Inside the Issue

2 British Delegation Visits IPRI
3 Recent IPRI Publication
   18th IPRI Paper:
   Management of Pakistan-India Relations: Resolution of Disputes
4 In-House Discussion
   After Brexit: EU’s Future & Implications for Pakistan
5 Upcoming IPRI Publication
   CPEC: Macro and Micro Economic Dividends for Pakistan and the Region
6 In-House Discussion:
   Socio-Economic Consequences of Operation Zarb-e-Azb in NWA: An Empirical Analysis
7 In-House Lecture
   Pre-Poll Scenario: UP Elections in India

British Delegation Visits IPRI

Mr. Anthony Stanley, First Secretary Political, Head of External & Prosperity Team, British High Commission, Islamabad accompanied by Ms. Adeela Bahar Khan, Political & Events Officer, Political Section, British High Commission, Islamabad visited Islamabad Policy Research Institute on January 23, 2017 on their request for a meeting with President IPRI. Col. (R) Muhammad Hanif, Research Fellow and Ms. Maryam Nazir, Assistant Research Officer were also present at the meeting. The agenda of this interactive session was to discuss the Pakistan’s foreign policy outlook in the Middle East, options available vis-à-vis evolving global dynamics and order.

Mr. Anthony said that Pakistan holds immense importance in the regional and global politics for its relations with Afghanistan, India, China, Middle Eastern and Gulf countries. While discussing the inter-regional dynamics, President IPRI, Ambassador Sohail Amin said that Pakistan has exemplary relations with Middle Eastern countries.

Continued to p 2

Recent IPRI Publication

This month, the Institute published its 18th IPRI Paper titled “Management of Pakistan-India Relations: Resolution of Disputes” written by Dr. Noor ul Haq. Through the IPRI Paper (Monograph Series), research fellows and other experts contribute on a broad range of critical contemporary issues facing Pakistan and the international community. They are finished research products which explore complex foreign policy issues, present the latest data/analysis, and propose practical policy recommendations.

The purpose of the Paper is to discuss the historical background and the causes of the strained relations between Pakistan and India and possible solutions to achieve peace, development and prosperity for the people of the subcontinent. It explicated that the core issue of contention which is Kashmir.

Continued to p 3

Note from the Editor-in-Chief

Ambassador (R) Sohail Amin, President IPRI

2016 was another productive year for IPRI. By using strategic initiatives, we were able to improve and create value for researchers through our publications, Conferences, Seminars, Workshops and Roundtable meetings. A highlight in 2016 was the successful launch of the ‘Journal of Current Affairs’ in which IPRI scholars contribute their thoroughly researched peer-reviewed articles.

I would like to thank all IPRI employees for their dedication and contribution to our performance. IPRI was re-located to another premises during the year without involving cancellation or postponement of any of the events in our calendar of activities.

I would also like to thank the Board of Governors of IPRI for their valuable advice. I take this opportunity to thank scholars, member of the academia and media persons, for their continued support by participating in IPRI events.

In 2017, we aim to expand our footprint among think tanks internationally while leveraging our strong position within Pakistan. We will need your continued support in our endeavors.
British Delegation Visits IPRI

Continued from p 1

On the situation in Middle East, it was said that the strategies of intervention did not work in the Middle East as they were not in cohesion with the tribal nature and culture of those countries. Rather, the employment of such policies for state rebuilding and efforts to establish western oriented institutions further shook the state structure as it happened in the case of Iraq and Libya. He further added that it is encouraging to see an understanding now that state structures can be restored or built without military intervention.

On bilateral relations between Pakistan and Saudia Arabia, it was mentioned that both states are the closest Muslim allies to each other. Besides, there are huge public sentiments associated in Pakistan with the holy places there. Moreover, there are 3.2 million Pakistani people working in Saudia Arabia, contributing immensely to the manpower and work force, sending back huge remittances. It is because of this special relation; Saudia Arabia has always helped Pakistan in crucial times.

On bilateral relations with Iran, it was said that Pakistan aims to strengthen this relationship through cooperation on mutual grounds of interest. In the similar regard, President Rouhani’s visit to Pakistan and emerging Iranian interest in CPEC are some key highlights, adding substance to Pak-Iran relations.

Amb. Sohail Amin said that Pakistan has cordial relations with the Gulf countries. For instance, Oman had been providing us assistance in troubled times. With Qatar, Pakistan has active cooperation in the investment and infrastructure development sectors and petrochemical industry. Pakistan maintains similar kind of relations with UAE as well in the defence, economic and investment sectors. Amb. Sohail Amin said that Pakistan is ensuring monitored and restricted movement across border. It was stressed that Afghanistan must work on border management and Afghan government must work to bring various ethnic groups on table for talks in order to resolve their internal issues.

On bilateral relationship between US-UK developing under Trump’s Presidency, specifically in terms of European defence, Mr. Anthony said that US-UK relations are special from the perspective of shared history and aligned interests. He said that UK hopes to have good relations with the US under President Trump’s administration.
Management of Pakistan-India Relations: Resolution of Disputes

The author provides the reasons why Indian occupation lacks legitimacy and the arguments put forth by the Indian state to justify occupation. He also dwells on why the cause of the Kashmiri people and the region are indispensable for Pakistan.

The third chapter explores other contentious issues, apart from Kashmir, which have often soured relations between India and Pakistan. These include Indus Waters Issues, Siachen Glacier, Sir Creek, trade and commerce, pipelines, terrorism and counter-terrorism.

Chapters four and five outline the ‘Framework of Interaction’ which may be developed to move Pak-India relations forward. Dr Haq points out that Kashmir remains ‘the most dangerous place on earth’ because more than half a million Indian soldiers are deployed there; and because ‘torture and extrajudicial execution remain commonplace in Kashmir today.’ He stresses that because the state is indispensable for Pakistan on legal, geographical, ethnic, and cultural grounds, the Government should use all means necessary including dialogue, negotiations, arbitration, legal recourse, diaspora, literature, media, and diplomacy to highlight Kashmir’s nonviolent struggle with a view to achieving peaceful resolution of the dispute. He indicates that nuclearisation and globalisation have been helpful in maintaining peace and stability in South Asia.

The author writes that Pakistan should also continue back-channel diplomacy with India since it has its own intrinsic value. While maintaining detente with India, the country’s policy-makers and thought leaders should also approach the international community in all forums to highlight India’s human right violations and its uncompromising and hostile attitude in Kashmir. However, Dr Haq cautions that first and foremost, Pakistan needs to set its own house in order. Simultaneous to peace at home and efforts for peace with India, one needs to pursue friendly relations with all countries of the world. “Pakistan should impress upon the global community and India that it is in the mutual interest of both countries that their disputes, especially Kashmir, are resolved so that with a positive mindset an era of goodwill, peace and progress is heralded with a view to improving the quality of life of the people of the Subcontinent,” he concludes.

About the Author

Dr Noor ul Haq served as Senior Research Fellow at the Islamabad Policy Research Institute in Pakistan from January 2011 to May 2016. He was at one time Acting President of the Institute and also led the IPRI Journal as its Editor-in-Chief. While the main thrust of his research is on South Asian affairs, he has also written extensively on education, governance and strategy. His book Making of Pakistan: The Military Perspective (1993) remains an influential work that has been reprinted in Pakistan and India.
After Brexit: EU’s Future and

economic elite of the country.

- While this feeling of mistrust could be as a result of how the issue of European integration has been handled in the past but it is clear that it runs deeper and mirrors a general sentiment amongst a large chunk of British society that they have been ‘left behind’ or ‘failed’ by the political system.

- This feeling of failure was successfully tapped into by the ‘leave’ campaign who presented the referendum as a contest between the ‘ordinary British citizens’ and the establishment. A case in point would be how the ‘leave’ campaign was able to successfully discredit the warnings of majority of credible experts and international organisations as just another elite gimmick.

**European Union’s Future**

- It is hard to ascertain what Brexit actually means. Britain and European Union are far more intertwined than suggested by the Leave camp. Pulling United Kingdom out of the European bloc, negotiating new relationships with Europe and the rest of the world is bound to be a huge undertaking.

- In the foreign policy domain, Brexit would decrease the overall appetite for a common foreign policy. Governments of EU member states, aware of the rising nationalism in public opinion, are seeking to retain their full autonomy in their dealings with the outside world. As a result, member states have argued in favour of keeping EU’s Common Foreign and Security Policy (CFSP) intergovernmental. The departure of the UK might increase the role of the European External Action Service (EEAS the EU’s diplomatic service) at the expense of national foreign ministries and diplomatic services. The UK has long seen EU foreign policy cooperation as a force multiplier. There is a chance of normalcy in relations with Russia after UK leaves the EU as many countries such as Hungary and Italy openly seek to normalize relations with Russia. Turkey could also use the refugee crisis to start accession negotiations with the EU.

- In the economic domain, a British withdrawal from the EU would make the bloc less liberal and more protectionist. However, there is a broad consensus across the Union in favour of structural reforms to liberalize markets for goods, services and labour. EU’s Capital Market Union (CMU) may also get a push from the centre to create a powerful central authority for true harmonization of business laws.

- Traditionally, in the defence domain, UK has always been ambivalent about giving the EU a pronounced defence role in order to safeguard the primacy of NATO. On a political level, the priorities of the European power couple France and Germany would fill the void left by a British exit. At a practical level, the post-Brexit EU would have lost one of its most capable military powers, and one of the few EU countries spending 2 percent of its GDP on defence. Its power projection capabilities and strategic assets would be sorely missed.
Implications for Pakistan

Implications for Pakistan
• Brexit will have the most acute effect on Pakistan’s trade with the United Kingdom. With a loss in economic growth, consumer demand in the UK will lessen. Also, with a decline in the exchange rate of the British Pound, Pakistani goods will become more expensive which will further affect demand. That may also bring down exports.

Another point of worry is Pakistan’s GSP Plus status. Traditionally, United Kingdom was the strongest advocate for Pakistan in Brussels. With the former exit from the European Union, Pakistan will have to conduct robust lobbying in EU to retain its GSP Plus status. While this may relieve Pakistan temporarily, the Government of Pakistan must work on a more permanent mechanism such as a Free Trade Agreement (FTA), similar to the one EU has with countries like Turkey and Mexico.

• Pakistan is unlikely to be affected considerably by Brexit in the investment sector. Foreign Direct Investment (FDI) from United Kingdom has been dropping over the years. UK FDI to Pakistan was $460 million in 2007-08. It sharply declined to $157 million in 2014-15 and was predicted to drop further in 2015-16. Hence, investment to Pakistan would stay static. Another reason for this stagnation is because over the last three years, more focus has been on getting FDI from China which has reached over 75 percent. With a strong commitment to China-Pakistan Economic Corridor (CPEC), this trend is likely to continue.

• Brexit could also decrease workers’ remittances from UK and Europe. In the year 2015-16, remittances from the UK were $2.5 billion, which is 13 percent of the total remittances. If the UK economy slows down, this will in turn lead to unemployment and as a consequence, reduce the pace of inflow of remittances to Pakistan. Europe does not offer any major trouble in this sector as it contributes only 3 percent of the total worker remittances.

• United Kingdom is a significant player when it comes to giving grants to developing countries including Pakistan. The actual amount disbursed to Pakistan in 2013 was GBP [Great British Pounds (Sterling)] 338 million and 266 million in 2014. With an economic slowdown, the UK might reconsider its overall assistance for developing countries. Any plunge in assistance grants would play a detrimental role in Pakistan’s already inadequate economic profile.

Conclusion/Recommendations
• The year 2017 would be consequential for Europe. Transatlantic relations policy of the Trump administration, presidential elections in France and Germany and post-Brexit relations with the UK will unravel Europe.

• Pakistan too, will have to conduct robust lobbying in Brussels and UK to ensure that their economic policies towards Pakistan continue. Retention of the GSP Plus status should be a priority.

• With UK leaving the European Union, Pakistan may lose British public figures who have been instrumental in raising the issue of Kashmir in the EU.

• Brexit has also led to new resolve within the European Union to bring about structural reforms which will prove to its citizens that it is part of the solution, not the problem.

The forthcoming IPRI book “CPEC: Macro and Micro Economic Dividends for Pakistan and the Region” is based on papers, keynotes and thought pieces presented at a two-day national conference organised by IPRI in collaboration with the Hanns Seidel Foundation (HSF) in September 2016. The chapters by academic and industry experts as well as policy leaders not only review the various short and long-term projects under the China-Pakistan Economic Corridor, but also explore how the financial markets of various state partners, business portfolios of local and regional investors are likely to be impacted. The authors go beyond readily available generic information about the Corridor to critically looking at its strengths and weaknesses for South Asia and for Pakistan, in particular. Practical prescriptions are outlined to ensure that the project becomes a success for China and its neighbours.
Socio-economic Consequences of Operation Zarb-e-Azb in North Waziristan Agency (NWA): An Empirical Analysis

Mr. Khurram Abbas, Assistant Research Officer, delivered a presentation on the topic of "Socio-economic Consequences of Operation Zarb-e-Azb in North Waziristan Agency (NWA): An Empirical Analysis."

Following are the salient points of the discussion:
- Since early 1980s, a challenging issue has emerged on the international agenda, i.e., the global crisis of internal displacement. People who have been forced out of their homes by armed conflicts, internal strife, systematic violations of human rights and other such causes are considered Internally Displaced Persons (IDPs). According to International Displacement Global Report 2015-16, 40.8 million people are internally displaced in the world due to various forms of national armed conflicts. Pakistan is also facing the problem of internally displaced persons due to anti-terrorist operations, mainly in FATA. According to UNHCR, there are 1.5 million IDPs in Pakistan due to anti-terrorist operations. However, the rehabilitation and resettlement of IDPs in Pakistan has been far more organized and speedy as compared to other parts of the world. The government of Pakistan had set a specified date for the rehabilitation and resettlement of IDPs, hence, they are also known as Temporarily Displaced Persons (TDPs).
- Pakistan had been facing a precarious security situation before launching of operation Zarb-e-Azb. A violent wave across the country was observed with the emergence of a nexus between militant organizations and criminal networks. Despite efforts of negotiations, the radical groups continued to attack, causing human and infrastructural losses. After a week of Karachi airport attack, on June 14, 2016, operation Zarb-e-Azb was launched against militant groups in North Waziristan. Operation Zarb-e-Azb is considered the most important milestone in the counter-terrorism efforts of Pakistan.
- The study was conducted with the aim to find out the socio-economic consequences of operation Zarb-e-Azb on the IDPs belonging to the North Waziristan Agency (NWA) of Federally Administered Tribal Areas (FATA) by analysing responses taken from a sample of 315 displaced families in two phases, i.e. during displacement and after resettlement.
- The study focuses on the income and education patterns of the IDPs in order to gauge the extent of changes in their way of living. Further, the study attempts to measure the intensity of losses faced by the IDPs. It also discusses the perceptions of IDP's regarding operation Zarb-e-Azb, their displacement and rehabilitation. The research also tried to look into the perceptions of the displaced families about the success of operation Zarb-e-Azb and the role which each stakeholder, including the civil government and Pakistan Army, has played in establishing peace in the region.
- The results show that the majority of the families had faced a physical loss in terms of livestock and damage to their houses. However, the results also show that during displacement, apart from sanitation problems, IDPs were largely satisfied with the facilities available in the camps. During the second phase of the survey, rehabilitated households were found satisfied with the ongoing progress of rehabilitation. Better education facilities have also created a hope of a brighter future among parents for the next generation. The study results also confirm that apart from some individual cases, no food shortage in the camps was reported by the majority of IDPs.
- Operation Zarb-e-Azb has been the successful counter-terrorism operation to dismantle terrorist networks. The Pakistan Army has laid a foundation of organized and developed NWA by offering numerous socio-economic development projects, which have changed the entire outlook of NWA. The completion of the Central Construction Plan of Frontier Works Organization (FWO) will offer numerous economic opportunities to the local inhabitants. The positive perceptions of the local population about the Pakistan Army and operation Zarb-e-Azb shown in the research results are because of organized rehabilitation, reconstruction and resettlement projects led by the Pakistan Army.
- The study concluded that the development projects alone cannot sustain peace in the region. The benefits of the operation Zarb-e-Azb to facilitate sustainable security and development in FATA can only be reaped through political and legal reforms and good governance. The people of NWA are hoping for a better and prosperous future. It is expected that political and legal reforms along with development efforts and good governance will create favorable security conditions, whereby the remnants of the militants who have fled to Afghanistan will not be able to come back to the region.
Pre-Poll Scenario: UP Elections in India

Mr. Asghar Ali Shah, Research fellow, delivered a lecture on the topic of “Pre-Poll Scenario: UP Elections in India.” Following are the salient points of the lecture:

- Seven states of India are going to have polls in 2017; five of them are scheduled in the first half of the year. The biggest election would be those of Uttar Pradesh (UP), on which the political observers are keeping a keen eye besides, the people of Punjab, Uttarakhand, Goa and Manipur will also elect their new governments. The elections in Gujarat and Himachal Pradesh are also scheduled in the latter half of 2017.
- The Uttar Pradesh (UP) Legislative Assembly elections will be held from February 11 to March 8, 2017 in seven phases. The state has 403 electoral constituencies, each representing a seat in its legislature. However, it is expected that the result of the UP polls will mold Indian politics in the coming years, having a impact over national elections in 2019.
- In these elections, the Bharatiya Janata Party (BJP) is challenged by three powerful regional players in UP including the incumbent Samajwadi Party, Bahujan Samaj party and Congress party led by Rahul Gandhi. The Congress and Samajwadi party is fighting for 105 and 298 seats simultaneously. One important observation is that BJP has not given even a single ticket to any Muslim in UP.
- The other crucial state going to have polls is Punjab, where an alliance of the BJP and a regional party has been in power for 10 years. It is suspected that a big upset here would be a victory for the four-year-old Aam Aadmi Party (AAP) which governs only one small Indian state, Delhi, and has been working to expand its influence.
- The Uttarakhand elections are expected to be held on February 15, 2017 for 70 seats. The key players in the state are only Congress and BJP. AAP is yet to emerge as a major force in the state but doesn’t look capable of making its presence felt in the elections of 2017.
- The assembly elections in Manipur will be held on 4 March and 8 March 2017 in two phases. The fifth state part of this election cycle is Manipur where, again, the BJP is looking to make gains at the cost of the governing Congress. Manipur is strategically important for the BJP after its victory in Assam.
- The Indian Punjab elections will be held on 4 February 2017 to elect 117 members of the Punjab Legislative Assembly. The results of the election will be announced on 11 March. Three parties are popular in Punjab: AAP, Congress and BJP.
- The small western state of Goa will vote on the same day as Punjab, followed by the northern state of Uttarakhand, on February 15. AAP is expected to win elections in Goa.
- The biggest issues faced by voters are not jobs or corruption, but the drug epidemic that is sweeping the state. Youth unemployment and the increasing rate of suicides by the farmers are other major issues.
- There are political advantages for BJP in Tamil Nadu in the absence of Jayalalithaa. The Congress does not have a strong state leader or cadre leaving the field open for the BJP. UP, however, as the most populous state, has higher weight age than north-eastern states. The BJP will need a near sweep in the UP assembly elections to see an NDA candidate as the next President of India.
- Since it has always been a prestige state for the party, the Gujarat model of economic development was the major cause of Modi’s campaign in 2014, it will be politically contingent for the BJP to win it back. In Himachal Pradesh and Uttarakhand, the party would like to wrest control from the Congress, which is already facing several corruption charges in both the states.
- But in Goa, both the Congress and a fledgling AAP hope to do exactly the same from the Laxmikant Parsekar-led BJP government, which too has entangled itself in charges of corruption and weak governance. The success of AAP in Punjab will be a major setback in Indian politics.
- The recent demonetization policy by the Modi government became a hot debate in Indian politics. The withdrawal of bank notes led to a short-term disruption in India’s economy. It created a cash crunch, with the time spent queuing up outside banks affecting general productivity. The opposition parties staged nationwide strikes against the demonetization drive. A united opposition also attacked the center in Parliament over poor implementation of demonetization. However, the note ban will continue to remain the primary topic of political discussion in 2017, at least in the first half of the year.
- Rahul Gandhi and Arvind Kejriwal have alleged that note ban which flushed banks with unprecedented deposits was done to help big corporates which are reeling under heavy debts.
- It was also said that Indian politics still revolves around India-Pakistan rivalry. It is seen that in India, politicians use negative slogans about Pakistan to make their electoral campaigns successful.
- State elections in India are held after every few months and by propagating anti-Pakistan sentiments, political parties in India assume that they can make massive strides in elections to garner votes. Such propagation proves to be the biggest obstacle in improving Pakistan and India relations. This particular attitude from Indian politicians has become the reason why relations between the two countries have worsened.
Call for Papers
IPRI Journal Summer 2017

The IPRI Journal is a biannual peer-reviewed publication of the Islamabad Policy Research Institute (IPRI). It is an HEC-recognised ‘X’ category Journal, which is Pakistan’s second highest category for Social Science Journals. The objective of the Journal is to produce, foster and disseminate research, policies and ideas, primarily from Pakistan and the Global South, from the fields related to Social Sciences and International Affairs. Research scholars are invited to submit original, unpublished articles and book reviews for the Summer 2017 Issue.

Submission Deadline: March 31, 2017

Papers/articles should be concise and not exceed 8,000 words, including an abstract of 150-200 words. Reviews of recent books by scholars of standing in their field should comprise of 1000 words. Guidelines for Contributors are available at: <www.ipripak.org>.

Authors are requested to submit soft copies in MS Word format, a brief bionote as author of no more than 30 words, complete contact address (email as well as postal), telephone and fax numbers to the Editor at:

Email: ipri.editor@gmail.com

Printed copies should be sent to the Institute’s postal address.

Islamabad Policy Research Institute

Contact Information

Address: Fifth Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad, Pakistan
Phone: +92 51 9211346-49; Fax: +92 51 9211350
maryamazir1991@gmail.com
www.ipripak.org
https://twitter.com/IPRI_Pakistan
https://www.facebook.com/pages/Islamabad-Policy-Research-Institute