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Asia in 2019: Escalating international tensions and authoritarian involution

**Edited by
Michelguglielmo Torri
Nicola Mocci
Filippo Boni**

viella

A large, faint, light-blue mandala design is visible in the bottom right corner of the cover, partially overlapping the text and the dark blue background.

CENTRO STUDI PER I POPOLI EXTRA-EUROPEI “CESARE BONACOSSA” - UNIVERSITÀ DI PAVIA

ASIA MAIOR

The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989

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When this Asia Maior issue was finalized and the Covid-19 pandemic raged throughout the world, Kian Zaccara, Greta Maiorano and Giulio Santi, all children of Asia Maior authors (Luciano Zaccara, Diego Maiorano and Silvia Menegazzi), were born. We (the Asia Maior editors) have seen that as a manifestation of Life, reasserting itself in front of Thanatos. It is for this reason that we dedicate this issue to Kian, Greta and Giulio, with the fond hope that they will live in a better world than the one devastated by the Covid-19 pandemic.

PAKISTAN 2019: THE CHALLENGES OF THE FIRST PTI GOVERNMENT

Marco Corsi

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The 2018 electoral success of the Pakistan Tehreek-e-Insaf (PTI) party was based on its commitment to improve economic conditions in Pakistan and the lives of the less advantaged sections of society, and to combat the endemic corruption and cronyism of Pakistan's political and institutional establishments. Once in power, the government of Prime Minister Imran Khan was forced to go back on its campaign pledges in an attempt to rescue the country from the macroeconomic emergency triggered by the inherited pressing debt and by both a budgetary and a balance of payments crisis. The Khan administration tried to mobilise support from friendly countries, to curb imports, to depreciate the currency, and to reduce non-developmental expenditures. The PTI, when it was in opposition, had firmly rejected the idea that further agreements should be reached with the International Monetary Fund (IMF). However, the dire economic conditions forced the new administration to negotiate Pakistan's thirteenth loan with the IMF since the 1980s. The bailout was accompanied by an agenda of reforms and austerity measures aimed at reducing the fiscal and account deficits, bolstering international reserves, and improving social protection and governance. The approval of the loan was subject to the implementation of preparatory actions, including a national budget aimed at meeting required targets.

The regional context of changing power scenarios has offered Pakistan the opportunity to pursue a nonaligned approach in its relations with the major powers, and to aim at establishing friendly relations with its neighbours in furtherance of its national interest. Pakistan is playing a strategic role in the peace talks and in shaping Afghanistan's future to gain influence in the potentially promising geopolitical and economic environment that will follow the withdrawal of the American troops. Although tensions with India remained high in 2019 and the two neighbouring countries engaged in military clashes following a terrorist attack on Indian troops on 14 February 2019, Islamabad made efforts to revive a dialogue with New Delhi and to de-escalate bilateral tensions. Nevertheless, bilateral relations deteriorated significantly, and a new crisis was ignited following the decision by the government of India on 5 August 2019 to revoke the special status accorded to its state of Jammu and Kashmir.

1. Introduction

In August 2018, Imran Khan became prime minister of Pakistan by winning the election, although this was overshadowed by the alleged help

provided to him by the military.¹ Khan presented himself and his party, the Pakistan Tehreek-e-Insaf (PTI), as an alternative to the family dynasties who had ruled the country for many years, and built his election campaign on a broadly defined message of «transformational change», on an anti-corruption narrative and on a commitment to deliver services primarily for the poor.² After winning the election, Khan succeeded in creating a heterogeneous coalition of provincial forces, which has allowed the PTI to form governments in Punjab and Khyber Pakhtunkhwa, and to be part of the coalition government in Balochistan.

During the 2018 electoral campaign, the current opposition parties alleged that there were ties between the PTI and the military establishment, and that this falsified the results in favour of Imran Khan.³ The allegations continued in 2019 in relation to violations of the press's freedom of expression, the prominent role of the military establishment in the country's affairs, and political motivations behind the arrests of members of the opposition parties. Also, following his electoral success, Khan faced public criticism because of commitments made during the 2018 electoral campaign that had been considered unrealistic by the opposition; the opposition kept monitoring the alleged unfulfilled promises.⁴

In 2019, Pakistan faced a severe macroeconomic crisis that was inherited from the previous Pakistan Muslim League-Nawaz (PML-N) government, which had left the economy with imbalances.⁵ A substantial fiscal deficit, significant foreign debt, and bulky debt service charges have reduced Pakistan's capacity fully to implement projects related to the China-Pakistan Economic Corridor (CPEC),⁶ and have prevented Pakistan from turn-

1. Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', *Asia Maior* 2018, pp. 357-369.

2. 'Pakistan Premier: 'No Use for Armed Militias Anymore'', *The New York Times*, 9 April 2019; 'Imran Khan's Failing Revolution, The Pakistani Populist Is Yet to Deliver', *Foreign Affairs*, 13 February 2019.

3. Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', pp. 362-370; 'What Army Chief General Bajwa's Term Extension Means for Pakistan', *The Diplomat*, 20 August 2019.

4. 'A list of promises: Will Imran's «Naya Pakistan» formula work?', *The Express Tribune*, 20 August 2018.

5. 'Pakistan's Economic Woes: The Way Forward', *The Diplomat*, 18 April 2019.

6. The US\$ 62 billion CPEC is a one of the first projects launched as part of China's foreign development economic initiative 'One Belt One Road' (OBOR), then renamed Belt and Road Initiative (BRI). The aim of this initiative is to recreate the 'Silk Road Economic Belt' and its overseas version, the 'Maritime Silk Road'. The BRI initiative encompasses a series of projects that aim to connect the east Asian nations to Central Asia and Europe over the long run. The CPEC is an economic corridor connecting the Pakistani port of Gwadar in Balochistan to Kashgar in the Xinjiang region of China, via land routes and special economic zones, and includes energy and infrastructure projects that are currently under construction throughout Pakistan and are attracting Chinese investment. The multimillion dollar initiative was launched

ing the Chinese investment into sustainable economic growth. In the period under analysis (January-December 2019), Mr. Khan mostly focussed on stabilising the national economy and attracting foreign investment, mainly from China, Saudi Arabia, the United Arab Emirates (UAE), and Qatar, to delay a balance of payments crisis. However, all these measures fell short of the comprehensive policy actions and reforms that were needed to address structural weaknesses. Even though Khan had campaigned against accepting loans from the Bretton Woods institutions, the debt crisis eventually forced his government to reach a new deal with the IMF. This decision required the government to embrace a package of reforms, which triggered increases in the prices of daily commodities and further criticism from the opposition.

The efforts to tackle the economic crisis have been accompanied by the strategic positioning of Pakistan in the broader regional context of changing power scenarios, namely the significant withdrawal of US troops from Afghanistan announced in December 2018 by the president of the United States, Donald Trump, and the polarisation of the global economic dominance between China and the USA.⁷ Pakistan has been pursuing balance and a nonaligned approach in its relations with the major powers, and protecting its national interest by aiming to establish friendly relations with its neighbours and to play a proactive role to contribute to regional stability. Khan has been trying to align the scope of the Pakistan-China cooperation to his government's agenda, and to alleviate the balance of payments crisis. In parallel, Islamabad has been seeking a normalisation in its relations with Washington, as shown by the outcomes of Mr. Khan's state visit to the US in July 2019.

Pakistan's reaction to the Indian army strikes in February 2019 reflected Islamabad's willingness to play a pivotal and constructive role in the peace-making process in South Asia and to establish friendlier relations with all its neighbours, which is necessary in order to ease the tensions with New Delhi and to create a conducive environment for an economic recovery. However, Islamabad's efforts to resume dialogue with India were interrupted by the bilateral crisis that followed the Indian constitutional amendment revoking the special status granted to Jammu and Kashmir.⁸

Islamabad has shown its willingness to improve its security and trade relations with Afghanistan, which has direct repercussions for the national

in Pakistan in 2013, and represents an unprecedented opportunity for economic development in Pakistan, with strategic political importance as a result of the strengthening of the bilateral relations between Islamabad and Beijing. On this subject, see Marco Corsi, 'Pakistan 2016: Economic features', *Asia Maior 2016*, pp. 396-398.

7. 'Trump Orders Big Troop Reduction in Afghanistan', *The Wall Street Journal*, 20 December 2018; 'Trump plans «significant withdrawal» of US troops from Afghanistan', *The Defense Post*, 21 December 2018; 'Is Imran Khan pulling off a foreign policy coup?', *The Express Tribune*, 27 January 2019.

8. 'Pakistan Leader Vents Frustration at India: No Point in Talking to Them', *The New York Times*, 21 August 2019.

economy after a significant loss of the share of trade in the Afghan market due to a deficit of trust.⁹

2. The PTI government

After it took power, the PTI administration launched various initiatives to enact its programme. Pledges for significant investment in low-income housing, and commitments to reduce poverty and provide healthcare for the deprived sections of the Pakistani society, were among the steps taken.¹⁰

Prime Minister Imran Khan has no political rivals and does not face any real challenge from the opposition.¹¹ On the one hand, the main opposition parties have been weakened by the latest elections and the capacity of the PTI to build alliances in the provinces. On the other hand, the current government has been pursuing corruption cases, and several leaders of the political opposition are facing prison terms on corruption charges.¹²

The leadership of the Pakistan's People Party (PPP, the party that ruled the country from 2008 to 2013 and that still controls the only provincial government in Sindh that is independent of the national PTI) has been involved in corruption scandals in Sindh, and in judicial cases.¹³ Pakistan's former president, who is a member of the national parliament and Benazir Bhutto's widower, Asif Ali Zardari, was arrested in June 2019 in a money laundering case, with an allegation being made that at least US\$ 400 million had been transferred out of the country. Zardari was accused of using false bank accounts to transfer kickbacks.¹⁴ The allegations that put the former president in jail are believed by PPP supporters to be politically moti-

9. 'What Pakistan Will Gain from Peace in Afghanistan', *The National Interest*, 10 February 2019.

10. 'PTI's healthcare reforms set in motion', *Pakistan Today*, 2 March 2019; 'Pakistan prime minister Imran launches low cost housing finance scheme', *Gulf News*, 12 March 2019; 'Imran Khan Calls for Vast Anti-Poverty Plan, but Money Is Tight', *The New York Times*, 28 March 2019; 'Reforms in health sector top priority of PTI govt: Minister', *Associated Press of Pakistan Corporation*, 31 March 2019; 'The housing promise', *The News*, 17 July, 2019; 'Pakistan: PTI government's first year praised', *Gulf News*, 18 August 2019; 'After a year of Imran Khan, Pakistan is finally stepping into its role as a world player', *The Independent*, 26 September 2019.

11. 'Is Pakistan's Opposition Capable of Mass Mobilization When Necessary?', *The Diplomat*, 30 May 2019.

12. 'What Does Imran Khan's Accountability Campaign Mean For Pakistan?', *The Diplomat*, 12 June 2019.

13. 'NAB issues Asif Zardari's arrest warrants', *Dunyanews*, 31 May 2019; 'Asif Zardari's arrest: PPP to observe 'Black Day' on Tuesday', *The News*, 10 June 2019; 'Asif Ali Zardari arrested as IHC rejects bail application', *The News*, 10 June 2019.

14. 'Pakistani former president Asif Ali Zardari arrested in money laundering case', *The Telegraph*, 10 June 2019.

vated.¹⁵ The 2018 election results confirmed the inability of the party and of the young dynast leader Bilawal Bhutto Zardari, son of Zardari and Benazir Bhutto, to govern, other than in its stronghold province of Sindh. In 2019, the party has, overall, remained quiet and has criticised Imran Khan who, according to the PPP, has not been delivering on his electoral promises.¹⁶

The Pakistan Muslim League–Nawaz dominated national politics from the 2013 elections¹⁷ to the end of the parliamentary term in 2018. Nawaz Sharif, the then elected premier, was disqualified as a result of the Panama Papers¹⁸ case on 28 July 2017. After having spent a period in jail, Nawaz Sharif was released on bail for six weeks, under a decision of the Supreme Court of Pakistan, because of his deteriorating health, but was then jailed again.¹⁹ The PML-N is facing a leadership vacuum, and no leader has been identified as Nawaz's successor.²⁰ Notably, Sharif also made enemies in Pakistan when he focused his 2018 general election campaign on targeting the country's courts and the army²¹ which, according to him, conspired against the PML-N. After the elections, the PML-N lost its tradi-

15. 'What's Behind the Pakistani Prime Minister's Public Address in Washington DC?', *The Diplomat*, 23 July 2019.

16. 'Bilawal demands joint parliamentary body for NAP implementation', *The Dawn*, 17 March 2019; 'Should Pakistan PM Imran Khan Expect a Major Opposition Party Challenge Soon?', *The Diplomat*, 27 March 2019.

17. Marco Corsi, 'Pakistan: Il terzo governo di Nawaz Sharif', *Asia Maior* 2013, pp.88-93.

18. The Panama Papers scandal, or 'Panamagate', involved the leak of files from a Panama-based provider of offshore services in 2016. Mr. Sharif's name does not appear in the Panama Papers, but three of his six children – Maryam, Hasan and Hussain – were found to have purchased luxury properties in London using controlled offshore shell companies. The National Accountability Bureau (NAB) filed three cases against the Sharif family. The first was in relation to the purchase of luxury London flats, the Avenfield apartments, which were purchased using money obtained through corruption, according to the prosecutors. The two other cases involved the Al-Azizia Steel Mills, the Hill Metal Establishment and offshore companies, in relation to which Sharif's family was accused of money laundering, tax evasion and hiding foreign assets. On 6 July 2018, the Anti-Graft Court in Islamabad sentenced Nawaz Sharif and his daughter Maryam, respectively, to eleven and eight years in jail, and they were then arrested. Two months later, the Islamabad High Court granted Mr. Sharif bail after suspending the sentences. The NAB subsequently filed an appeal against the decision of the High Court of Islamabad, which was rejected by the Supreme Court as the anti-corruption body could not provide grounds for the cancellation of bail. Later, Nawaz Sharif was also convicted by the NAB in the Al-Azizia Steel Mills case on 24 December 2018, awarded a seven-year jail sentence and disqualified for ten years from any public office. On this subject, see Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', pp. 359-362.

19. *Ibid.*, pp. 362-65.

20. 'SC rejects NAB appeal against Nawaz, Maryam bail', *The News*, 14 January 2019.

21. Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', pp. 359-365.

tional stronghold in Punjab as a result of Imran Khan's ability to forge political alliances and, since then, corruption scandals have emerged in which PML-N members are involved.²² The PML-N leader Shehbaz Sharif, who succeeded his brother Nawaz as party leader after the latter was convicted and jailed, was also arrested, but was later released, on corruption charges dating back to his tenure as Chief Minister of Punjab. Several other party members, including Shehbaz's son, Hamza Shehbaz, were also arrested. In 2019, Nawaz's daughter, Maryam Nawaz, the vice president of the PML-N and a leading opposition figure who has voiced criticism of the government of Imran Khan, circulated a secretly recorded video showing an accountability court judge admitting that the jail sentence for the former premier Nawaz Sharif was passed under duress. TV stations that broadcast the live news conference in which Maryam presented the video were shut down, and the judge was subsequently removed from his position. In August 2019, Maryam was arrested in a money laundering inquiry while visiting her jailed father in Lahore.²³

Crowds gathered in major cities across Pakistan on 25 July 2019, marking the first anniversary of the parliamentary elections won by Khan – with the help of Pakistan's military, according to the protesters.²⁴ Although Mr. Khan has always rejected the allegations that his party is in league with the generals, several of Khan's cabinet members are former members of General Pervez Musharraf's administration. Also, the PTI receives support from the Pakistan Muslim League-Quaid (PML-Q), the party that was formed by Musharraf.²⁵

The numerous corruption cases pursued by the PTI administration against several opposition leaders have led to accusations by the PTI's opponents that they are making an instrumental use of justice for political ends. In addition to that, a quiet but systematic deterioration in the climate for press freedom in Pakistan is also said to be occurring, with restrictions on reporting, the barring of access, encouragement of self-censorship through intimidation, a crackdown on the media and measures taken against several journalists.²⁶ Many journalists have been charged with treason for having criticised the government, and this is considered to be evidence of a con-

22. 'SC rejects NAB appeal against Nawaz, Maryam bail'.

23. The Sharif family was accused by the government of using Chaudhry Sugar Mills for money laundering, and availing themselves of national subsidies without exporting sugar. 'Daughter of Ex-Prime Minister Is Arrested in Pakistan Graft Inquiry', *The New York Times*, 8 August 2019; 'Maryam Nawaz arrested in Chaudhry Sugar Mills case', *The News*, 8 August 2019; 'Maryam nabbed in sugar mill case', *The Express Tribune*, 8 August 2019.

24. 'Pakistani opposition holds rallies to demand PM step down', *APN News*, 25 July 2019.

25. 'Imran Khan's First Year at Bat', *The Diplomat*, 1 August 2019.

26. Committee to Protect Journalists, *Acts of Intimidation: In Pakistan, journalists' fear and censorship grow even as fatal violence declines*, New York, 12 September 2018.

vergence of the views of the PTI government and the military according to which the media have to be supportive of the Pakistani state.²⁷

Protesting against this situation, an anti-government rally and march from Karachi to Islamabad (the «Azadi March») was organised to begin on 27 October 2019 by Maulana Fazlur Rehman, the chief of the Jamiat Ulema-e-Islam-Fazl (JUI-F) party, with demands for the resignations of the PTI government and its leader, and new elections. The JUI-F is an Islamist political party with a stronghold in the Khyber Pakhtunkhwa province, and has been marginalised since the elections in 2018 by the victory of the PTI. The main opposition parties, the PML-N and the PPP, although they showed support for the march, did not participate in the protests.²⁸ Once the protesters reached Islamabad, they launched a sit-in, which was then eventually interrupted on 13 November 2019 when it was called off by Maulana Fazlur Rehman, who requested his followers to continue their protests around the country.²⁹ Talks held by the government with the opposition did not reach tangible results, and the march did not achieve its demands, yet its actual significance was that, for the first time, protesters challenged the PTI government and Prime Minister Imran Khan.³⁰

3. Economic scenario

The achievements of the CPEC have mostly been related to the benefits triggered by the cooperation between Islamabad and Beijing. From 2013 to 2018, interest-free or low-interest loans provided by China to Pakistan and increased foreign investment (foreign direct investment grew from US\$ 650 million to US\$ 2.2 billion)³¹ have generated an improvement in the national macroeconomic conditions. The Gross Domestic Product (GDP) grew (with the highest rate being 5.8% in the 2017-2018 fiscal year, as set out in an analysis by Standard & Poor's),³² as did foreign reserves and

27. 'Imran Khan's «New Pakistan» Is as Good as the Old', *The New York Times*, 17 July 2019; 'Why Pakistan's crackdown on the press is getting worse by the day', *The Washington Post*, 22 July 2019; 'DRM Investigates: Twitter Accounts Behind the Hashtag #ArrestAntiPakJournalists', *Digital Rights Monitor*, 5 July 2019; Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', pp. 362-363.

28. 'How Dangerous Is the Pakistani Opposition's Long March Against Imran Khan's Government?', *The Diplomat*, 23 October 2019.

29. 'Fazl announces Azadi March Plan B: Spread protests across Pakistan', *The News*, 13 November 2019.

30. 'Explained: What does the Azadi March in Pakistan signal?', *The Indian Express*, 5 November 2019; 'Conclusion of Azadi March sit-in: What Fazlur Rehman achieved', *The News*, 14 November 2019.

31. 'Past five years of CPEC in review', *The Express Tribune*, 6 May 2019.

32. 'China's Belt-and-Road Initiative Puts a Squeeze on Pakistan', *The Wall Street Journal*, 3 April 2019.

job opportunities.³³ The CPEC-related power generation projects have also addressed the shortage of energy in Pakistan, where the capacity has been enhanced. Similarly, national connectivity and infrastructure have been improved.³⁴

Pakistan's national economy has been characterised by high inflation, high unemployment, low rates of tax collection, dwindling foreign reserves and poorly performing exports.³⁵ Since the early 1980s, Pakistan's economic growth has been sustained by borrowing and incentivised consumption, and the mobilisation of internal resources has mostly been the result of increased fiscal pressure and a broadening of the tax base. From the fiscal year 2014-15 to the fiscal year 2017-18, GDP growth accelerated from 4.1% to 5.5%.³⁶ The agriculture and large-scale manufacturing sectors did not expand at the same pace, and the share of large-scale manufacturing in GDP declined from 10.9% to 10.3%, while the share of consumption increased from 90.7% to 94.5% of GDP in 2017-18.³⁷ Domestic savings declined from 9.3% to 5.5% of GDP, and national savings from 15.4% of GDP to 10.8%.³⁸ The account deficit grew from 1% to 6.1% of GDP, or by US\$ 18.2 billion, from 2015 to 2018.³⁹ The trade deficit when Khan took office, US\$ 37.7 billion,⁴⁰ was primarily driven by rising imports and low exports. In 2018, the depreciation of the rupee caused an increase in the public external debt, which, with the liabilities, stood at 82% of GDP as of the middle of the fiscal year 2019.⁴¹

Nawaz Sharif's PML-N administration had adopted an import-led growth strategy to finance large-scale projects under the CPEC initiative, which provided an economic stimulus to Pakistan. According to Standard &

33. 'Past five years of CPEC in review'; 'Pakistan, other BRI countries reject China's «debt trap» theory: report', *Profit*, 7 June 2019.

34. Like the underway upgradation of the Karakorum Highway, connecting China and Pakistan, and the Peshawar-Karachi Motorway (Multan-Sukkur Section, M5), connecting Karachi and Gwadar, which was inaugurated in November 2019. Also, the Cross Border Optical Fiber Cable project, encompassing 820 km fiber optical cable laid in Gilgit Baltistan, Khyber Pakhtunkhwa and Punjab, was completed and inaugurated in July 2018 (<http://cpec.gov.pk>).

35. Marco Corsi, 'Pakistan 2016: Economic features', pp. 386-391.

36. Government of Pakistan, Finance Division, *Pakistan Economic Survey 2018-19*, Islamabad 2019.

37. *Ibid*; The World Bank, *Pakistan@100 Structural Transformation*, Washington, 2019.

38. 'Past five years of CPEC in review'.

39. The International Monetary Fund, *Data Mapper* (<https://www.imf.org>).

40. 'Pakistan's trade deficit skyrockets to historic high', *The Express Tribune*, 12 July 2018.

41. State Bank of Pakistan, *Pakistan's Debt and Liabilities Profile* (<http://www.sbp.org.pk>); Ministry of Finance, Government of Pakistan, Debt Policy Coordination Office, *Debt Policy Statement 2018-19* (<http://www.finance.gov.pk>); 'Pakistan's current account in a cross-country perspective', *The Dawn*, 7 December 2018.

Poor's, CPEC-related growth will average 3.6% until 2022.⁴² The fiscal deficit, budget and balance of payments crisis, and heavy foreign debt service burden that the PTI government inherited have prevented it from turning the CPEC investment into sustainable economic growth. Only roughly half of the total value of the Chinese initiative has been achieved, because of the inability of the Pakistani government to guarantee repayments to Beijing, and many of the remaining CPEC projects have been put on hold by the government of Islamabad.

The World Bank argues that weak governance is responsible for the fiscal deficit, and Pakistan has not been able to rely on consistent foreign investment either.⁴³ Pakistan ranks 136th out of the 190 world economies,⁴⁴ and structural interventions advised by the Bretton Woods organisations to improve the situation include easing customs laws and regulations, enhancing the tourism industry, improving security, and strengthening Pakistan's position in the international markets. The 2018 Global Competitiveness Index, which measures the factors that stimulate economic growth and provide a conducive business environment, ranked Pakistan 107th out of 140 countries.⁴⁵

4. Financial assistance pledged by friendly countries

The PTI government has been trying to recalibrate the relationship with China and to align it with the new administration's priorities. Khan has requested more cooperation and development aid grants (that do not need to be repaid), and has had talks about focusing the scope of the Pakistan-China cooperation more prominently on the social and industrial sectors and on loans to alleviate the balance of payments crisis. An agreement was also signed with China covering aid projects worth US\$ 1 billion for socio-economic development in Pakistan in the education, health, water, poverty alleviation and other sectors.⁴⁶ Gwadar, the capital city of Balochistan, is the linchpin of the CPEC and provides China with access to the Arabian Sea, linking the Xinjiang region to Gwadar. The threats to the CPEC caused by the long-running insurgency in Balochistan, where nationalistic militants

42. 'China's Belt-and-Road Initiative Puts a Squeeze on Pakistan'.

43. The World Bank, *Pakistan @100: Shaping the Future*, Washington, 2019.

44. Ibidem, *Doing Business*, Washington, 2019.

45. The World Economic Forum, *The Global Competitiveness Report 2019*, Cologne/Geneva 2019; 'Prime Minister Imran Khan promises sweeping reforms in inaugural address', *The News*, 19 August 2018; 'Why Imran Khan is unlikely to make life much better for Pakistanis', *The Economist*, 12 January 2019; 'Pakistan unveils tax cuts, incentives to boost growth', *Reuters*, 23 January 2019.

46. 'China to provide \$1bn grant for Pakistan's socio-economic development', *Profit*, 21 June, 2019.

are fighting for independence, has been concerning China and Islamabad as, over the years, Chinese investments in Balochistan have repeatedly been targeted. Pakistan has been stepping up security, and yet the Chinese are concerned about Pakistan's efforts to secure a stable environment, which is a necessary condition for the mega project to deliver its expectations.⁴⁷

Pakistan is a close ally of Saudi Arabia. The two countries have trade, investment and military links, with Islamabad providing military support to the Saudi armed forces. Over 2.5 million migrant Pakistani workers work in the kingdom, about one-third of all Pakistani expatriates, and Saudi Arabia is the largest source of remittances to Pakistan.⁴⁸ The first official overseas trip made by Imran Khan in 2018 was to Saudi Arabia and, in the same year, the kingdom deposited US\$ 3 billion in Pakistan's central bank, the State Bank of Pakistan, to inflate the forex reserves.⁴⁹ The Pakistani premier secured substantial aid from Riyadh. On 17 February 2019, the Saudi Crown Prince Mohammad Bin Salman visited Pakistan, and later India and China, on a two-day official visit at the invitation of Prime Minister Khan. During this visit, several memoranda of understanding were signed, pledging investment in multiple sectors (finance, power, renewable energy, internal security, media, culture, sports etc.)⁵⁰ worth up to US\$ 21 billion in the period to 2025. Of these packages of investment, US\$ 10 billion was dedicated to an oil refinery in Gwadar port. Saudi Arabia's interest in investing in Gwadar – a strategic location for the CPEC – discloses the Saudi interest in expanding its presence in Pakistan as part of the trade route between Saudi Arabia and China, and reflects Ryad's wider regional rivalry with Iran.⁵¹

In 2019, Pakistan received a US\$ 2 billion loan from the UAE through the Abu Dhabi Fund for Development. This has temporarily increased Pakistan's foreign reserves from US\$ 14.956 billion at the start of February 2019 to US\$ 17.398 billion in March 2019.⁵² Islamabad also succeeded in

47. On 12 May 2019, armed militants of the Balochistan Liberation Army (a militant group with a base in Afghanistan and designated as a global terrorist organisation by Pakistan) attacked the Pearl Continental Hotel in Gwadar and killed four people, before themselves being killed. 'Terrorists storm Gwadar Pearl Continental hotel', *Pakistan Today*, 11 May 2019. China has been trying, in vain, to negotiate with some of the Baloch separatist leaders. However, those attempts have triggered reactions from the militants, further attacks and even an assault on the Chinese consulate in Karachi in November 2018. 'Can Pakistan Protect CPEC?', *The Diplomat*, 20 May 2019.

48. 'Pakistan forges closer ties with Saudi Arabia – and Iran isn't happy', *The Conversation*, 7 March 2019.

49. Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', p. 373.

50. 'Saudi Crown Prince Mohammad Bin Salman arrives in Pakistan', *The News*, 17 February 2019.

51. Chaitanya Giri, *Gwadar 2.0: Pakistan's Saudi vs. China play*, Gateway House: Indian Council on Global Relations, 7 March 2019; 'Pakistan's Approach to Navigating Saudi-Iran Tensions: Solidarity With Riyadh', *The Diplomat*, 24 September 2019.

52. State Bank of Pakistan, *Foreign Exchange Reserves* (<http://www.sbp.org.pk>).

securing US\$ 3 billion worth of investments and deposits following a visit of the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani, to Pakistan in June 2019.⁵³

All these measures provided some temporary relief for Pakistan's foreign reserves, but did not address the policy actions and reforms that are needed to tackle the systemic structural weaknesses. As we have seen, these include monetary and other structural measures associated with loans provided in the past by the international monetary institutions to Pakistan, together with, as in the case of the CPEC and China, foreign investors' confidence in internal and regional security and stability. Both aspects were priorities of the PTI administration.

5. *The new IMF loan and the first budget of the PTI government*

In 2019, the IMF predicted that Pakistan's growth would slow to 4% and fall to 2.7% in the medium term.⁵⁴ The Asian Development Bank (ADB) predicted 3.9%⁵⁵ and the World Bank 3.4%.⁵⁶ In March 2019, the State Bank of Pakistan revised its GDP growth target down to 3.5% from the target of approximately 6% set in 2018. Despite the success in attracting foreign investment, Pakistan's economic situation, with 30.7% of its expenditure earmarked for debt servicing,⁵⁷ forced Imran Khan's administration to negotiate Pakistan's thirteenth loan with the IMF since the 1980s.⁵⁸

Even before the bailout was agreed, it was understood that it would be accompanied by an agenda of structural reforms and austerity measures aimed at reducing the fiscal and account deficits, bolstering international reserves, and improving social protection and governance.⁵⁹ The IMF wanted Islamabad to enact structural reforms to rebalance the economy and to control the spending that had accelerated growth at the expense of the national budget. While the exact terms and conditions were unfolded after the

53. 'Qatar says it will invest \$3 billion in Pakistan', *The News*, 24 June 2019; 'Pakistan, Qatar to boost cooperation in energy, tourism, hospitality industry', *Ibid.*; 'Qatar announces \$3bn investment in Pakistan', *Profit*, 24 June 2019.

54. The International Monetary Fund, *Pakistan* (<https://www.imf.org>); 'Pakistan, IMF extend bailout talks after failing to reach agreement', *Reuters*, 20 November 2018; 'World powers blackmailing Pakistan on IMF bailout', *The News*, 15 April 2019; 'Austerity to Hit Pakistani Military Budget, PM Announces', *The Diplomat*, 6 June 2019.

55. The Asian Development Bank, *Pakistan: Economy* (<https://www.adb.org>).

56. World Bank, *Global Economic Prospects*, Washington D.C., June 2019.

57. 'Defence, debt to eat up half of proposed Rs5.237 trillion budget for 2018-19', *The Express Tribune*, 18 April 2019.

58. 'Pakistan's 60-year history with the IMF in one chart', *Sama TV*, 16 May 2019.

59. 'Pakistan bracing for austere budget under IMF, finance chief says', *Reuters*, 25 May 2019; 'IMF bailout is suicidal for Pakistan', *First Post*, 31 May 2019; 'Asad Umar discloses IMF demands for loan package', *The Express Tribune*, 21 June 2019.

financial commitment to the programme was given by the IMF, the IMF's approval was subject to the implementation of ex-ante preparatory and classified actions, including the national budget, to meet required targets.⁶⁰

In June 2019, the then Minister of State for Revenue, Hammad Azhar (who later became Minister of Economic Affairs) presented the PTI government's first budget to the National Assembly.⁶¹ The total outlay for the 2019-20 budget is US\$ 4.5 billion, a growth of 30% against the budget of the previous fiscal year. The budget is part of a series of reforms undertaken by Khan's government to contain the balance of payments crisis and to qualify Pakistan for and secure the IMF stabilisation programme, which is conditional on the implementation of austerity-driven measures. It is an austerity-focused budget, which cuts the salaries of ministers and other civil servants by 10% and increases the minimum wage of civilian employees. The budget left many commentators and experts puzzled by the ambitious and unprecedented target for tax revenue, which was to tackle Pakistan's total debt (US\$ 97 billion) and total deficit (US\$ 32 billion). The revenue target was increased by 35%, mostly through indirect taxes on utilities such as power, gas, oil and mobile communications. Therefore, it was considered to be not just too optimistic, but also to reduce the consumption capacity of low- and middle-income groups, who have already been suffering from the 7% inflation rate (in comparison with the 3.8% rate of the previous year), which had led to increased costs for essential goods, consumer items and interest rates.⁶² Ultimately, it was thought that the budget would depress the economic situation of Pakistan even further.⁶³

During the budget presentation speech, GDP was reported to have grown by 3.3%, well below the initial target exceeding 6%, and inflation was confirmed to be above 7%. At the same time, the budget foresaw increased allocations for social security and social protection programmes.⁶⁴

The IMF recognised the budget for the fiscal year 2020 as a crucial initial step towards a decisive fiscal consolidation and a reduction of the

60. 'The Reluctant Fund-amentalist', *Newsline*, June 2019.

61. 'PTI's first federal budget', *Pakistan Today*, 11 June 2019.

62. 'The Economic Tsunami', *Newsline*, June 2019.

63. 'Budget 2019-20: Is PTI's budget for the people, the IMF or the country?', *The Express Tribune*, 12 June 2019.

64. Ministry of Finance, State Bank of Pakistan, *Federal Budget 2019-20; Federal Budget Speech 2019-20 (English Version); Budget in Brief 2019-20; Annual Budget Statement 2019-20; Estimates of Foreign Assistance 2019-20; Explanatory Memorandum on Federal Receipts 2019-20* (<http://www.finance.gov.pk>); 'Pakistan budget: Imran Khan's government presents its first budget with no new general sales taxes', *Gulf News*, 11 June 2019; 'Pakistan unveils austerity budget in bid to secure IMF loan', *Financial Times*, 11 June 2019; 'PTI government presents Rs 7,022 billion budget for 2019-20', *The News*, 11 June 2019.

public debt.⁶⁵ On 3 July 2019, the executive board of the IMF approved a 39-month programme for Pakistan under the Extended Fund Facility (EFF) worth US\$ 6 billion, with an immediate disbursement of US\$ 1 billion and the remaining amount phased in instalments subject to quarterly and four semi-annual reviews.⁶⁶

The EFF was approved with a package of structural reforms that must be undertaken by Islamabad.⁶⁷ The new EFF envisages support for revenue-based fiscal consolidation aimed at reducing public debt and building resilience, supported by efforts to increase revenue mobilisation by 4 to 5% of GDP. Pakistan is required to almost double its foreign exchange reserves in one year and to pay almost US\$ 38 billion in external debt (of which about US\$ 15 billion is owed to China and is related to the CPEC).⁶⁸ Tax policy reforms include removing exemptions and preferential treatment and broadening the tax base. Tax administration reforms are also envisaged, to strengthen the authorities' capacity to collect revenues. The second pillar of policy support entails a monetary policy to contain inflation and to rebuild the national reserves, with the aim of ensuring a market-determined and flexible exchange rate to contribute to restoring competitiveness, and a stronger central bank to achieve price stability. Reforms addressing the energy sector, and structural reforms of institutions to enhance governance and transparency and promote an investment-friendly environment, are also included in the EFF.⁶⁹ Overall, the programme is expected to coalesce significant support from both bilateral and multilateral creditors in the coming years.⁷⁰ The new EFF also targets social protection. It encompasses policy support for strengthening the social safety net to protect the most vulnerable sections of society by expanding the coverage and budget allocation of welfare programmes.

The IMF programme provided the PTI government with an international endorsement that has unlocked additional lending, including from

65. The International Monetary Fund, *Pakistan: Request for an Extended Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for Pakistan*, Washington, 8 July 2019.

66. Ibidem, *Executive Board Approves US\$6 billion 39-Month Extended Fund Facility Arrangement for Pakistan*, International Monetary Fund Press Release No. 19/264, 3 July 2019; *IMF Reaches Staff-Level Agreement with Pakistan on the First Review under the Extended Fund Facility*, International Monetary Fund Press Release No. 19/402, 8 November 2019.

67. 'The IMF Repeats Old Mistakes in Its New Loan Program for Pakistan', *The Diplomat*, 3 August 2019.

68. 'The IMF Takeover of Pakistan', *The Diplomat*, 13 July 2019.

69. The EFF requires Pakistan to, for example: strengthen the capacities of the anti-corruption bodies; privatise selected state-owned enterprises; conduct new audits; reduce customs-related processing and streamline the required documentation; review its tariff policy; simplify procedures to start a business; eliminate unnecessary regulations; etc. See The International Monetary Fund, 'Pakistan: Request for an Extended Arrangement'.

70. Ibid.

the World Bank and the ADB. In June 2019, Pakistan approached the ADB to obtain a US\$ 3.4 billion loan to help with the balance of payments crisis.⁷¹

6. Pakistan – USA: a romance of convenience on Afghanistan

Washington has for years blamed Pakistan for providing support and a haven to the insurgency, and has granted significant military and economic aid to Islamabad. The absence of tangible results and ineffective support from Islamabad for the United States in combating the militants in Afghanistan⁷² led to a substantial reduction in military aid in the financial year 2019-20, and President Trump has also called for sanctions against Pakistan.

In July 2019, Imran Khan met Donald Trump at the White House.⁷³ The visit was a diplomatic success for Mr. Khan, and Islamabad had significant rewards. Islamabad's and Washington's interests converge primarily on Afghanistan and on the role that Pakistan should have in the negotiations conducted by the United States, China, and Russia to encourage the Taliban to participate in peace talks. Islamabad and Washington agree that only a political resolution can bring the protracted conflict to an end.⁷⁴ The Trump administration has been trying assertively to conclude a peace deal that would result in the smooth US pullout from Afghanistan with a possible share of political power in Kabul for the Taliban following talks with the Afghan government facilitated by Islamabad.⁷⁵

Islamabad's efforts to facilitate the Afghan reconciliation process are part of a confidence-building approach aimed at reducing the deficit of trust with the government of Kabul that has mainly been caused by Islamabad's support for the Taliban. Islamabad is keen on pursuing friendly ties with Kabul, beyond facilitating the peace process, as the stabilisation of bilateral relations is a necessary step in improving Pakistan's trade relations

71. 'Pakistan to receive \$3.4 billion loan from ADB in budgetary support', *Such TV*, 16 June 2019; 'Pakistan to receive \$3.4 billion from ADB in budgetary support', *The News*, 16 June 2019. 'ADB Says Loan Talks Ongoing After Pakistan Claims \$3.4 Billion Agreed', *The New York Times*, 17 June 2019.

72. Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', p. 374.

73. 'PM Imran's US visit diplomatic setback for New Delhi: Indian expert', *The Express Tribune*, 13 July 2019.

74. 'Pakistan, Taliban agree to resume talks amid renewed peace push', *The Express Tribune*, 3 October 2019.

75. 'Pakistan Works With Trump to Prod Taliban in Afghan Peace Talks', *The Wall Street Journal*, 20 July 2019; 'Trump Tries Cooling Tensions With Pakistan to Speed Afghan Peace Talks', *The New York Times*, 22 July 2019; 'Why Trump is flattering Pakistan - and threatening to annihilate Afghanistan', *The Washington Post*, 23 July 2019.

with Afghanistan. Afghanistan and Pakistan signed a transit trade agreement (the Afghanistan Pakistan Transit Trade Agreement, APTTA) in 2010, to allow Afghanistan to trade externally through Pakistan. The APTTA expired in 2015 and, since then, Islamabad has been seeking to renegotiate it to scale down smuggling with the help of Kabul. Afghanistan wants to import from India through the Wagah border, but Pakistan refuses to allow access to Indian goods destined for Afghanistan on the basis of the APTTA Agreement that allowed Kabul to export to India via Pakistan but didn't give Afghanistan the right to import Indian goods across Pakistani territory.⁷⁶

The decline in Pakistan-Afghanistan trade due to the tensions of Islamabad with India has been having substantial financial repercussions.⁷⁷ Pakistan's exports to Afghanistan have dwindled from US\$ 2.6 billion in 2010-11 to US\$ 1.4 billion in 2018-19 because of the shift in Indian-Afghan trade that now travels through Iran. At the same time, Iran's exports to Afghanistan and Afghanistan's exports to Iran have increased significantly. Currently, Iran holds a 22% share of Afghanistan's consumer market.⁷⁸

Islamabad has other (geopolitical) reasons for encouraging Trump's plans and playing a crucial role in the peace talks to shape Afghanistan's future. The withdrawal of the US troops from Afghanistan and the installation of a friendly government in Kabul would constitute a favourable scenario that allowed Islamabad to gain influence and traction in Afghanistan's political space and in an environment that offered significant opportunities. In particular, beyond security-related matters, Afghanistan is critical for Islamabad because of its economic potential when it comes to transit routes, development projects and other investment, and this is attracting other countries too, such as China, the UAE, Saudi Arabia, and more.⁷⁹

7. Relationships between Pakistan and India

The issue of terrorism was not a specific point on the agendas for the bilateral meetings of Imran Khan in Washington, and the visit opened with the revamping of the bilateral security cooperation that had been suspended by Trump in 2018.⁸⁰

76. 'Suspension of bilateral trade to hurt India more, says expert', *The Business Standard*, 7 August 2019; 'Carrying Indian goods: Pakistan rules out access to Afghanistan via Wagah border', *The News*, 8 August 2019.

77. 'What Pakistan Will Gain from Peace in Afghanistan'.

78. 'Pakistan seeks upgrading of Afghan Transit Trade Agreement', *The News*, 28 June 2019.

79. 'World set to pay high price for US president Donald Trump's sordid romance with Pakistan PM Imran Khan', *Firstpost*, 25 July 2019.

80. '5 Reasons Imran Khan's US Visit Was a Win for Pakistan', *The Diplomat*, 25 July 2019; Marco Corsi, 'Pakistan 2018: General Elections and the Government of Imran Khan', pp. 374-375.

The prospective scenarios following the American disengagement from Afghanistan concern New Delhi. The newfound closeness between the USA and Pakistan, and Pakistan's role in the talks with the Taliban, are threatening elements of India's internal security. The possible return to power of the Taliban in Kabul and questions about the anti-terrorist efforts of Islamabad underscore the increased dangers for India of terrorist safe havens in Afghanistan and Pakistan, and suggest possible scenarios of an escalation of tension in Kashmir.

At the beginning of 2019, India alleged that there was increased cross-border infiltration of militants in Kashmir, while more serious outbreaks of violence along the de facto border with Pakistan, the Line of Control, brought the two neighbouring countries to the verge of conflict. Islamabad and New Delhi engaged in military clashes following a terrorist attack on Indian troops on 14 February 2019. A suicide bomber belonging to the Pakistan-based armed group Jaish-e-Mohammed (JeM) crashed a car carrying explosives into a convoy of trucks carrying security personnel of the Central Reserve Police Force, an Indian government paramilitary force.⁸¹ The attack took place at Lethapora, a village near Awantipur, which is a town in the Pulwama district of the Indian-administered state of Jammu and Kashmir, and it killed more than 40 soldiers. It was the deadliest attack in the region in 30 years.⁸²

In retaliation, on 26 February 2019 India carried out airstrikes. The Indian Air Force crossed the Line of Control and claimed to have bombed Pakistan-based terrorist bases in Balakot in Pakistan's Khyber Pakhtunkhwa province, which borders Azad Kashmir, in undisputed Pakistani territory. India dubbed the operation a «non-military pre-emptive» action to repel a perceived imminent offensive.⁸³

The attacks ignited the worst military crisis between the two countries since the tensions that had followed the attack perpetrated on the Indian

81. 'What Happened at Pulwama and Balakot', *The Diplomat*, March 2019.

82. Later, Islamabad challenged the Indian investigations, which had produced a dossier that failed to prove a link with JeM in the Pulwama incident, and offered to continue to extend cooperation in relation to the provision of 'actionable evidence'. See 'Indian dossier failed to prove Masood Azhar's link with Pulwama attack: Pakistan', *The News*, 28 March 2019.

83. On 18 April 2019, the Indian Minister for External Affairs Sushma Swaraj confirmed that Pakistan had suffered no casualties during the 26 February 2019 air strike. Also, the Indian claim that it had shot down a Pakistan Air Force F-16 fighter jet on 27 February 2019 was not confirmed. On this subject see 'Truth Prevails: Indian War Hysteria against Pakistan', *Modern Diplomacy*, 28 April 2019. Satellite images from several international institutes could not confirm that India had hit targets of significance. See 'Satellite images show buildings still standing at Indian bombing site', *Reuters*, 6 March 2019; 'Pakistan: Satellite Imagery confirms India missed target in Pakistan airstrike', *European Space Imaging*, 8 March 2019; 'India's strike on Balakot: a very precise miss?', *The Strategist*, 27 March 2019; 'Did India shoot down a Pakistani F-16 in February?', *The Washington Post*, 17 April 2019.

Parliament on 13 December 2001.⁸⁴ Pakistan reacted militarily by air on 26 and 27 February 2019 and by sea on 4 March 2019 when its navy claimed to have detected and blocked an Indian Scorpene-AIP SSK submarine from entering Pakistani waters.⁸⁵ On 27 February 2019, the Pakistan Air Force launched retaliatory strikes at six places across the Line of Control in Indian Kashmir. In the air battle, the Pakistan Air Force shot down an Indian Mig-21 and took the pilot into custody. Two Indian helicopters were reportedly shot down in friendly fire.⁸⁶

Reconciliation with India is essential for Islamabad's plans for economic development and, since his election, Imran Khan has repeatedly issued statements with the aim of improving the relationship with New Delhi.⁸⁷ Overall, many analysts agreed that the military crisis had strong media-related echoes and that Pakistan used communications tools more effectively than India.⁸⁸ Islamabad's diplomatic method of handling the crisis seemed to prevent further escalation.⁸⁹ The captured Indian pilot was later released as a unilateral gesture of peace, easing the diplomatic tensions.⁹⁰ Pakistan also took action against the JeM, although New Delhi was left sceptical of the impact of the measures taken and reiterated that Pakistan would foment terror in Jammu and Kashmir if it did not take decisive action against the armed group.⁹¹

The attack happened at the time of the high-level visit by the Crown Prince of Saudi Arabia, Mohammad Bin Salman, to both India and Pakistan to sign significant investment deals in Pakistan, as mentioned above. The

84. Marco Corsi, 'Il «Nuovo» Pakistan di Musharraf', *Asia Maior* 2002, pp. 75-78.

85. 'Pakistan's Navy Spotted, Warned Indian Submarine in Arabian Sea', *The Diplomat*, 5 March 2019.

86. 'India blew up its own helicopter while trying to target Pakistani jets, killing 7 – report', *Russia Today*, 29 March 2019; 'Budgam: Indian missile fired before Mi17 V5 chopper crash', *Economic Times*, 1 April 2019; 'IAF chopper that crashed in Budgam on February 27 was hit by Indian missile, finds inquiry', *Scroll.in*, 23 August 2019.

87. 'Imran Khan: The World Can't Ignore Kashmir. We Are All in Danger', *The New York Times*, 30 August 2019.

88. 'Ending the India-Pakistan Crisis Requires a Courageous Narendra Modi', *The Atlantic*, 28 February 2019; 'Were India's airstrikes in Pakistan a strategy for public approval?', *The Strategist*, 1 March 2019; 'Surgical Strike in Pakistan a Botched Operation?', *The Atlantic Council's Digital Forensic Research Lab*, 1 March 2019; 'Satellite images show buildings still standing at Indian bombing site'; 'A War of Words? Conflicting Media Narratives Between India and Pakistan', *The Diplomat*, 8 March 2019.

89. 'India and Pakistan's Crisis Means a New Arms Race', *The National Interest*, 2 April 2019; 'Can India or Pakistan Break Deterrence?', *The National Interest*, 22 April 2019.

90. 'Pulwama, Balakot – What Next? Escalation Risks and the India-Pakistan Crisis', *The Diplomat*, 27 February 2019.

91. 'Pakistan launches major crackdown on extremist groups', *The Guardian*, 8 March 2019; 'Pakistan Arrests 44 Suspected of Involvement in Pulwama Attack', *The Diplomat*, 6 March 2019.

escalation with India had threatened to have financial consequences for Islamabad, as the support provided by Saudi Arabia and by other friendly governments was likely to be interrupted if there was a standoff.

India's military strikes came just before India's general elections in May,⁹² and Pakistan's perception was that the intervention of the Indian Air Force in Pakistan was intended to impress domestic political constituencies ahead of the voting. According to Pakistan, the airstrikes were expected to have an impact on the elections, which were being contested with national security as a core issue, and both Islamabad and the Indian opposition accused the government in Delhi of politicising the army by responding militarily to the Pulwama attack.⁹³

After the Pulwama attack, Washington initially approved the Indian airstrikes as a counter-terrorism measure driven by India's right to self-defence, then urged New Delhi and Islamabad to cease the escalations after the intervention of the Pakistan Air Force. The USA was not the primary mediator during the crisis, with Russia, China, the UAE and Saudi Arabia being seen to be more active in diffusing the cross-border tensions, reflecting the presence of new players and interests in the regional security scenario.⁹⁴

After what appeared to be a short de-escalation of the bilateral tensions, on Monday 5 August 2019, the President of India, Ram Nath Kovind, issued a presidential order (the Constitution Application to Jammu and Kashmir Order, Presidential Order 2019 C.O. 272).⁹⁵ The order amended Article 367 of the Constitution, which provides guidelines for interpreting the Constitution, and added one clause making the Constitution applicable to the state of Jammu and Kashmir. On the same day, the Indian upper chamber of the bicameral legislature (the Rajya Sabha) approved a resolution, which was approved by the lower chamber (the Lok Sabha) the following day, recommending that the President of India should abrogate Article 370 of the Constitution. Article 370 gives the President the authority to

92. 'Understanding the Origins of the Pulwama Attack Inside Pakistan', *The Diplomat*, 16 February 2019.

93. 'Pakistan Is Ensuring Modi's Victory By Using JeM, Its «Sword Arm»', *The Quint*, 16 February 2019; 'India's foreign policy for the next 5 years: Imran Khan's offer for talks needs profound backing from China, Russia for serious consideration', *First Post*, 13 June 2019.

94. 'Pulwama attack comes at a crucial time in history for Pakistan and India', *Gulf News*, 19 February 2019; 'Amid India-Pakistan crisis, India won the diplomacy round', *The Economic Times*, 3 March 2019; 'Trump Doesn't Want to Play Peacemaker', *Foreign Policy*, 5 March 2019; 'India-Pakistan: where do we go from here?', *International Politics and Society*, 15 March 2019; 'Gulf mediation during Pulwama crisis: jumping on the bandwagon', *South Asian Voices*, 19 April 2019.

95. Government of India, Directorate of Printing, Department of Publication, M/o Housing and Urban Affairs, *The Gazette of India: Constitution Application to Jammu and Kashmir Order, Presidential Order 2019 C.O. 272*, New Delhi 2019 (<http://egazette.nic.in>).

apply constitutional provisions to Jammu and Kashmir in concurrence with the state government. Article 370, with presidential orders, had given special status to Jammu and Kashmir, autonomy over its internal administration, separate laws, and special rights and privileges for its residents. On 6 August 2019, another presidential order (Declaration Under Article 370(3) of the Constitution, Presidential Order C.O. 273)⁹⁶ applied all the provisions of the Indian Constitution to the state of Jammu and Kashmir, thus revoking its special status. The Jammu and Kashmir Reorganisation Act 2019⁹⁷ was also approved by the Parliament of India, and provided (from 31 October 2019) for a bifurcation of the state into two union territories under the direct control of the central government.⁹⁸ The union territories are Jammu and Kashmir and Ladakh which are, respectively, with and without an assembly.⁹⁹

The decision was anticipated by an intensified military presence in Jammu and Kashmir for days by the government of New Delhi, and restrictions on both movement and communications were imposed in the state. The tension rose in India-administered Kashmir following the constitutional amendment, with paramilitary personnel deployed as a deterrent to possible unrest, and Kashmiri politicians put under arrest.¹⁰⁰

Pakistan was extremely vocal in rejecting India's moves and in condemning human rights violations in the state. Mr. Khan exhorted the international community to intervene, reaffirming Islamabad's readiness to exercise all possible options in support of the cause of Kashmir and the right to the self-determination of its people. Imran Khan called on President Trump to follow through on an offer he had made during their meeting in Washington to mediate in the Kashmir dispute, and had a briefing with the Crown Prince of Saudi Arabia. Pakistani's Foreign Minister, Shah Mahmood Qureshi, announced a formal appeal to the United Nations and the Organisation of Islamic Cooperation. Islamabad downgraded its diplomatic relations with India by expelling the Indian High Commissioner to Pakistan and recalling the Pakistani one to India. Bilateral trade with India was also suspended.¹⁰¹ The political reaction condemning India was cohe-

96. *Ibid.*, *The Gazette of India: Declaration Under Article 370(3) of the Constitution, Presidential Order C.O. 273*, New Delhi 2019.

97. *Ibid.*, *The Gazette of India: Jammu and Kashmir Reorganisation Act, 2019*, New Delhi 2019.

98. 'What Is Article 370, and Why Does It Matter in Kashmir?', *The New York Times*, 5 August 2019.

99. 'How the Indian Government Changed the Legal Status of Jammu and Kashmir', *lawfareblog.com*, 12 August 2019.

100. 'Modi-fying Kashmir: Unpacking India's Historic Decision to Revoke Kashmir's Autonomy', *The Diplomat*, 6 August 2019.

101. 'Pakistan reacts to Article 370 abrogation by downgrading diplomatic ties with India, suspending bilateral trade, partially shutting airspace', *Firepost*, 8 August 2019.

sive. The main opposition parties, the PML-N and the PPP, spoke against New Delhi's actions. The government and the army warned India of their readiness to respond to any aggression by the Indian forces.¹⁰²

Pakistan could not take any measures against the constitutional and administrative changes made by New Delhi in Jammu and Kashmir; other than objecting to them and internationalising the issue. The attempt to rally international support against New Delhi's moves was required, according to Pakistan, because of India's continual refusal to respond to all openings and offers of peace and talks, and to engage bilaterally with Islamabad, so creating the conditions to request international mediation, particularly from the US.¹⁰³

China expressed concern about the situation, and, at Pakistan's request, a closed-door meeting of the United Nations Security Council (UNSC) was called by Beijing.¹⁰⁴ The meeting, held on 16 August 2019, was the first one that had been convened over the Kashmir issue in over 50 years. The members expressed concern over violations of human rights in the northwestern Indian state. The UNSC endorsed the fact that the dispute was internationally recognised, hence distancing itself from Indian's position that it was an internal matter, reaffirmed the validity of the resolutions on Jammu and Kashmir, and called upon New Delhi and Islamabad to refrain from taking unilateral action.¹⁰⁵ The UNSC's deliberations and resolutions were then reaffirmed by the Organisation of Islamic Cooperation.¹⁰⁶

8. Conclusions

2019 was a challenging year for the newly elected PTI government. Political criticisms to Prime Minister Imran Khan's handling of domestic affairs counterbalanced his foreign policy successes.

Internally, Pakistan is facing a structural macroeconomic crisis which has forced Mr. Khan to reach a new deal with the IMF. The PTI focus on

102. 'Article 370 revoked: Roundup of Pakistan media, political and military reactions to Indian govt's move', *Ibid.*, 6 August 2019.

103. 'Pakistan's Anguish on Kashmir Elicits An Extremely Hollow International Response', *The Diplomat*, 5 September 2019.

104. 'UNSC meeting proved Kashmir not India's internal matter: Maleeha Lodhi', *The News*, 17 August 2019; 'China says India responsible for tension in occupied Kashmir', *The News*, 19 August 2019.

105. 'Kashmir is not India's «internal issue», UNSC moot affirms', *Pakistan Today*, 16 August 2019; 'India takes U-turn, admits Kashmir is disputed territory', *The Express Tribune*, 17 August 2019; '«Entirely internal matter», says India after China raises Kashmir in United Nations Security Council', *Scroll.in*, 19 August 2019.

106. 'Kashmir issue is internationally recognised dispute: OIC', *The Express Tribune*, 31 August 2019; '«Diplomatic triumph» as OIC urges India to restore Kashmir's special status', *The Express Tribune*, 25 September 2019.

stabilising the national economy forced the new administration to leave unattended reforms and electoral commitments. Pakistan's national politics became increasingly confrontational, yet internal criticisms remained weak due to a disjointed, however fierce, opposition.

Pakistan showed a political maturity in handling relations with the neighbouring countries, in particular, escalated tensions with India, and in pursuing a nonaligned approach with the major global powers. China remains a primary partner of Pakistan, both economically and diplomatically, and the Middle East, Saudi Arabia and Gulf countries have confirmed to be strong Islamabad's allies. Relations with the United States revamped after a successful visit of Imran Khan to Washington and with prospects of a more prominent role to be played by Islamabad in the USA-Taliban negotiations.

