies such as e-commerce, e-banking, e-health, e-education, and business related to IT applications. Telecom operators have invested a significant amount of US\$ 287.6 million during July-December, 2016. The main driver behind this investment is the cellular mobile sector which has invested US \$262 million during the first two quarters of FY2016-17.

By the end of March 2017, the total number of mobile subscriptions in Pakistan reached 139.11 million with the net addition of 5.9 million subscribers during the July, 2016 to March, 2017 of FY 2016-17. 3G and 4G LTE subscribers have reached 39.88 million by March 2017, registering an increase of 10.3 million subscriptions to 3G&4G LTE networks in 09 months (July 2016-March 2017).

At the end of March 2017, broadband subscribers stood at 42.36 million as compared to 32.29 million at the end of last fiscal year depicting 31percent growth over the last nine months. The number of net subscriber additions in the period stood at 10 million.

There has been an impressive growth rate of approximately 97 percent in IT remittances over the last four years. Hence, Pakistan’s IT exports are estimated to have crossed \$2.8 billion a year at present as per estimation standard of Bearing Point. Annual domestic revenue is around \$500 million. Hence, total revenue of IT industry is estimated to be around \$3.3 billion a year at present.

According to estimates there has been a cumulative investment of approximately U.S \$4.0 billion in the electronic media industry in Pakistan. Electronic media sector has generated direct employment for more-than 250,000 people of diversified skills and qualifications. With the current growth rate of more than seven percent per annum, it is estimated that the cumulative investment in the electronic media industry will surpass U.S \$5.0 billion by the end of the current financial year. The Pakistan Electronic Media Regulatory Authority also conducted bidding during the current 2016-17 for award of 52

FM Radio licenses in 50 cities across Pakistan which concluded at Rs 253.690 million.

Pakistan Television Corporation Limited (PTV) is the only public sector broadcasting channel which telecast national & international programs in big cities and also remote and economically backward areas of the country in order to keep the people of remote areas to aware about the current affairs of the country as well as the whole world, At present 7 multiple channels are broadcasting its different programs through PTV Home, PTV News, PTV Sports, PTV Global, PTV National, PTV Bolan and PTV World.

Energy

The critical need for sufficient, reliable and affordable energy supply has taken by the present government on top priority. Right from the beginning, the present government had given high priority to energy sector, thus making significant efforts on all fields ranging from immediate step to long-term plan.

As an immediate step, the government retired the circular debt substantially brought down power subsidies and significantly contained the accumulation of new payable arrears in the power sector by (i) improving DISCOs' performance, (ii) rationalizing tariffs, and (iii) reducing delays in tariff determination. The subsidy for power sector which was Rs 464 billion (2.3 percent of GDP) in FY 2012 has been consistently reduced to Rs 217 billion (0.7 percent of GDP) in FY 2016. During July-March FY 2017, the subsidy for power sector remained at Rs 85 billion compared to Rs 99 billion in the corresponding period last fiscal year. Further, Circular Debt Capping Plan is effectively managing the power sector financial flows, stocks and subsidy budget.

In short run, two critical issues were addressed on fast track. One issue was inefficient recovery system while the other was transmission and distribution losses. It is worth mentioning that Ministry of Water and Power has shown significant improvement in both issues. There was 94.40 percent recoveries during July-March FY-2017, being highest in past ten years while transmission and distribution losses declined to 16.3 percent during the said period.

In the medium term, National Power Policy 2013 had also focused on low cost energy. Altering the fuel mix towards less expensive fuels will lead to low cost energy. Investments required for the low cost fuel mix will necessitate rationalization of the electricity tariff. In this regard, both Private Power and Infrastructure Board (PPIB) and Alternative Energy Development Board (AEDB) are playing vital role on behalf of the Government of Pakistan in materializing government commitment of adding sustainable and affordable power generation to the national grid. Thus energy imports of liquefied natural gas (LNG) and coal along with utilization of domestic resources like construction of Thar coal mines, hydro power stations, nuclear power plants, as well as several solar and wind farms will significantly reduce the country's reliance on oil in the medium term and improve the energy mix.

In long run, the government plan over a period of next 10 years is China-Pakistan Economic Corridor (CPEC). The CPEC envisages projects in energy and infrastructure, with a total financial outlay of around US\$ 46 billion. Financial outlay of Energy sector's projects are estimated to be US\$ 34.74 billion. Energy sector's projects include power generation and transmission projects to be implemented in IPP mode. Till March 2017, twelve (12) projects have been signed in Energy Sectors with eight (8) projects in PPIB and four (4) projects in AEDB.

During July-March FY 2017, although installed capacity increased to 25.1 million MW from 22.9 million MW during corresponding period last year, however, there was decline in generation as it remained 85,206 GW/h during July-March FY 2017 compared to 101,970 GW/h during July-March FY 2016. The main reason of the decline is slow down in the share of hydro in electricity generation compared to 34 percent during the corresponding period last year mainly occurred due to weather condition and less flow of water in rivers.

Oil (Petroleum Product): Pakistan mainly depends upon oil and gas resources to fulfil energy requirements. The domestic production of crude oil remained 24.2 million barrels during July-March FY 2017 compared to 24.0 million barrels during the corresponding period last year. Indigenous resources of oil are not enough to quench energy thirst of a growing economy. As a result Pakistan has to import large quantity of oil and oil based products from Middle East countries especially from Saudi Arabia. The quantity of crude oil imported remained 5.9 million tones with value of US \$ 1.84 billion during July-March FY 2017 compared to 4.2 million tones with value US \$ 183 billion during the same period last year. Thus, the low international prices of oil helped in saving foreign exchange due to lower import bill.

Transport and power are the two major users of oil. During July-March FY 2017, share of oil consumption in transport increased to 57 from 55 percent during the same period last year, while share of oil consumption in power remained 33 percent during July-March FY 2017 compared to 34 percent during the same period last year due to some of inefficient thermal plants remained closed on account of overhauling during the period under discussion

Natural Gas: Pakistan has an extensive gas network of over 12,202 Km Transmission 119,736 KM Distribution and 32,823 Services gas pipelines to cater the requirement of more than 8.4 Million consumers across the country by providing about 4 Billion Cubic Feet per day natural gas. Government of Pakistan is pursuing its policies for enhancing indigenous gas production as well as imported gas to meet the increasing demand of energy in the country. At present about 600 MMCFD Re-gasified Liquefied Natural Gas (RLNG) is being imported. The average natural gas consumption was about 3,654 Million Cubic Feet per day (MMCFD) including 410 MMCFD volume of RLNG during July 2016 to February 2017. During July 2016 to February 2017, the two Gas utility companies (SNGPL & SSGCL) have laid 814 Km Gas Transmission network, 4,153 Km Distribution and 1,162 Km Services lines and connected 104 villages/towns to gas network. During this period, the gas utility companies have

invested Rs 17,925 Million on Transmission Projects, Rs 11,183 Million on Distribution Projects and Rs 14,925 Million on other projects bringing total investment to about Rs 44,033 Million. During this period, 360,824 additional gas connections including 360,465 Domestic, 339 Commercial and 20 Industrial were provided across the country. It is expected that Gas will be supplied to approximately 414,723 new consumers during the fiscal year 2017-18. Gas utility companies have planned to invest Rs 12,702 Million on Transmission Projects, Rs 43,045 Million on Distribution Projects and Rs 8,462 Million on other projects bringing the total investment of Rs 64,209 Million during the fiscal year 2017-18.

Coal: Constitutionally, minerals other than mineral oil, natural gas & nuclear minerals are provincial subject. Provincial Governments have granted more than 1,100 coal mining concessions to public and private sector companies to carry out exploration and mining operations in the licensed/leased area. Two federally controlled organizations; Pakistan Mineral Development Corporation (PMDC) and Lakhra Coal Development Company [joint venture of PMDC, WAPDA & Government of Sindh] are engaged in extraction of coal in Sindh and Balochistan Provinces, producing about 558,000 tons and 235,000 tons of coal per annum (for 2015-16), respectively. These two companies also supply coal to Lakhra Power Plant of WAPDA.

Social safety Nets

The government has prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II, which provided a link between the policy priorities and the related budget allocations. Expenditure on pro-poor sectors in 2012-13 stood at 8.5 percent of GDP. In 2013-14, these were 7.7 percent of GDP and in 2014-15, 8.3 percent of GDP. During 2015-16, total expenditures of these sectors were increased and reached to Rs 2,694.6.7 billion, which was 9.3 percent of GDP. During July-December of the current fiscal year 2016-17, Rs 1,017.5 billion expenditures have been made in these sectors.

The number of BISP beneficiaries has increased from 1.7 million in FY 2009 to approximately 5.42 million at the end of March 2017. BISP's annual disbursement increased from 16.0 billion in FY2009 to Rs 115 billion in FY2017. The quarterly cash grant has been gradually enhanced by present government from Rs 3000/- to Rs 4834/- in FY 2016-17.

Pakistan Poverty Alleviation Fund (PPAF) is also contributing a large amount of funds throughout Pakistan to its core projects like micro credit, water and infrastructure, drought mitigation, education, health and emergency response interventions have been widely recognized. The core operating units of the PPAF delivered range of development interventions at the grassroots/community level through a network of 134 Partner Organizations across the country. During July 2016 to March 2017, Pakistan Poverty Alleviation Fund (PPAF) has disbursed an amount of approximately Rs 9.207

billion to its Partner Organizations (POs) under PPAF core interventions administered through various operational units.

Climate Change

Pakistan's vulnerability from climate change is due to geographic, demographic and diverse climatic conditions. Particularly, the environment changes threats to water, energy and food security. Its impacts are being felt through increasing intensity and frequency of extreme climatic disastrous events, as well as small, but incremental changes gradually affecting many sectors of government activity. Pakistan's response to the challenges of global warming and climate change has been closely aligned with its strategies for environmental protection, Sustainable Development Goals (SDGs) and objectives of the Convention on Climate Change.

Pakistan is one of the low forest cover countries with only 5 percent of land area under forest and tree cover whereas international requirement is 25 percent. To increase the forest coverage the government under the direction of the Prime Minister of Pakistan has launched, the Green Pakistan Program with the objective to facilitate transition towards environmentally resilient Pakistan. The objectives of the program will be achieved by implementing different initiatives and projects. The first project in this program is Green Pakistan Program-Revival of Forestry Resources in Pakistan and estimated cost of this project is Rs 3.652 billion and will be implemented over a period of five years (2017-2021). The second project is Green Pakistan Program - Revival of Wildlife Resources, its estimated cost is Rs 1.065 billion and will be implemented in five years (2017-2021)

Source: www.finance.gov.pk, *Economic Survey 2016-17*, pp.viii-xiii, xiv-xvi and xviii-xxii.

* * * * *

Pakistan Economic Survey Annex – III China – Pak Economic Corridor

Pakistan and China enjoy friendly relations which continue to strengthen with time. China – Pakistan's ties are reaching new heights as the two sides work together to implement the China Pakistan Economic Corridor (CPEC).

Regional Connectivity

CPEC is part of China's One Belt One Road (OBOR) initiative which aims to bring the region together through enhanced connectivity. With initiation in 2013, CPEC has expanded to encompass cooperation in a large number of sectors under its short to long term plans.

Pakistan's geostrategic location would pay real dividends allowing regional countries access to warm waters through shortest land routes. The benefits, therefore, would not just be limited to the two partnering countries but to the region as a whole. The Project would serve to bring the peoples together,

promote new economic relationships and usher in an era of peace and prosperity to this part of the world.

Projects under CPEC

Projects under the CPEC portfolio are broadly categorized into ‘Early Harvest’ projects with completion by 2018, Short and Medium Term projects, which are aimed for completion by 2020 and 2025 respectively. The two sides also aim to take the initiative forward under the CPEC Long Term Plan. The sectors of cooperation include but are not limited to the energy sector, infrastructure development in the area of rail and road network, development of Gwadar as a modern port city, establishment of industrial parks and improving IT connectivity through optical fiber.

A brief description of the cooperation under CPEC is given below:

Cooperation in the Energy Sector

Pakistan expects to overcome its energy shortage by 2018. The Government, fully conscious of its responsibility, has its prime focus on alleviating these shortages. As a policy decision, the Government has been providing uninterrupted energy supply to the industrial sector in order to maintain economic momentum of the country.

Under CPEC, the two sides have agreed to a financial outlay of US\$ 34.74 billion for the energy sector projects. A total of 17,045 MW will be added to the system with 10,000 MW expected in 2018. This will give great impetus to the economic and business activity in the country with resultant gains in exports, improved competitiveness and job creation. With the shift of energy mix from oil to coal, significant relief is also expected to be passed on to domestic as well as commercial consumers.

The following 12 projects with a total cost of US\$ 15,377 million are under implementation through IPP mode:

- 2×660 MW Port Qasim Coal Power Project
- 2×330 MW Engro Powergen Thar Project
- 1,124 MW Kohala Hydropower Plant Project
- 720 MW Karot Hydropower Project
- 870 MW Suki Kinari Hydropower Project
- 1,320 MW Sahiwal Coal Power Project
- 1,320 MW HUBCO Coal Power Project
- 1,320 MW Thar Coal Block-I (Shinghai) Project
- 300 MW Quaid-i-Azam Solar Project
- 50 MW Sachal Wind Power Project
- 50 MW Hydro-China Dawood Wind Power Project
- 99 MW UEP Wind Power Jhimpir Project

Cooperation in Infrastructure Development

Infrastructure plays a key role in connecting regions, supporting industrialization, easier and faster access to markets and improved competitiveness. CPEC gives due importance to the development of a vast network of rail and roads in Pakistan besides other areas as briefly mentioned below.

Road Infrastructure

The existing road infrastructure of the country is being enhanced under CPEC through upgradation of existing roads and construction of new ones. There is fast track implementation on all sections of the eastern as well as western routes, with major work ongoing on the following:

- Khuzdar-Basima Road N-30, 110 km
- DI Khan-Zhob Road N-50 Phase-I, 210 km
- KKH Phase-II Thakot-Raikot Section, 136 km
- Havelian-Thakot Section of KKH, 120 km
- Section of KKH Phase-II, 118 km
- Sukkur Multan Section, 392 km

Upgradation of Railway and Mass Transit Projects

Complementing the fast paced improvements in the road network, Pakistan and China have agreed to upgrade the Main Line-1. The estimated cost is around US\$8,200 million and includes development of a dry port at Havelian to harbor cargo in an efficient and timely manner. In order to provide state of the art transport facilities, the two sides have also agreed to work together on mass transit projects in the four provincial capitals namely Karachi, Lahore, Peshawar and Quetta.

Provincial Infrastructure Projects under CPEC

The fruits of CPEC are spread equitably across Pakistan. All provinces have identified their priority projects and the two sides have initiated collaboration on a number of projects, to name a few, development of Ketu Bunder Sea Port, Naukundi-Mashkel-Panjgur Road, Quetta Water Supply Scheme, Chitral CPEC Link Road, Mirpur-Mansehra Road and iron ore mining project in Chiniot. These Projects are being managed by respective authorities/agencies and are at different stages of planning and implementation.

Gwadar Development

An important component of CPEC is the development of Gwadar as a modern port city. Located at the south western coast of Balochistan, Gwadar is ideally located to give access to sea routes of the Arabian Sea. Pakistan and China have agreed to develop the city on a fast track basis to complement the progress being made on rail and road infrastructure.

The city is being upgraded with development of Gwadar Sea Port, East Bay Expressway, New Gwadar International Airport, technical institutes and

universities, water supply schemes, hospitals, free zones and industrial parks, world class product display center as well as a coal fired power plant. In times to come, Gwadar will serve as an important port city for the entire region.

Industrial Cooperation

In addition to improved connectivity and energy surplus, the development of Special Economic Zones (SEZs) across Pakistan is envisaged under CPEC. In the 6th Joint Cooperation Committee (JCC) meeting held in December 2016, the two sides agreed to set up the following nine SEZs which will serve as centers of industrial activity:

- Rashakai Economic Zone, Khyber Pakhtunkhwa
- Dhabeji Economic Zone, Sindh
- Bostan Industrial Zone, Balochistan
- Punjab-China Economic Zone, Sheikhupura, Punjab
- ICT Model Industrial Zone, Islamabad
- Industrial Park at Pakistan Steel Mills, Sindh
- Bhimber Industrial Zone, AJ&K
- Mohmand Marble City, FATA
- Moqpondas Special Economic Zone, Gilgit Baltistan

CPEC Long Term Plan

To sustain the partnership for progress and take it to the next level, the two sides have drawn out a Long Term Plan to cooperate in the areas of agriculture, industry, trade, communication, water resource management, coastal tourism and development of financial linkages. Closer cooperation between Pakistan and China in the long run would ensure that benefits accrued under CPEC are carried forward to the coming generations.

Fiber Optic Connectivity

The two sides are aware that a parallel improvement in IT connectivity is essential to the success of CPEC. Under CPEC, 820 km long line is planned to be developed. The cross border optical fiber cable project was established in October 2015 to connect it from Khunjerab onwards to Rawalpindi. The project, currently under implementation with work on 220 km completed, is expected to finish by 2017. The estimated cost of the project is US\$ 44 million. Other IT projects are also underway to achieve a higher standard of connectivity.

Impact of CPEC on Pakistan's Economy

CPEC is a long term partnership vision of the leadership of the two sides envisaging comprehensive socioeconomic development, peace and prosperity for the region. Research studies suggest that the initiative will substantively boost growth and job creation. It is also expected that CPEC will accelerate urbanization and attract local as well as foreign direct investment in the country through increased competitiveness. The relocation of Chinese industries will

bring possible knowledge spillover and technological progress. It is expected to address the issue of poverty and bring hope and better living standards to people across the region.

In the short term, the trade deficit is expected to rise as a result of import of machinery and equipment. In the long run, however, it is expected that the current account balance would improve through import substitution and export expansion. The balance of payments position would also improve in the long run as projects under CPEC reach completion.

Source: www.finance.gov.pk, *Economic Survey 2016-17*, pp.275-77.

III: Human Rights

Excerpts from *State of Human Rights in 2016*, Chapter ‘Rule of Law’

* * * * *

Military courts

The government empowered military courts to try civilian terrorism suspects in January 2015 for a period of two years promising to reform the civilian criminal justice system. The 21st amendment to the constitution was made following an attack on a school in Peshawar that killed more than 130 pupils. Since then 11 military courts set up across Pakistan – three each in Punjab and KP and two in Sindh and one in Balochistan — have convicted 274 individuals sentencing 161 to death and 113 to jail terms (mostly life sentences). At least 17 people have been executed after being convicted by a military court.

While the military courts' term was set to expire, instead of strengthening civilian court structures, the government again looked towards the military to dispense instant justice.

The International Commission of Jurists (ICJ) — a collection of 60 jurists from around the world — in a briefing paper published in 2016, said that “the government and military authorities have failed to make public information about the time and place of their trials; the specific charges and evidence against the convicts; as well as the judgments of military courts including the essential findings, legal reasoning, and evidence on which the convictions were based.”

The ICJ said that “human rights organisations, trial monitors, journalists and even family members of the accused persons tried by military courts have been denied access to military courts' proceedings.”

By December 2016, according to the ISPR's press statements, 135 out of 144 people convicted in military courts had “confessed” to their crimes. That the confession rate is higher than 90 per cent hints that confessions may be elicited using questionable interrogation methods. The ICJ noted that “Suspects

tried by military courts remain in military custody at all times, even after the magistrate records their “confessions”. They also have no access to the outside world, further compounding their vulnerability not only to torture and ill-treatment, but also to other forms of external pressure and coercion. And, reportedly, some suspects were secretly detained by military authorities as far back as 2010 and kept in internment centres in the Federally Administered Tribal Areas (FATA) before they “admitted” to their crimes during their military trials.”

In 2016, families of 16 civilians found guilty by the military courts filed a review petition in the Supreme Court of Pakistan.

“These trials before the military courts need to be proceeded again after sharing complete evidence and the case record with the accused and also ensuring complete freedom to the accused to engage a counsel of his choice,” argued lawyer Asma Jahangir before a five-judge Supreme Court bench, headed by (then) Chief Justice Anwar Zaheer Jamali.

The Supreme Court dismissed the claim that military trials had been in contravention with the standards of a free and fair trial guaranteed by the Constitution.

In April, the chief justice, in another case on the rights of the accused in military courts, said, “On one hand, terrorists are challenging the Constitution and the law of the land, but their counsel are citing fundamental rights in their defence.”

However, precedents show that previously violations of fundamental rights and due process even in such offences garnered the attention of the Supreme Court. In a human rights case, Justice Iftikhar Chaudhary had stated that the court ‘being the guardian of the fundamental rights of the citizens, is empowered to assume its jurisdiction.’

Blasphemy cases

Mumtaz Qadri, a police guard convicted of murdering Punjab governor Salman Taseer, over his call to reform the country's blasphemy laws was executed on February 29. Taseer's call had come in support of a Christian woman, Aasia Bibi, who had been sentenced to death. There have been numerous such cases of vigilante justice. The judiciary is also reluctant to hand out acquittals in such cases, leaving those accused languishing in prison. Asia Bibi remained in solitary confinement for a seventh year in 2016. Her last appeal hearing was canceled when a judge recused himself citing a conflict of interest.

On the other hand in January, the Lahore High Court acquitted a man charged with blasphemy. Accused Ghulam Ali Asghar had been languishing in jail for four years.

Citing a judgment of the Supreme Court in a blasphemy case, Justice Ibadur Rehman Lodhi said that a majority of blasphemy cases were based on false accusations, stemming from property disputes or other personal or family vendettas rather than genuine instances of blasphemy. They inevitably lead to mob violence against the entire community.

“The [Lahore] High Court in 2002 had given guidelines to the police to deal with blasphemy cases. However, in a case registered in 2011, the investigation agency has not bothered to take any guidance. The investigation in this case was not conducted in an efficient and perfect manner,” the court said.

“The increase in the number of registration of blasphemy cases and the element of mischief involved therein call for extra care on the part of the prosecuting officers. Registration of such cases cannot be allowed in a very free and careless manner. A class of citizens who do not have much knowledge of religion must not be allowed to use the blasphemy law to settle their scores,” the court said.

Blasphemy convictions in 2016 Summary

	Number of Accused
Muslims	10
Christians	05
Total	15

In November, an anti-terror court sentenced five people to death over the killing of a Christian couple who were lynched and burned in a kiln after being falsely accused of blasphemy. The deaths of Shahzad Masih and Shama Bibi caused outrage in Pakistan and saw other Christian families living near their home in Punjab flee the area in fear. A total of 103 people had been charged in the case. But the court had acquitted 90, including the owner of the brick kiln. He had been accused of locking the couple up as they tried to flee for fear they would default on their debt to him. Apart from the five sentenced to hang for dragging, beating and burning the couple, eight others were given two years' imprisonment for playing a supportive role, according to the judgment.

Corruption

The Supreme Court heard petitions that leveled corruption allegations against the prime minister and his family for about two months. But on December 9, proceedings in the case ended as Chief Justice Anwar Zaheer Jamali was scheduled to retire by the month end. The Supreme Court said that arguments from both sides would commence afresh when hearings resume in January. A five-judge larger bench headed by Justice Asif Saeed Khosa was constituted by the Supreme Court to resume hearing of the Panama Papers case from January 4, 2017.

Hearing a suo motu case, the Supreme Court restrained National Accountability Bureau (NAB) chairman from approving deals for voluntary return (VR), a provision under the National Accountability Ordinance (NAO), 1999, that allows people guilty of corruption to pay a certain portion of the embezzled money and be released without any stigma. The NAB scheme even allows federal and provincial government servants to resume work in their departments after availing the NAB's VR facility.

The NAB, through an earlier report, had submitted that 1,584 civil servants, 165 of them federal government employees and 1,419 provincial government officers, enjoyed the VR facility of NAB by paying Rs2 billion.

Other cases of significance

In August, the Lahore High Court announced its verdict on petitions against the Orange Line Metro Train project, upholding an earlier decision stopping construction within 200 feet of 11 heritage sites. An appeal against the decision was filed in the Supreme Court. In December, the court invited all stakeholders in the Rs45 billion project to file observations against expert reports on re-verification of the credibility of the Nespak environmental assessment.

While hearing the appeals, the chief justice observed that the expert reports were conflicting. "The findings in both the reports are diametrically opposed to each other."

The Supreme Court defined the powers of the prime minister with regard to the federal cabinet in another case saying that the prime minister is 'the head of the cabinet but he can neither supplant it nor replace it' and cannot 'exercise its powers by himself.' This landmark case was initiated on the change in tax rates, which the appellant companies said, was made on the directives of the prime minister without consulting the cabinet.

The Supreme Court prevented Bahria Town from resuming construction on the land illegally granted to it by the Malir Development Authority (MDA).

The Peshawar High Court on a writ petition restored the citizenship of 65 families who were sent into exile in 1951. They were living in the border area between Pakistan and Afghanistan. Their property had also been taken by the ruler of Chitral at that time. They appealed on the grounds that they were Pakistani citizens and were denied the issuance of ID cards because they obtained ration cards and took relief items meant for Afghan refugees. The court directed the Ministry of Interior to provide them with citizenship documents.

The Supreme Court constituted a three-member medical board to examine the mental health of schizophrenic death-row prisoner Imdad Ali and submit its report within two weeks.

During the hearing, Justice Amir Hani Muslim observed that Imdad Ali's mental illness, if proved, would not quash his death sentence but would only be delayed until he was treated for the illness.

On October 31, the apex court had stayed the execution of Imdad Ali, who was scheduled to be hanged on November 2. The court was hearing a review petition filed by Safia Bano, the wife of the convict, against the court's September 27 order, wherein it had declared that a psychiatric disorder like schizophrenia did not subjugate the death sentence.

In December, the Supreme Court dismissed petitions filed by more than 50 senior officers of Punjab police seeking review of its 2013 order regarding out-of-turn promotions.

In 2013, the apex court had declared the out-of-turn promotion a violation of the Constitution and ruled that no police officer or civil servant was entitled to such promotion on account of gallantry award or otherwise.

In pursuance of the court's 2013 order, hundreds of officers of Punjab police, including 20 superintendents of police, were demoted. Punjab police informed the Supreme Court in July that they had withdrawn 10,884 out-of-turn promotions of officers of different ranks.

An appellate court in Gilgit-Baltistan upheld the life sentence of Baba Jan, a political activist from the Hunza Valley. Baba Jan and 11 other activists were sentenced under anti-terrorism laws for allegedly leading protests demanding compensation for the victims of the Attabad Lake disaster in 2011.

He contested local elections from prison, placing second in the polls. Human rights organisations demanded his release. Now, only the country's president could commute the sentence.

Attacks

More than 50 lawyers were killed in Quetta on August 8 as they gathered to mourn the death of the Balochistan Bar Association (BBA) president Bilal Anwar Kasi in a gun attack earlier that day. This incident had been preceded by the targeted killing of University of Balochistan's law college principal, Barrister Amanullah Achakzai in June and of Jahanzeb Alvi, a lawyer in early August.

A newspaper report said that in the aftermath, 2,000 clients remained without legal representation, causing unprecedented delays in the high court and lower trial courts – both previously strained with increasing civil and criminal cases. 40percent of court cases in the province were pending at the year end. Out of 32 districts, almost 26 had no legal representatives implying that Quetta-based lawyers must defend clients by traveling long distances. Consequently, 13,000 cases remained pending in the district courts and around over 6,000 in the Balochistan High Court and two circuit benches in Sibi and Turbat.

Frequent strike calls allowed the high court and lower trial courts to barely function for two days a week, with certain senior lawyers overburdened with work. Balochistan was also yet to appoint a prosecutor general– the position had remained vacant since November 2015.

On March 7, a suicide bomber attacked the entrance to a civil court in Shabqadar, Charsadda, killing 16 people.

In September, the district courts of Mardan suffered a blast when a suicide bomber first hurled a grenade at the police and then detonated the bomb. Fourteen people died as a result of the blast and 52 were wounded.

In a suo motu case, a one-member commission was formed under Justice QaziFaez Isa to investigate the attack on the lawyers in Quetta. The commission's report meticulously considered every aspect of the terrorist attack citing the negligence on part of the hospital, the provincial government, the police in securing the crime scene or forensic investigation and in the poor implementation of the National Counter Terrorism Authority plans. The report

offered recommendations for the federal and provincial government to be able to prevent the occurrence of future terrorist attacks.

The year also saw the kidnapping and recovery of a lawyer, Awais Shah. Shah, the son of the Sindh High Court Chief Justice Sajjad Ali Shah, was kidnapped in June, from Karachi. He was found a month later in Tank, near South Waziristan, while he was being moved to Afghanistan.

Source: State of Human Rights in 2016, Human Rights Commission of Pakistan, Lahore, May 2017, pp.29-35.