

CRS Report for Congress

Pakistan-U.S. Relations

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Pakistan-U.S. Relations

Summary

A stable, democratic, prosperous Pakistan is considered vital to U.S. interests. U.S. concerns regarding Pakistan include regional and global terrorism; Afghan stability; democratization and human rights protection; the ongoing Kashmir problem and Pakistan-India tensions; and economic development. A U.S.-Pakistan relationship marked by periods of both cooperation and discord was transformed by the September 2001 terrorist attacks on the United States and the ensuing enlistment of Pakistan as a key ally in U.S.-led counterterrorism efforts. Top U.S. officials have praised Pakistan for its ongoing cooperation, although doubts exist about Islamabad's commitment to some core U.S. interests. Pakistan is identified as a base for terrorist groups and their supporters operating in Kashmir, India, and Afghanistan. Pakistan's army has conducted unprecedented and largely ineffectual counterterrorism operations in the country's western tribal areas, where Al Qaeda operatives and their allies are believed to enjoy "safe haven." U.S. officials increasingly are concerned that the cross-border infiltration of Islamist militants from Pakistan into Afghanistan is a key obstacle to defeating the Taliban insurgency.

The United States strongly encourages maintenance of a bilateral cease-fire and continued, substantive dialogue between Pakistan and neighboring India, which have fought three wars since 1947. A perceived Pakistan-India nuclear arms race has been the focus of U.S. nonproliferation efforts in South Asia. Attention to this issue intensified following nuclear tests by both countries in 1998. The United States has been troubled by evidence of transfers of Pakistani nuclear technologies and materials to third parties, including North Korea, Iran, and Libya. Such evidence became stark in 2004.

Pakistan's macroeconomic indicators turned positive after 2001, with some meaningful poverty reduction seen in this still poor country. However, economic conditions have deteriorated sharply in 2008. President Bush seeks to expand U.S.-Pakistan trade and investment relations. Democracy has fared poorly in Pakistan, with the country enduring direct military rule for more than half of its existence. In 1999, the elected government was ousted in a coup led by then-Army Chief General Pervez Musharraf, who later assumed the title of president. Musharraf retained the position as army chief until his November 2007 retirement. International concerns grew in late 2007 with Musharraf's six-week-long imposition of emergency rule, and with the assassination of former Prime Minister and leading opposition figure Benazir Bhutto. However, February 2008 parliamentary elections were relatively credible and seated a coalition led by Bhutto's widower, Asif Zardari, and opposed to Musharraf's continued rule. The coalition's August vow to launch impeachment proceedings spurred Musharraf to resign the presidency and exit Pakistan's political stage. The Bush Administration has determined that a democratically elected government is restored in Islamabad, thus permanently removing coup-related aid sanctions. Pakistan is among the world's leading recipients of U.S. aid, obtaining more than \$5 billion in overt assistance since 2001, including about \$2.2 billion in security-related aid. Pakistan also has received some \$6 billion in military reimbursements for its support of U.S.-led counterterrorism efforts. This report is updated regularly.

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Pakistan-U.S. Relations

Introduction

A stable, democratic, prosperous Pakistan actively working to counter Islamist militancy is considered vital to U.S. interests. Current top-tier U.S. concerns regarding Pakistan include regional and global terrorism; Afghan stability; domestic political stability and democratization; nuclear weapons proliferation and security; human rights protection; and economic development. Pakistan remains a vital U.S. ally in U.S.-led anti-terrorism efforts. Yet the outcomes of U.S. policies toward Pakistan since 9/11, while not devoid of meaningful successes, have seen a failure to neutralize anti-Western militants and reduce religious extremism in that country, and a failure to contribute sufficiently to the stabilization of neighboring Afghanistan. According to a former senior Clinton Administration official, "Pakistan is the most dangerous country in the world today. All of the nightmares of the twenty-first century come together in Pakistan: nuclear proliferation, drug smuggling, military dictatorship, and above all, international terrorism."¹

A months-long political crisis and a November 2007 emergency proclamation severely undermined the status of the military-dominated government of President Musharraf, who resigned his position as Chief of Army Staff in November.² A surge in domestic Islamist militancy following the July 2007 denouement of a standoff involving Islamabad's Red Mosque complex has

Pakistan in Brief

Population: 168 million; growth rate: 1.8% (2008 est.)
Area: 803,940 sq. km. (slightly less than twice the size of California)
Capital: Islamabad
Head of Government: Prime Minister Yousaf Raza Gillani (Pakistan People's Party); President Mohammedmian Soomro
Ethnic Groups: Punjabi, Sindhi, Pashtun, Baloch, Muhajir (immigrants from India at the time of partition and their descendants)
Languages: Punjabi 58%, Sindhi 12%, Pashtu 8%, Urdu 8%; English widely used
Religions: Muslim 96% (Sunni 81%, Shia 15%), Christian, Hindu, and other 4%
Life Expectancy at Birth: female 65 years; male 63 years (2008 est.)
Literacy: 50% (female 36%; male 63% 2005 est.)
Gross Domestic Product (at PPP): \$410 billion; per capita: \$2,265; growth rate 6.4% (2007)
Currency: Rupee (100 = \$1.31)
Inflation: 24.3% (July 2008)
Defense Budget: \$4.53 billion (3.1% of GDP; 2007)
U.S. Trade: exports to U.S. \$3.6 billion; imports from U.S. \$2 billion (2007)
Sources: CIA, *The World Factbook*; Departments of Commerce and State; Government of Pakistan; Economist Intelligence Unit; Global Insight; *The Military Balance*

¹ Bruce Riedel, "Pakistan and Terror: The Eye of the Storm," *Annals of the American Academy of Political and Social Science*, 618, 31, July 2008.

² See also CRS Report RL34240, *Pakistan's Political Crises*.

contributed to this dynamic. The December assassination of former Prime Minister and leading opposition figure Benazir Bhutto, who had returned to Pakistan from self-imposed exile only months earlier, plunged Pakistan and the Musharraf government into further uncertainty. Developments in Pakistan in 2007 led many Washington-based critics to more forcefully question the Bush Administration's largely uncritical support for President Musharraf as a key U.S. ally. Following February 2008 parliamentary elections that seated a coalition of former opposition parties vehemently opposed to Musharraf's continued rule, the U.S. government became more measured in its public posturing and — when Musharraf came under imminent threat of impeachment in August — the Bush Administration called his fate a matter of internal Pakistani politics. Abandoned by many political allies and perhaps even by his military successor, Pervez Musharraf made the decision to resign the presidency and exit Pakistan's political stage on August 18. Within one week of Musharraf's resignation, Islamabad's coalition government fractured.

There are indications that anti-American sentiments are widespread in Pakistan, and that a significant segment of the populace has viewed years of U.S. support for President Musharraf and the Pakistani military as an impediment to, rather than facilitator of, the process of democratization there. Underlying the anti-American sentiment is a widespread, but perhaps malleable perception that the United States is fighting a war against Islam.³ The Bush Administration continued to proclaim its ongoing support for Musharraf even after his imposition of emergency rule and the later sweeping rejection of his parliamentary allies by Pakistani voters. However, in 2008, the Administration has shown signs of a shift in its long-standing Pakistan policies, in particular on the issues of democratization and on Islamabad's counterterrorism policies in western tribal areas. As articulated by Deputy Secretary of State John Negroponte in March:

The United States is committed to working with all of Pakistan's leaders on the full spectrum of bilateral issues, from fighting violent extremism to improving educational and economic opportunities.... The United States looks forward to engaging Pakistan's new government on how best to promote economic growth and reduce poverty. The United States will continue to help the Pakistani people build a secure, prosperous, and free society.⁴

Still, many Pakistanis are resentful of perceived U.S. interference and pressure. In the words of one senior Pakistani commentator and former army general,

In trying to impose its will against the wishes of Pakistani people, the Bush administration further heightens anti-American sentiment; discredits the war on terror; and makes it more difficult for the new civilian government to stabilize. Air strikes by U.S. forces in the tribal belt, threats of more to follow, and Washington's fierce opposition to peace agreements also lead to widespread resentment and instability.⁵

³ Kenneth Ballen, "Bin Laden's Soft Support," *Washington Monthly*, May 2008.

⁴ See [http://islamabad.usembassy.gov/pr_03272008.html].

⁵ Talat Masood, "Managing Pakistan-U.S. Relations" (op-ed), *Hindu* (Chennai), June 25, (continued...)

On July 28, President George W. Bush hosted Prime Minister Yousaf Raza Gillani at the White House, where the two leaders issued a joint statement reaffirming the U.S.-Pakistan “Strategic Partnership.”⁶ Gillani’s visit was panned by many analysts, who saw the new Pakistani leader failing to impress audiences in both Washington and Islamabad, thus further straining already tense bilateral relations.⁷

Key Current Issues

Pakistan’s worsening economic conditions, unstable political setting, and perilous security circumstances make the job of U.S. decision makers difficult. On the economic front, the newly elected civilian government in Islamabad faces crises that erode their options and elicit growing public resentment. On the political front, an unprecedented ruling coalition including the country’s two leading mainstream parties proved fragile and collapsed almost immediately upon the resignation of President Musharraf, without having enacted any major policies. Key differences over how to reinstate scores of senior judges deposed by Musharraf in 2007 could not be overcome, creating political deadlock. On the security front, Pakistan is the setting for multiple armed Islamist insurgencies, some of which span the border with Afghanistan and contribute to the destabilization of that country. Al Qaeda forces remain active on Pakistani territory, adding to the sensitive nature of the Pakistani governments’ halting efforts to seek truces with tribal leaders in western regions. Such efforts themselves alarm U.S. officials, who fear negotiations only allow militant elements to grow stronger.

New Pakistan-Specific Legislation

On July 15, the Enhanced Partnership With Pakistan Act of 2008 (**S. 3263**) was introduced in the Senate. The act would “affirm and build a sustained, long-term, multifaceted relationship with Pakistan,” in part by tripling non-military U.S. assistance to \$1.5 billion per year for FY2009-FY2013, and by establishing a sense of Congress that such aid levels should continue through FY2018. It also would condition certain further military assistance and arms transfers to Pakistan on an annual certification by the Secretary of State that the security forces of Pakistan are making “concerted efforts” to prevent Al Qaeda, Taliban, and associated militant groups from operating on Pakistani territory, and that such security forces are “not materially interfering” in Pakistan’s political or judicial processes. In introducing the act, the co-sponsoring Chairman and Ranking Member of the Senate Foreign Relations Committee expressed a desire to move away from the “transactional” dynamic they believe has characterized U.S.-Pakistan relations and to reverse a

⁵ (...continued)
2008.

⁶ See [<http://www.whitehouse.gov/news/releases/2008/07/20080728-5.html>].

⁷ See, for example, “Gilani’s Poor Show in the US,” *Jane’s Foreign Report*, August 12, 2008.

pervasive Pakistani sentiment that the United States is not a reliable ally.⁸ On July 29, the bill was reported out of committee favorably by unanimous vote.

Worsening Economic Circumstances

Rising inflation and serious food and energy shortages have elicited considerable economic anxieties in Pakistan. Such concerns are weighing heavily on the new government. In June, the Finance Ministry released its annual Economic Survey, which reported dismal economic performance, growing fiscal and current account deficits, rising external debt, dwindling foreign exchange reserves, and a depreciating currency. The country's consumer prices are at their highest level since 1975, with an inflation rate of 24.3% in July. The rupee's value is down more than 20% against the U.S. dollar in 2008, and net international reserves have declined by nearly half in only one year to about \$7.7 billion.⁹ Two major international investor rating indices recently cut Pakistan's sovereign debt rating to levels five steps below investment grade. Also in June, the Islamabad government made a politically sensitive decision to phase out fuel subsidies that amounted to about \$2.4 billion in the most recent fiscal year and caused a sharp increase in the federal budget deficit. Pakistan's central bank has sought to address rising inflation by boosting interest rates, leading in turn to a nearly 5% loss in the Karachi stock market's main index, which hit an eight-month low in May. Hundreds of angry investors rioted in mid-July when stock prices fell by another 2.7%. Musharraf's resignation triggered a brief reversal — the exchange was up nearly 4.5% on August 18 the rapidly sliding value of the rupee was halted — but the ruling coalition's collapse again damaged confidence and led to further declines. Serious power shortages have led to nationwide outages, triggering protests that turned violent at times and further harmed the economy.¹⁰

Deteriorating Relations With India

Among the top goals of Indian officials in 2008 has been gauging the new Pakistani government's commitment to the bilateral peace process. Within this

⁸ "Sen. Joseph R. Biden Jr. and Sen. Richard G. Lugar Hold a News Conference on Pakistan," *CQ Transcriptions*, July 15, 2008.

⁹ See [http://www.finance.gov.pk/finance_survery_chapter.aspx?id=18]; "Rising Oil, Food Prices Hurting Pakistan's Poor," World Bank Press Release, May 30, 2008; "Pakistan's Consumer Prices Hit 33-Year High," *Financial Times* (London), June 11, 2008; IMF Press Briefing, July 24, 2008. Consumer price inflation has been especially notable in the food sector, where prices rose by more than one-third in 2007, far outpacing wage increases. A 2008 U.N. World Food Program report warned that nearly half of the country's population could face food shortages due to surging prices ("Price of Pakistan's Economic Woes," *BBC News*, April 14, 2008).

¹⁰ "Pakistan to Phase Out Fuel Subsidies," *Financial Times* (London), June 30, 2008; "Moody's Cuts Pakistan's Ratings," *Daily Times* (Lahore), May 22, 2008; "Karachi Shares Fall on Rate Rise," *BBC News*, May 23, 2008; "Pakistani Investors Stone Bourse as Markets Slump," *Reuters*, July 17, 2008; "Electricity Outages Anger, Frustrate Pakistanis," *Associated Press*, June 4, 2008. See also "Pakistan's Economic Woes Pose New Threat," *Wall Street Journal*, July 21, 2008.

modest context, the outcome was viewed as generally positive. However, ensuing months have seen a deterioration of Pakistan-India relations, and some in New Delhi express frustration that the new civilian leaders in Islamabad have little influence over Pakistan's powerful military and intelligence agencies.¹¹ In May, India accused Pakistan of committing multiple cease-fire and territorial violations along the Kashmiri Line of Control (LOC); one incident left an Indian soldier dead. Reported violations continue and Indian officials suspect the Pakistani military is renewing its alleged practice of providing cover fire for militant infiltrations into Indian Kashmir.¹² June visits to Islamabad by the Indian foreign minister and later by Foreign Minister Qureshi to New Delhi were cordial and appeared to get the peace process back on track, but produced no new initiatives. Then, on July 7, a suicide car bomb killed 58 people, including four Indian nationals, at the Indian Embassy in Kabul, Afghanistan. Afghan and Indian officials later claimed that Pakistan's intelligence agency was complicit, a charge later echoed by Washington.¹³

On July 21, Foreign Secretary Bashir met with his Indian counterpart in New Delhi to launch the fifth round of the bilateral Composite Dialogue. Following the meeting, the Indian diplomat warned that recent events — culminating in embassy bombing — had brought the peace process “under stress.” Blunt language again followed a high-level meeting in Sri Lanka, when the same Indian official suggested that Pakistan-India relations were at a four-year low ebb.¹⁴ Along with the July 7 Kabul bombing, Indians widely suspect Pakistani complicity in late July terrorist attacks inside India, and India's prime minister has warned that such terrorism could bring the bilateral peace process to a halt. Moreover, New Delhi's progress in an initiative that would allow India to purchase nuclear materials and technologies on the international market spurred Islamabad to warn of a potential new nuclear arms race on the Asian subcontinent.¹⁵

Renewed violence in India's Jammu and Kashmir state has further exacerbated bilateral tensions. When the Pakistani Senate passed a resolution on the increasingly incendiary situation, an Indian official called the move “gross interference” in India's internal affairs. The exchange was soon repeated when the Foreign Minister Qureshi decried “excessive and unwarranted use of force” in Kashmir by the Indian government, a charge rejected as unhelpful by New Delhi. The Islamabad

¹¹ “India Frustrated by a Rudderless Pakistan,” *New York Times*, August 12, 2008; “India Yearns for Pakistan's Musharraf Amid Turmoil,” *Associated Press*, August 12, 2008.

¹² “India to Protest to Pakistan Over Border Shooting,” *Reuters*, May 19, 2008; “Skirmishes Can Hurt India-Pakistan Peace Process,” *Reuters*, July 30, 2008; “Despite Warning, Pak Violates Ceasefire Again,” *Times of India* (Delhi), August 14, 2008.

¹³ “Pakistan ‘Behind Afghan Attacks,’” *BBC News*, July 14, 2008; “India Blames Pakistan in Embassy Bombing,” *Associated Press*, July 21, 2008; “Pakistanis Aided Attack in Kabul, U.S. Officials Say,” *New York Times*, August 1, 2008.

¹⁴ “Briefing by Foreign Secretary After India-Pakistan Foreign Secretary-Level Talks,” Indian Ministry of External Affairs, July 21, 2008; “India Official Sees Sinking Relations With Pakistan,” *New York Times*, August 1, 2008.

¹⁵ “India Says Peace Talks With Pakistan Under Threat,” *Associated Press*, August 15, 2008; “Pakistan Warns of New Nuclear Arms Race With India,” *Associated Press*, July 23, 2008.

government has expressed “deep concern” at reports of perceived human rights violations in Indian Kashmir.¹⁶ In August, the Indian national security advisor expressed worry at the possibly imminent removal from office of Pakistani President Pervez Musharraf, saying such a development would “leave radical extremist outfits with freedom to do what they like” in the region.¹⁷

Fluid Political Setting

In February 2008, Pakistan held elections to seat a new National Assembly and all four provincial assemblies. Analysts had foreseen a process entailing rampant political-related violence and electoral rigging in favor of the incumbent, Musharraf-friendly Pakistan Muslim League-Q (PML-Q) faction. Despite weeks of bloodshed leading up to the polls, the day itself was surprisingly calm. Moreover, fears of large-scale rigging were proven unfounded, as the PML-Q was swept from power in a considerable wave of support for Pakistan’s two leading opposition parties, the Pakistan People’s Party (PPP), now overseen by Benazir Bhutto’s widower, Asif Zardari, and the Pakistan Muslim League-Nawaz (PML-N) of former Prime Minister Nawaz Sharif. The two largely secular, moderate parties proceeded to form a ruling parliamentary coalition in Islamabad, and also took charge of coalition governments in the two most populous of the country’s four provinces.

As a perceived referendum on President Musharraf’s rule, the polls reflected a widespread popular rejection of his policies. They also forwarded arguments that the Pakistani populace supports moderate political parties without explicitly religious manifestos. At the same time, the results were seen by many analysts as compounding difficulties for U.S. policy makers who may have placed too much faith in the person of Musharraf, an increasingly isolated figure whose already damaged status was further weakened.

With more than four months in office, the coalition increasingly was perceived as deadlocked on political issues and largely inattentive to more concrete Pakistani governance needs. During a July visit to Islamabad, U.S. Assistant Secretary of State Richard Boucher reportedly urged Pakistan’s political leaders to concentrate their energies on addressing critical issues such as religious militancy, rising food costs, and energy shortages rather than fixating on efforts to remove President Musharraf. Nawaz Sharif is said to have flatly rejected the advice, countering that Musharraf’s impeachment was a necessary step toward consolidation of the country’s democratization.¹⁸ By early August, the four-party ruling coalition was clear in its intent to impeach the president. Musharraf’s political isolation increased and, on August 18, his nearly nine-year era ended when he tendered his resignation. Withing

¹⁶ Indian Ministry of External Affairs Press Briefing, August 7, 2008; “India Reacts ‘Strongly’ to Pakistan Comments on Kashmir Violence,” *BBC Monitoring South Asia*, August 12, 2008; Pakistan Ministry of Foreign Affairs statement at [http://www.mofa.gov.pk/Press_Releases/2008/Aug/PR_247_08.htm].

¹⁷ “Q&A With Indian National Security Advisor MK Narayanan,” *Straits Times* (Singapore), August 12, 2008.

¹⁸ See [<http://www.state.gov/p/sca/rls/2008/106495.htm>]; “Leave Musharraf Alone, Boucher Tells Nawaz,” *Daily Times* (Lahore), July 2, 2008.

one week, the fragile Islamabad coalition collapsed when differences over judicial restoration and Musharraf's successor could not be reconciled.

Election Results and Coalition Politics.¹⁹ Pakistan's February elections saw the PPP win a clear plurality of seats (121 of 342) in the National Assembly. The PML-N of Nawaz Sharif took another 91 seats. The incumbent PML-Q won only 54. This outcome provided the country's two main secular opposition parties with a near two-thirds majority. They were joined in a new national ruling coalition by the secular Pashtun nationalist Awami National Party (ANP) and the Islamist Jamiat Ulema-i-Islam faction of Fazl-ur-Rehman (JUI-F), both of which find their main strength in the Pashtun-majority North West Frontier Province (NWFP). The PPP also won an outright majority in the provincial parliament of Sindh, the Bhuttos' ancestral homeland, but still moved to form a ruling provincial coalition with the regional Muttahida Quami Movement (MQM), which dominates Karachi's political landscape. In the wealthy and densely populated Punjab province, Sharif's PML-N thrashed the PML-Q in their heartland to take nearly half of the provincial assembly seats there. Sharif's brother Shabaz is serving again as chief minister of that province, overseeing a coalition with the PPP. Voters in the NWFP roundly rejected the previously incumbent Islamist coalition and awarded the ANP a resounding comeback after its virtual shutout in 2002. The PPP and ANP agreed to share power in the NWFP, with the chief minister and most cabinet ministers coming from the ANP. Only in sparsely populated Baluchistan did the PML-Q win a plurality of seats, but the Quetta-based assembly is managed by a grand alliance under a PPP chief minister.

Musharraf's Post-Election Status. Following the election of an opposition alliance, President Musharraf rejected repeated calls for his resignation and claimed to maintain the support of the powerful army. He expressed a willingness to work with the new Parliament, even as he recognized the potential for a two-thirds opposition majority to reverse many of the changes made during his rule. This might in particular include parts of the 17th Amendment to the Constitution, which grants presidential powers to dismiss the Prime Minister and dissolve Parliament. Such a super-majority could even have moved to impeach him, but for months the PPP put a damper on impeachment talk and instead appeared to seek a "dignified exit" for the embattled Musharraf. Many analysts contended that Musharraf sought to manipulate the transfer of power process by creating uncertainty and instability; some insisted that he should follow "the logic of the people's verdict" and resign. Although the Pakistani president's power and status were much eroded, he remained a potent political player in Islamabad, given especially his continued support from the military and from some foreign governments, including the United States. Many observers suspected Musharraf engaged in behind-the-scenes efforts to weaken the new civilian coalition with a special eye toward marginalizing Nawaz Sharif and the PML-N.²⁰

¹⁹ See also CRS Report RL34449, *Pakistan's 2008 Elections*.

²⁰ Shafqat Mahmood, "Musharraf Should Give Up" (op-ed), *News* (Karachi), March 21, 2008; Ijaz Hussain, "Should Musharraf Quit?" (op-ed), *Daily Times* (Lahore), April 9, 2008; "Sidelined Musharraf Still Exerts Influence," *Washington Post*, May 18, 2008.

Coalition Building and Government Formation. In March, more than one month after the elections, PPP leader Zardari and PML-N leader Sharif issued a written declaration of their intention to share power at the center (along with the ANP) under a PPP Prime Minister and in the Punjab under a PML-N Chief Minister.²¹ In a major show of opposition unity, the accord notably vowed to seek restoration of deposed judges to office within 30 days of the new government's seating. Many viewed this "Murree Declaration" as an historic rejection of military-bureaucratic rule in Islamabad. Sindhi businesswoman Fahimda Mirza — a PPP stalwart and close associate of Zardari — became Pakistan's first-ever female National Assembly Speaker.

Zardari announced the prime ministerial candidacy of Yousaf Raza Gillani, a party stalwart from the Punjab province. Gillani was National Assembly Speaker during Benazir Bhutto's second government (1993-1996) and spent five years in prison (2001-2006) after being sentenced by an anti-corruption court created under President Musharraf.²² On March 24, Gillani became Pakistan's 22nd Prime Minister. Of his 24 cabinet ministers, 11 were from the PPP and 9 from the PML-N. Important new federal ministers include Foreign Minister Shah Mehmood Qureshi, who hails from a land-owning family in southern Punjabi city of Multan and has been a PPP lawmaker since 1985, serving as a Punjab provincial minister during the 1990s; and Defense Minister Chaudhry Ahmed Mukhtar, an industrialist from the Gujrat region of Punjab, who served as federal commerce minister in Benazir Bhutto's second government and who won his parliamentary seat in 2008 by defeating PML-Q leader Chaudhry Shujaat Hussein.

The PPP Co-Chair at times seemed to flirt with the idea of offering himself as the PPP's prime ministerial candidate, then later rule himself out for the job. Until their teenaged son and political heir Bilawal Bhutto Zardari completes studies at Oxford University, Zardari is to run the PPP. He is a controversial figure in Pakistan, having spent many years in prison (without conviction) on charges ranging from corruption to complicity in murder. Some of the cases stand unresolved. In March 2008, courts dismissed seven pending corruption cases, and the government later withdrew as party to a Swiss money laundering case against Zardari (the Swiss government later dropped all charges against Zardari).

Nawaz Sharif himself may eventually prove to be the greatest benefactor of Pakistan's political upheaval. There is little doubt he would serve a third time as Prime Minister if given the opportunity. Some analysts speculate that Sharif is angling for early new elections in which his party might overtake the PPP nationally.²³ Criminal convictions related to his overthrow by the army in 1999 stand in the way of his future candidacy. With his past links to Pakistan's Islamist parties — his party's 1990 poll win came only through alliance with Islamists and he later

²¹ Declaration text available at [<http://thenews.jang.com.pk/updates.asp?id=39768>].

²² Musharraf's opponents say the court was established as a means of intimidating and coercing politicians to join the PML-Q, which Gillani had refused to do ("Profile: Yusuf Raza Gillani," *BBC News*, March 23, 2008).

²³ See, for example, "Moeed Yusuf, 'Well Played, Mr Sharif' (op-ed), *Friday Times* (Lahore), February 27, 2008.

pressed for passage of a *Shariat* (Islamist law) bill — and his sometimes strident anti-Western rhetoric, Sharif is viewed warily by many in Washington.

Coalition Politics. Never before in Pakistan’s history had the country’s two leading political parties come together to share power. While many observers praised the Murree Declaration as representing what could be a new conciliatory style of party politics, others noted that the PPP and PML-N spent most of the 1990s as bitter enemies. The history of mutual party animosity in fact dates to 1972, when Benazir’s father, then-Prime Minister Zulfikar Ali Bhutto, nationalized industries owned by Nawaz Sharif’s father.²⁴ Opposition to President Musharraf’s continued power united these parties for a time, but with Musharraf fanning the flames of party competition — and with his possibly imminent departure from power removing the key unifying factor between them — many analysts were pessimistic that a PPP-PML-N accommodation could last.

Several of Asif Zardari’s post-election moves reportedly alarmed some among his newfound political partners and spurred further doubt about the coalition’s longevity. These included gestures toward the MQM party formerly allied with President Musharraf and historically a bitter rival of the PPP in Karachi. Moreover, intra-party rumblings in the PPP triggered press reports of an impending split, potentially to be led by Sindh party leaders unhappy with the Punjabi-heavy nature of the new federal cabinet.²⁵ Political instability grew in May, when PML-N chief Sharif protested Musharraf’s appointment of Salman Taseer to be the new Punjab Governor. Taseer is a PPP loyalist with a history of animosity toward Sharif. PML-N officials expressed worry that Taseer might seek to obstruct the PML-N-led provincial government and that his appointment reflected ongoing collusion between the PPP and forces friendly to Musharraf.²⁶

In May, Zardari announced that a constitutional reforms package had been completed, saying this proposed “18th Amendment” would reverse changes to the constitution made under Musharraf and so “walk [Musharraf] away rather than impeach him away.” The PPP transmitted to the PML-N an 80-point draft proposal that would restore the deposed judges while greatly reducing the power of the presidency. Proposed amendments would, *inter alia*, remove the president’s powers to declare war, dismiss the Parliament, and appoint governors and military service chiefs. The bill faced a lengthy period of assessment before legislative action was expected. Critics of the bill called it “malicious” in its alleged indemnification of President Musharraf’s November 2007 actions and in its provisions that could make the Pakistani judiciary subordinate to the executive.²⁷ In mid-June, Zardari and Sharif met to create a consensus on outstanding issues, including the judges’

²⁴ “Decades of Enmity Threaten Pakistani Coalition, Say Analysts,” *Agence France -Presse*, February 22, 2008.

²⁵ See, for example, “Fahim, Ghinwa May Join Hands,” *Post* (Lahore), April 8, 2008; “Asif Not Heir of Bhutto Legacy: PPP-SB,” *Dawn* (Karachi), May 2, 2008.

²⁶ “Rift in Pakistan Government Widens as Sharif Protests Key Appointment,” *Associated Press*, May 16, 2008.

²⁷ Babar Sattar, “The PPP’s Malevolent Bill” (op-ed), *News* (Karachi), June 7, 2008.

restoration and the possible impeachment of the president, but no breakthroughs were announced. Sharif reportedly refused to see his party lieutenants rejoin the federal cabinet until the judicial benches were restored through executive order (see below). Still, both leaders vowed to keep the coalition intact.

Restoration of Deposed Judges. During the six-week-long state of emergency launched by President Musharraf on November 3, 2007, seven Supreme Court justices, including the Chief Justice, and scores of High Court judges refused to take a new oath of office and were summarily dismissed. The Supreme Court was then reconstituted with justices appointed by Musharraf himself.²⁸ The question of whether and how to restore the Chief Justice and other deposed judges remained a key divisive issue. In declaring an intention to restore the pre-November 3 Supreme Court, the new civilian dispensation appeared to set itself on a collision course with Musharraf. Reseating that court likely would have led to Musharraf's removal from office, as the justices had appeared close to finding his October reelection unconstitutional. Many Pakistanis suspect the U.S. government of hindering restoration efforts.²⁹ Asif Zardari has sought to assure those agitating for the judges' reinstatement that restoration would come "in due course of time," but that other political variables dictate patience in this regard. Nawaz Sharif himself has accused the U.S. government of actively discouraging such restoration.³⁰

A parliamentary resolution voiding the judges' November 2007 dismissal, if passed by a simple majority, could allow the government to restore the judges to office through an executive order. Such a resolution had been expected by the end of April, but Zardari and Sharif were unable to agree on a specific plan, with the former seeking "broad-based" agreement and the latter pushing for more rapid movement.³¹ Some reports suggested that Zardari was keeping up his end of a

²⁸ A judicial crisis began with President Musharraf's March 2007 dismissal of the country's Chief Justice, Iftikhar Chaudhry, on charges of nepotism and misconduct. Analysts widely believe the action was an attempt by Musharraf to remove an impediment to his reelection as president, given Chaudhry's rulings that exhibited independence and went contrary to government expectations. The move triggered outrage among Pakistani lawyers; ensuing street protests by opposition activists grew in scale. By providing a platform upon which anti-Musharraf sentiments could coalesce, the imbroglio morphed into a full-fledged political crisis. The deposed Chief Justice became an overnight political celebrity, attracting many thousands of supporters at rallies. In July 2007, in a major political defeat for Musharraf, the Supreme Court unanimously cleared Chaudhry of any wrongdoing and reinstated him.

²⁹ "Judges Not Being Restored Due to American Pressure: APDM," *News* (Karachi), June 19, 2008.

³⁰ "Hold Your Horses, Zardari Tells Lawyers," *News* (Karachi), May 24, 2008; "Pakistan TV Show Discusses Judges' Restoration Issue," *BBC Monitoring South Asia*, March 18, 2008.

³¹ "Pakistan Coalition Fails to Agree on Restoring Judges: Sharif," *Agence France-Presse*, April 22, 2008. Many of Musharraf's domestic allies rejected the new government's plan to reinstate the judges, saying their dismissal was constitutional and that efforts to reverse it through executive order or parliamentary resolution would be futile. According to this (continued...)

bargain struck by Musharraf and Bhutto in 2007. According to this narrative, Zardari was not committed to seeing Musharraf removed from office, but rather was pursuing a working relationship with the Pakistani president, perhaps in part to preserve his own status under the 2007 National Reconciliation Ordinance (NRO). This ordinance provides Zardari with amnesty from criminal prosecutions.³² The NRO was made permanent only through Musharraf's November 2007 Provisional Constitutional Order (PCO) and so would not have the weight of law were that order to be found unconstitutional by a Supreme Court restored to its pre-November 3 state. One line of argument portrays Zardari as reluctant to see Chief Justice Chaudhry restored to office, as the judge had sought to closely examine the constitutionality of both the PCO and the NRO.

The “Lawyers’ Movement”. The “lawyer’s movement” that arose in response to Musharraf’s March 2007 dismissal of Chief Justice Iftikhar Chaudhry (who was reelected in July and dismissed again in November) was a vital facet of the pro-rule of law, anti-Musharraf sentiment that spread in Pakistan during 2007. It has not faded away: lawyers continue to boycott many courts and the movement remains able to mobilize significant street protests, which Chaudhry continues to publicly support. Aitzaz Ahsan, the Supreme Court Bar Association president who led the successful effort to have Chaudhry reelected in mid-2007, has been at the forefront of the current effort to restore the pre-November judiciary.³³ His post-emergency detention attracted the attention of numerous U.S. Senators and others in Congress, who called for his immediate release. Ahsan has criticized the U.S. government for callousness regarding Musharraf’s crackdown on the Supreme Court, claiming that U.S. policy is “deaf and oblivious to the voice of the Pakistani people.”³⁴ With the collapse of May talks between the PPP and PML-N, leaders of the lawyers’ movement vowed to stage massive street protests if the government fails to reinstate

³¹ (...continued)

argument, only an amendment to the Constitution can reverse Musharraf’s earlier actions. Numerous legal experts cast doubt on this contention, however, claiming that because Musharraf’s emergency imposition was inherently unconstitutional (as ruled by the Supreme Court on November 3, 2007, just before its reconstitution), all actions taken under that authority are invalid. A collection of 5 former Chief Justices and 16 other retired Supreme Court judges issued a statement that “a simple resolution in the National Assembly would provide more than sufficient backing for the executive” to reinstate the deposed judges (“Fakhruddin Quits Judges Committee,” *News* (Karachi), May 6, 2008).

³² See, for example, “Pre-Election Deal Binds Zardari to Musharraf,” *News* (Karachi), April 30, 2008.

³³ See “The Lawyers’ Crusade,” *New York Times*, June 1, 2008.

³⁴ “Civil Rights Activist Criticizes U.S. as ‘Oblivious’” (interview), *Washington Times*, July 3, 2008. See also, Aitzaz Ahsan, “Pakistan’s Tyranny Continues” (op-ed), *New York Times*, December 23, 2007. When asked during a Senate hearing about the status of judges dismissed under Musharraf’s emergency proclamation, Deputy Secretary of State John Negroponte conceded that the U.S. government had “been silent on the subject” (“Sen. Joseph R. Biden Jr. Holds a Hearing on U.S. Policy Options in Post-Election Pakistan,” *CQ Transcripts*, February 28, 2008).

the deposed judges. Nawaz Sharif and his party participated in this June “long march” demonstration.³⁵

Coalition Discord. The original April 30 deadline for the judge’s restoration passed without action. Despite Sharif’s apparent optimism that a resolution would be reached, subsequent meetings with Zardari in London again failed to break the deadlock. On May 12, Sharif announced that his party would withdraw from its seats in the federal cabinet while still supporting the PPP-led national coalition on an “issue by issue basis.” Nine PML-N ministers subsequently handed in resignations, but these were rejected by the prime minister, who, in concert with Zardari, decided to keep the seats open in hopes that Sharif would reverse his withdrawal. A legal advisor to Sharif reportedly held the Bush Administration partly responsible for the negotiation’s breakdown, given an alleged U.S. concern that President Musharraf be “protected” and allowed a “safe exit” sometime near the end of 2008. His claims reflected widely held suspicions among Pakistanis about U.S. “meddling” in their country’s coalition politics.³⁶ A series of intensive meetings between Asif Zardari and Nawaz Sharif sought to narrow the differences still hampering their coalition and set a clear plan for future action. Sharif announced in early August that four of the nine PML-N federal ministers who withdrew from the government in May would rejoin the cabinet in a goodwill gesture to the PPP.

Impeachment Plans and Musharraf’s Resignation. On August 5, after months of indecision, PPP leader Asif Zardari and PML-N leader Nawaz Sharif agreed in principle to seek the impeachment of President Musharraf. The announcement spurred Musharraf to cancel plans to attend the opening ceremonies of the Beijing Olympics. Three days later, the four-party ruling coalition said it would launch impeachment proceedings “immediately.”³⁷ Musharraf’s aides vowed that the president would fight the effort, but some former political allies began urging Musharraf to resign rather than further polarize the country. Prime Minister Gillani expressed confidence that the military leadership was pro-democracy and would not intervene to protect Musharraf.³⁸ Cynical observers saw the two major party leaders

³⁵ On June 9, some 4,000 lawyers began a protest in Karachi aimed at pushing the government to restore the deposed judges. By June 13, an estimated 40,000 marchers had come together for a rally in Islamabad. Many Pakistanis were disappointed that the “long march” ended without creation of any plan for breaking the coalition government deadlock on the restoration issue. The effort did, however, ramp up pressure on the PPP (“Long March Ends Without Roadmap,” *Daily Times* (Lahore), June 15, 2008; “Pakistan Ruling Party on Defensive After Rally,” *Associated Press*, June 14, 2008).

³⁶ “Coalition Partner Leaves Pakistan’s Cabinet in Dispute Over Reinstating Judges,” *New York Times*, May 13, 2008.

³⁷ Under Pakistan’s Constitution, impeachment of the president requires a two-thirds majority vote by the combined 442-seat membership of Parliament’s two chambers. Early projections of parliamentary support found impeachment proponents coming up perhaps 10-20 votes shy of the 295 required to remove the president, a gap potentially closed with the addition of independent members (“Impeachment is All a Numbers Game,” *Daily Times* (Lahore), August 8, 2008).

³⁸ “Allies Call on Beleaguered Musharraf to Quit,” *Reuters*, August 10, 2008; “Pakistan (continued...) ”

valuing their own political fortunes over the health of the Pakistani nation. Some noted with irony that Zardari and Sharif, both unelected politicians without constitutional positions who are not accountable to the people, were planning to impeach Musharraf in the interests of “democracy.” Such cynicism only deepened with the later news that Zardari would present himself as candidate to be Pakistan’s next president.³⁹

The first major aspect of the federal coalition’s plan to remove the president involved passing anti-Musharraf resolutions in each of the country’s four provincial assemblies. Such bills have no constitutional authority, but would represent no-confidence votes and so ramp up considerable political pressure. On August 11, the Punjab assembly overwhelmingly passed the first such resolution by a vote of 321-25, with numerous PML-Q legislators joining the majority. The NWFP, Sindh, and Baluchistan assemblies followed days later. With signs that the military brass would not come to his aid, the besieged president appeared to have no allies remaining, and a flood of reports indicated that Musharraf’s resignation was imminent.⁴⁰

On August 18, President Musharraf delivered an address to the nation in which he claimed responsibility both for turning around Pakistan’s economy and for introducing the “essence of democracy” there. He blamed the new civilian government for the country’s current economic and political instability, rejected the “charge sheet” that had been brought against him, explained his decision to resign as an effort to avoid confrontation and further instability, and placed his fate in the hands of the Pakistani people.⁴¹ In Pakistan, the initial reaction to Musharraf’s exit appeared to be one of optimism that greater stability would ensue. Some viewed the process leading to his departure as a tightly scripted political play designed to protect both Musharraf’s policies and the Pakistani military.⁴²

Musharraf’s departure is not expected to meaningfully alter Pakistani government policies in the near-term, and the command and control structure for Pakistan’s nuclear weapons arsenal also is not expected to change. The National Command Authority — created in 2000 and chaired by the president — will retain control through military channels. The Pakistani Ambassador to the United States is among those who insist that Musharraf’s August resignation can facilitate more

³⁸ (...continued)

Army Won’t Support Musharraf - Government,” *Reuters*, August 12, 2008.

³⁹ See, for example, “M.B. Naqvi, “While Rome Burns, Plain Words” (op-ed), *News* (Karachi), August 6, 2008; S. Sathananthan, “Retrieving Democracy?” (Op-ed), *Outlook* (Delhi), August 12, 2008; “The Zardari Card” (editorial), *News* (Karachi), August 22, 2008.

⁴⁰ “Military Cuts Power From Under Musharraf,” *Financial Times* (London), August 13, 2008; “Musharraf Expected to Resign Within Days,” *New York Times*, August 15, 2008.

⁴¹ “Going, Going, Gone!,” *Daily Times*, (Lahore), August 19, 2008. Speech text at [http://www.cfr.org/publication/16999/president_musharrafs_resignation_speech.html?breadcrumb=%2Fregion%2F279%2Fsouth_asia].

⁴² “Pakistan Looks Ahead Without Musharraf,” *New York Times*, August 18, 2008; “Najam Sethi, “Musharraf’s Legacy and Pakistan’s Future” (op-ed), *Friday Times* (Lahore), August 22, 2008.

vigorous Pakistani counterterrorism efforts by making it easier for the elected government avoid accusations that it is “doing America’s bidding in return for economic and military assistance.”⁴³

In general terms, the PPP is seen to be pushing for indemnity for Musharraf, while the PML-N insists on a trial. Some reports suggested that the PPP engaged in secret negotiations to grant Musharraf immunity from future prosecution if he were to step down. Such a deal reportedly was concluded just days before the president resigned. Musharraf himself insists he intends to stay in Pakistan, but his future is unclear. He is not known to have requested foreign asylum, but U.S. officials express an openness to any potential application for such. Saudi Arabia, Britain, and Turkey have also been named as possible future homes for the former president.⁴⁴

Coalition Collapse. Only one day after Musharraf’s resignation, serious rifts again appeared in the ruling coalition, with Nawaz Sharif reportedly delivering an ultimatum to the PPP that the Chief Justice be restored to office within 72 hours or the PML-N would withdraw support. Sharif explained that he had reluctantly gone along with Zardari’s plan to seek Musharraf’s impeachment *before* reinstating the judges with the understanding that such reinstatement would take place within 24 hours of Musharraf’s departure. Sharif also rejected Zardari’s “minus-one” plan that would restore to the benches all judges except the Chief Justice. Moreover, the PPP’s August 22 announcement that Zardari himself would stand as the party’s candidate for the presidency violated Sharif’s understanding that the new president would be a nonpolitical figure.⁴⁵

On August 25, Sharif responded to what he saw as a series of broken promises by withdrawing his party’s support for the ruling coalition and joining the opposition benches in Parliament. The end of the five-month-long accommodation between the PPP and PML-N likely will not lead to new elections, as Zardari’s party appears set to collect enough smaller party support that it can remain in power. Yet the development triggered a wide array of analysts to predict even more political instability in Islamabad in the foreseeable future, and the fractiousness of Pakistan’s governance setting cast a further pall over prospects for the country’s new civilian leadership to deal directly and effectively with Pakistan’s urgent economic and security problems.⁴⁶

Zardari’s candidacy to replace Musharraf suggests that the presidency’s constitutional powers will not be amended in the foreseeable future. With expected

⁴³ “Analysis - Pakistani Security Policy Set to Follow Musharraf,” *Reuters*, August 19, 2008; Husain Haqqani, “America is Better Off Without Musharraf” (op-ed), *Wall Street Journal*, August 21, 2008.

⁴⁴ “Musharraf is Offered Immunity If He Steps Down,” *Wall Street Journal*, August 11, 2008; “Deal is Done,” *Daily Times* (Lahore), August 15, 2008; “What’s Next for President Musharraf?,” *BBC News*, August 23, 2008; “US Says Will Consider Any Asylum Bid by Musharraf,” *Agence France Presse*, August 19, 2008.

⁴⁵ “Interview With Nawaz Sharif,” *Wall Street Journal*, August 21, 2008.

⁴⁶ “Fractious Coalition in Pakistan Breaks Apart,” *New York Times*, August 25, 2008.

support from the influential regional MQM party based in Karachi, Zardari became the instant frontrunner to win the scheduled September 6 election, which would require the support of a majority of the country's Electoral College (comprised of the total membership of the two chambers of Parliament plus the four provincial assemblies). Projections indicate that Zardari can win such a majority without the support of the PML-N or the PML-Q. Allegations of corruption still haunt Zardari, and reports have arisen that cast doubt on his recent mental health (his supporters say he is perfectly fit).⁴⁷

Role of the Pakistani Military. The army's role as a dominant and overt political player in Pakistan may be changing. Following President Musharraf's November resignation as army chief, the new leadership showed signs of distancing itself from both Musharraf and from direct involvement in the country's governance. The president's handpicked successor, Gen. Ashfaq Pervez Kayani, has issued orders barring officers from holding unauthorized meetings with civilian leaders; dictated that all active officers holding posts in civilian agencies resign from those positions; and announced that the military's only role in the electoral process would be maintenance of security. He has since called for a "harmonized relationship between various pillars of state, as provided in the Constitution." In March, Kayani exerted further influence by making his first major new appointments, replacing two of the nine corps commanders appointed by Musharraf. Many analysts see Gen. Kayani as motivated to improve the image of the military as an institution after a serious erosion of its status under Musharraf. His dictates and rhetoric have brought accolades from numerous commentators.⁴⁸ According to Pakistan's envoy to the United States, the country's "national consensus on democracy" is fully supported by the Pakistani military, which is "scrupulously" avoiding any overt or covert role in the country's politics.⁴⁹

U.S. Policy. Pakistan's relatively credible 2008 polls allowed the Bush Administration to issue an April determination that a democratically elected government had been restored in Islamabad after a 101-month hiatus. This permanently removed coup-related aid sanctions that President Bush had been authorized to waive annually.⁵⁰ The U.S. government recognizes Pakistan's early 2008 political shift as a renewed opportunity to assist in efforts to consolidate the country's democratic institutions.⁵¹ Both before and after the elections, U.S. officials expounded a desire to see "moderate forces" within Pakistani politics come together

⁴⁷ "Numbers Game Tilts in Favor of People's Party," *Daily Times* (Lahore), August 22, 2008; "Zardari on the Hot Seat," *Newsweek* (online), August 20, 2008; "Battle Scars On Show as Zardari in Spotlight," *Financial Times* (London), August 25, 2008.

⁴⁸ "Pakistan Military Retreats From Musharraf's Influence," *McClatchy Newspapers*, January 18, 2008; "Army Chief Urges Harmony Among Pakistan's Leaders," *Reuters*, March 6, 2008; "Quiet General Tries to Keep Army Out of Politics," *Wall Street Journal*, August 22, 2008.

⁴⁹ Remarks by Ambassador Husain Haqqani at the Center for Strategic and International Studies, Washington, D.C., August 20, 2008.

⁵⁰ Federal Register 73, 69, p. 19276-19277, April 9, 2008.

⁵¹ See [<http://www.state.gov/g/drl/rls/afdr/2008/104862.htm>].

to sustain their country's political and economic reforms and to carry on the fight against religious extremism and terrorism. The White House anticipates Pakistan's "continued cooperation" in this regard.⁵² There are, however, concerns in Washington that the new Islamabad government will curtail militarized efforts to combat Islamist militants and instead seek to make peace deals with Pakistan's pro-Taliban extremist forces (see "Increasing Islamist Militancy" section below).

After meeting with myriad Pakistani officials Islamabad in March, Deputy Secretary of State Negroponte said the U.S.-Pakistan partnership "remains strong" and "we envision a continued close, productive alliance that benefits both countries." He insisted that the United States "is committed to working with all of Pakistan's leaders on the full spectrum of bilateral issues" and "will continue to help the Pakistani people build a secure, prosperous, and free society."⁵³ By some accounts, however, the U.S. government has sought and may continue seeking to influence Islamabad's internal political processes. Most Pakistanis expressed a keen sensitivity to signs of U.S. attempts to influence the post-election coalition-building negotiations. Some observers suspect the Bush Administration remained wedded to a policy that would have kept the embattled Musharraf in power despite his weakness and lack of public support.⁵⁴ Speculation was rife in Pakistan that the United States sought to keep Musharraf in power and steer the PPP leadership toward implementing whatever agreements were made between Benazir Bhutto and Musharraf in 2007.⁵⁵ Some in Pakistan continue to believe that the U.S. government has prevented the new coalition from restoring deposed judges.⁵⁶

Still, by late March, when a new Parliament, Prime Minister, and federal cabinet were being seated, senior Bush Administration officials appeared to be recognizing the importance of a broader array of political figures in Islamabad and were vowing to work with all of them. In what was taken to be a clear indication of shifting U.S. policy, visiting Deputy Secretary of State Negroponte — who had in late 2007 described the Pakistani president as an "indispensable ally" of the United States — offered little in the way of public defense for Musharraf, calling his future status a matter to be determined by "the internal Pakistani political process."⁵⁷ When asked about the coalition's early August intention to proceed with impeachment, a State Department spokesman said, "We have consistently said the internal politics of

⁵² See [<http://www.whitehouse.gov/news/releases/2008/03/20080325-3.html>].

⁵³ See [http://islamabad.usembassy.gov/pr_03272008.html].

⁵⁴ See, for example, "Pressure on Asif, Nawaz to Work With President," *Dawn* (Karachi), February 23, 2008; M.B. Naqvi, "Untangling the Web of Intrigues" (op-ed), *News* (Karachi), April 16, 2008.

⁵⁵ See, for example, "Pakistan TV Show Discusses Continuing US, Army Support for Musharraf," and "Pakistan TV Show Discusses US Government's Continuing Support to Musharraf," *BBC Monitoring South Asia*, June 1, 2008 and June 6, 2008, respectively.

⁵⁶ "Judges Not Being Restored Due to American Pressure: APDM," *News* (Karachi), June 19, 2008.

⁵⁷ "Press Statement - Deputy Secretary John Negroponte," U.S. Embassy Press Release, March 27, 2008; "US Says No Meddling to Save Musharraf," *Associated Press*, March 27, 2008; "US Offers Support for Pakistan's Parties," *Associated Press*, March 11, 2008.

Pakistan is an issue for the Pakistani people to decide. Our expectation is that any action will be consistent with the rule of law and the Pakistani constitution.” The White House also said the Pakistanis themselves must determine the outcome.⁵⁸

By removing the single most important interlocutor in Islamabad, Musharraf’s resignation presented yet another challenge for U.S. officials in their dealings with Pakistan. Despite the Bush Administration’s official noninterference posture, many reports had the U.S. government urging a “soft landing” for Musharraf. The perception elicited vocal resentments from Nawaz Sharif, among others. Still, in the end, the Bush Administration watched quietly as its key Pakistani ally was marginalized, apparently concluding that Musharraf’s time was up and that any further overt U.S. support for the discredited ex-general would only stoke visceral anti-American sentiments in Pakistan.⁵⁹ Upon Musharraf’s resignation, Secretary of State Rice admitted Pakistan is going through “a difficult and fragile time,” but she rejected the notion that there is any leadership vacuum there. Rice issued a statement of strong and ongoing support for Pakistan’s democratic government, and she expressed “deep gratitude” for Musharraf’s role as “one of the world’s most committed partners in the war against terrorism and extremism. The White House voiced confidence that Islamabad would continue in that effort. Both major party U.S. presidential candidates welcomed Musharraf’s exit as a step toward ending Pakistan’s political crisis.⁶⁰

Increasing Islamist Militancy

Islamist extremism and militancy has been a menace to Pakistani society throughout the post-2001 period, becoming especially prevalent in 2007. According to U.S. Director of National Intelligence Mike McConnell, the loss of human life related to Islamist militancy was greater in 2007 than in the previous six years combined.⁶¹ The U.S. National Counterterrorism Center’s most recent annual report found the incidence of terrorism in Pakistan in 2007 up by 137% over the previous year, with 1,335 terrorism-related fatalities placing the country third in the world on such a scale, after Iraq and Afghanistan.⁶² The myriad militant groups operating in Pakistan — many of which have in the past displayed mutual animosity — may be increasing their levels of coordination and planning. Moreover, a new generation of

⁵⁸ See [<http://www.state.gov/r/pa/prs/dpb/2008/aug/107990.htm>]; “US Cautious Amid Musharraf Resignation Reports,” *Agence France Presse*, August 15, 2008.

⁵⁹ “US Wants ‘Honorable’ Stay for President of Pakistan,” *Dawn* (Karachi), August 11, 2008; “US Interfering in Pakistan Affairs: Nawaz,” *Daily Times* (Lahore), August 14, 2008; “As Musharraf Faltered, U.S. Stayed at a Distance,” *Washington Post*, August 19, 2008; “How Bush Was Persuaded to Let Musharraf Go,” *Dawn* (Karachi), August 19, 2008.

⁶⁰ Secretary Condoleezza Rice, “Remarks En Route to Brussels, Belgium,” August 18, 2008; [<http://islamabad.usembassy.gov/pr-08081801.html>]; [<http://www.whitehouse.gov/news/releases/2008/08/20080818-1.html>]; “McCain, Obama Welcome Musharraf Resignation,” *Agence France Presse*, August 18, 2008; “Analysis - Pakistani Security Policy Set to Follow Musharraf,” *Reuters*, August 19, 2008.

⁶¹ Statement before the House Committee on Intelligence, February 7, 2008.

⁶² See [<http://wits.nctc.gov/reports/crot2007nctcannexfinal.pdf>].

militants is comprised of battle-hardened jihadis with fewer allegiances to religious and tribal leaders and customs.⁶³ One press report called the Federally Administered Tribal Areas (FATA) “the most ungoverned, combustible region in the world.”⁶⁴

In 2008, the influence of Islamist militants appears to be growing unchecked in large parts of Pakistan beyond the FATA, bringing insecurity even to the NWFP provincial capital of Peshawar, which reportedly is in danger of being overrun by pro-Taliban militants. Other so-called “settled areas” of Pakistan beyond the tribal regions have come under attack from pro-Taliban militants.⁶⁵ Indeed, the “Talibanization” of western Pakistan appears to be ongoing and may now threaten the territorial integrity of the Pakistani state.⁶⁶ Prime Minister Gillani has identified terrorism and extremism as Pakistan’s most urgent problems. He vows that combatting terrorism, along with addressing poverty and unemployment, will be his government’s top priority. Recent surveys in Pakistan have found strong support for the Islamabad government’s emphasis on negotiated resolutions. They also show scant support for unilateral U.S. military action on Pakistani territory.⁶⁷

Multiple Armed Islamist Uprisings. According to the U.S. intelligence community, “Radical elements in Pakistan have the potential to undermine the country’s cohesiveness.”⁶⁸ One recent Pakistani newspaper editorial estimated that only 30% of the country or less is under the effective writ of the state, down from about half in the late 1990s. Another laments that “it is quite obvious that the militants call the shots” in much of western Pakistan. According to the Human Rights Commission of Pakistan, “Militancy is spreading and recruitment is in full swing.” The group cites what it calls credible reports that “militants are being handled with kid gloves while security forces are regularly using excessive force against noncombatants.”⁶⁹

A July 2007 siege at Islamabad’s radical Red Mosque appears to have embittered Pakistani extremists and elicited acts of vengeance. The siege ended when Pakistani commandos stormed the complex and, following a day-long battle,

⁶³ “Jihadist Groups Bond on Battle Over Afghanistan,” *Chicago Tribune*, July 14, 2008; “Pakistani Militants Teaming Up, Officials Say,” *Washington Post*, February 9, 2008.

⁶⁴ “Like the Wild, Wild West, Plus Al Qaeda,” *Washington Post*, March 30, 2008.

⁶⁵ “Taliban Spreading Across Pakistan,” *McClatchy Newspapers*, January 29, 2008; “In Northwestern Pakistan, Where Militants Rule,” *Christian Science Monitor*, February 28, 2008; “Taliban Bring Vigilante Law to Pakistan’s Peshawar,” *Reuters*, June 27, 2008; “Pakistan’s Deal With the Devil,” *Salon*, July 8, 2008.

⁶⁶ Ziauddin Sardar, “Pakistan Must Cure Itself of the Taliban” (op-ed), *New Statesman* (London), July 24, 2008; “NWFP May Be Lost, Coalition Leaders Warn,” *News* (Karachi), July 25, 2008.

⁶⁷ See [<http://www.terrorfreetomorrow.org/upimagestft/PakistanPollReportJune08.pdf>] and [<http://www.iri.org/mena/pakistan/2008-07-16-Pakistan.asp>].

⁶⁸ See [http://www.dni.gov/testimonies/20080227_testimony.pdf].

⁶⁹ “Is There Peace Deal with the Terrorists or Not?” (editorial), *Daily Times* (Lahore), June 11, 2008; “Militant Menace” (editorial), *News* (Karachi), June 25, 2008; “HRCP Urges Holistic Approach to Combating Militants,” HRCP Press Release, June 3, 2008.

defeated the well-armed Islamist radicals therein. Escalating steadily over the course of 2007, an open Islamist rebellion of sorts had been taking place in Pakistan's relatively serene capital. Islamists at the Red Mosque and their followers in the attached women's Jamia Hafsa seminary had occupied illegally constructed religious buildings, kidnaped and detained local police officers and alleged Chinese prostitutes, battled security forces, and threatened to launch a violent anti-government campaign unless *Sharia* (Islamic law) was instituted nationwide. Several thousand people had been barricaded in the mosque complex, reportedly including a small number of foreign militants. Some cynics in Pakistan suggested that the government was complicit in allowing the standoff to fester, its alleged slow and uncertain response being a purposeful effort to bolster its own standing as a bulwark against spreading Islamist radicalism. In the months after the Red Mosque raid, religious militants perpetrated scores of suicide bomb attacks in Pakistan, most of them against security personnel. Moreover, upon reopening, the Red Mosque has continued to be a gathering place for strongly anti-Musharraf and anti-Western Islamist figures.⁷⁰

Pakistan has also since late 2007 faced a "neo-Taliban" insurgency in the scenic Swat Valley just 100 miles northwest of the capital, where radical Islamic cleric Maulana Fazlullah and up to 5,000 of his armed followers seek to impose *Sharia* law. Fazlullah, also known as "Maulana Radio" for his fiery (and unlicensed) FM broadcasts, moved to create a parallel government like that established by pro-Taliban militant Baitullah Mehsud in South Waziristan. The ability of Fazlullah and his followers to impose their will on large swaths of Pakistani territory with apparent impunity was widely viewed as evidence that the Islamabad government's campaign against indigenous extremists had faltered. In October, some 2,500 Frontier Corps soldiers were deployed to the Swat Valley. The army soon took charge of the counterinsurgency effort at the request of the provincial governor, massing about 15,000 regular troops. By December, most militant elements in the area were reported to be in retreat, and the Pakistani government claimed victory in the region, saying Fazlullah's loyalists had been routed.⁷¹ In 2008, with militants still active in Swat, government officials apparently struck a peace deal. Such deals appear to have failed by the summer, with heavy fighting in Swat leaving scores of militants, soldiers, and civilians dead in the first week of August alone, and battles continuing there throughout the month. Civilians caught up in the fighting are sometimes killed by errant artillery fire.⁷²

Fighting between government security forces and religious militants also flared anew in South Waziristan. Shortly after Bhutto's assassination the Pakistan army

⁷⁰ "Pakistan's Embattled Mosque Reopens With Fresh Momentum," *Washington Post*, October 14, 2007; "1 Year Later, Pakistan's Mosque Spirit Lives On," *Associated Press*, July 2, 2008.

⁷¹ "Pakistan Claims Win in Crucial NW Valley," *Washington Post*, December 15, 2007; "Forces Launch New Offensive in Swat," *Dawn* (Karachi), January 6, 2008; "Army Vows to Clear Swat of Militants," *News* (Karachi), February 26, 2008.

⁷² "Pakistan Clashes Take Heavy Toll," *BBC News*, August 4, 2008; "Pakistan Army Kills Swat Rebels," *BBC News*, August 23, 2008; "18 Civilians Killed by Mortar Shells," *Dawn* (Karachi), August 1, 2008.

undertook a major operation against militants there assumed loyal to Baitullah Mehsud. Several hundred Mehsud fighters retaliated by attacking and briefly occupying an army fort northeast of Wana, where two dozen Pakistani soldiers were killed in a January battle. The ensuing counterattack by government forces killed up to 150 militants and led to the capture of scores more.⁷³ According to one report, nearly half of the estimated 450,000 residents of the Mehsud territories were driven from their homes by the fighting and live in makeshift camps.⁷⁴ The NWFP governor has claimed Mehsud oversees an annual budget of up to \$45 million devoted to perpetuating regional militancy. Most of this amount is thought to be raised through narcotics trafficking, although pro-Taliban militants also sustain themselves by demanding fees and taxes from profitable regional businesses such as marble quarries. Mehsud and his top lieutenants reportedly are being used by the government as conduits for the payment of compensation to locals who have been negatively affected by fighting in South Waziristan. The apparent impunity with which Mehsud is able to act has caused serious alarm in Washington, where numerous officials worry that his power and influence are only growing.⁷⁵

The Tehrik-i-Taliban Pakistan (TTP) emerged as a coherent grouping in late 2007 under the Baitullah Mehsud's leadership. This "Pakistani Taliban" is said to have representatives from each of Pakistan's seven tribal agencies, as well as from many of the "settled" districts abutting the FATA. Mehsud himself is believed to command some 5,000 militants. In August, the Islamabad government formally banned the TTP due to its involvement in a series of suicide attacks in Pakistan. The move will allow for the freezing of all TTP bank accounts and other assets (though these are not known to exist in any official context) and for the interdiction of printed and visual propaganda materials.⁷⁶

Al Qaeda in Pakistan. U.S. officials remain concerned that Al Qaeda terrorists operate with impunity on Pakistani territory. Such concern surged following the July 2007 release of a National Intelligence Estimate on terrorist threats to the U.S. homeland, which concluded that Al Qaeda "has protected or regenerated key elements of its Homeland attack capability, including a safehaven in the FATA, operational lieutenants, and its top leadership." Numerous press reports indicate Al Qaeda has reestablished terrorist training camps in the border region. In December, Defense Secretary Robert Gates said, "Al Qaeda right now seems to have turned its face toward Pakistan and attacks on the Pakistani government and Pakistan people."⁷⁷

⁷³ "Pakistan Says Army Forcing Out Militants," *Reuters*, January 25, 2008.

⁷⁴ "Pakistan Lifts Veil on Not-So-Secret Waziristan War," *Reuters*, May 20, 2008.

⁷⁵ "Mehsud Spending Up to 3bn on Militancy Annually: Ghani," *Daily Times* (Lahore), May 30, 2008; "Pakistan Marble Helps Taliban Stay in Business," *New York Times*, July 14, 2008; "Baitullah Now Govt's Trusted Ally," *News* (Karachi), May 31, 2008; "Taliban Leader Flaunts Power Inside Pakistan," *New York Times*, June 2, 2008.

⁷⁶ Hassan Abbas, "A Profile of the Tehrik-i-Taliban Pakistan," *CTC Sentinel*, January 2008; "Pakistan Government Bans Taliban," *BBC News*, August 25, 2008.

⁷⁷ NIE at [http://www.dni.gov/press_releases/20070717_release.pdf]; "News Briefing with Secretary Gates and Gen. Cartwright From the Pentagon," December 21, 2007.

In his February 2008 threat assessment for a Senate committee, Director of National Intelligence McConnell offered the conclusions of the U.S. intelligence community:

Al Qaeda has been able to retain a safehaven in Pakistan's FATA that provides the organization many of the advantages it once derived from its base across the border in Afghanistan, albeit on a smaller and less secure scale. The FATA serves as a staging area for Al Qaeda's attacks in support of the Taliban in Afghanistan as well as a location for training new terrorist operatives, for attacks in Pakistan, the Middle East, Africa, Europe and the United States.... Using the sanctuary in the border area of Pakistan, Al Qaeda has been able to maintain a cadre of skilled lieutenants capable of directing the organization's operations around the world.⁷⁸

The number of Al Qaeda suspects estimated killed or captured in Pakistan — approximately 700 — has remained essentially unchanged since 2004. Al Qaeda appears to be increasing its influence among the myriad Islamist militant groups operating along the Pakistan-Afghanistan border. Some Pakistani and Western security officials see Islamabad losing its war against religious militancy and Al Qaeda forces enjoying new areas in which to operate, due in part to the Pakistan army's poor counterinsurgency capabilities and to the central government's eroded legitimacy. At a recent House hearing on Al Qaeda, a panel of nongovernmental experts agreed that the ongoing hunt for Al Qaeda's top leaders was foundering.⁷⁹

Conflict in Western Pakistan and the Afghan Insurgency.⁸⁰ An ongoing Taliban insurgency in Afghanistan and its connection to developments in Pakistan are matters of increasingly serious concern. It is widely held that success in Afghanistan cannot come without the close engagement and cooperation of Pakistan, and that the key to stabilizing Afghanistan is to improve the longstanding animosity between Islamabad and Kabul.⁸¹ Most analysts appear to agree that, so long as Taliban forces enjoy "sanctuary" in Pakistan, their Afghan insurgency will persist. According to the Pentagon, the existence of militant sanctuaries inside Pakistan's FATA represents "the greatest challenge to long-term security withing Afghanistan." The commander of NATO forces in Afghanistan asserts that Pakistan's western tribal regions provide the main pool for recruiting insurgents who fight in Afghanistan.⁸² Afghan officials continue to accuse Pakistani officials of aiding and abetting terrorism inside Afghanistan.

⁷⁸ See [http://www.dni.gov/testimonies/20080227_testimony.pdf].

⁷⁹ "Foreign Fighters of Harsher Bent Bolster Taliban," *New York Times*, October 30, 2007; Transcript: House Select Committee on Intelligence Holds Hearing on Al Qaeda, April 9, 2008.

⁸⁰ See also CRS Report RL30588, *Afghanistan: Post-War Governance, Security, and U.S. Policy*.

⁸¹ See, for example, statements made at a January 23, 2008, House Armed Services Committee hearing on U.S. strategy and operations in Afghanistan.

⁸² U.S. Department of Defense, "Report on Progress Toward Security and Stability in Afghanistan," June 2008; NATO commander quoted in "Ragtag Taliban Show Tenacity in Afghanistan," *New York Times*, August 4, 2008.

In July 2007, pro-Taliban militants in North Waziristan announced their withdrawal from a controversial September 2006 truce made with the Islamabad government, claiming the accord had been violated by army deployments and attacks on tribals. Simultaneously, U.S. National Security Advisor Stephen Hadley stated that Washington had determined Islamabad's policies in the region to be ineffective and he said the United States was fully supporting new efforts to crack down on Pakistan's pro-Taliban militants. The U.S. commander of counterterrorism operations in Afghanistan subsequently blamed a growing Al Qaeda presence in Pakistan for a large increase in the number of foreign fighters infiltrating into Afghanistan.⁸³ CIA Director Hayden said in March 2008 that the situation on the Pakistan-Afghanistan border "presents a clear and present danger to Afghanistan, to Pakistan, and to the West in general, and to the United States in particular." He agreed with other top U.S. officials who believe that possible future terrorist attacks on the U.S. homeland likely would originate from that region.⁸⁴

An April 2008 letter to President Bush signed by 47 U.S. Senators expressed "deep concern over the deteriorating situation in both Afghanistan and Pakistan" and urged the Administration to work with Congress on creating a comprehensive new strategy to address what was called a "failure to recognize this region as the central battlefield in the war against Al Qaeda."⁸⁵ One senior Senator returned from a May 2008 visit to Pakistan and Afghanistan with a strong sense of doubt that the Islamabad government was undertaking to end the Taliban's presence in places like Quetta and to end the cross-border movement of "terrorists" who launch attacks in Afghanistan. However, another Senator came away from Pakistan reassured that government officials there understand the need for any truce agreements to require a halt to cross-border attacks in Afghanistan.⁸⁶

Pakistani officials have sought to allay Afghan leaders' fears that truces in the tribal regions would lead to more cross-border attacks, assuring them that Islamabad makes no distinction between Pakistani and Afghan interests on this issue.⁸⁷ Yet Afghan President Karzai has asserted his country's right to defend itself and "cross the border and destroy terrorist nests." He has specifically named Baitullah Mehsud and Maulana Fazlullah among the anti-Afghan militants he wishes to see neutralized. Islamabad rejected the "regrettable" comments and vowed to defend its sovereign territory. When asked about the exchange, President Bush said, "Our strategy is to deny safe haven to extremists who would do harm to innocent people. And that's the strategy of Afghanistan; it needs to be the strategy of Pakistan." The U.S. President

⁸³ "Pakistan Army Action Has Slight Effect: U.S. General," *Reuters*, July 25, 2007.

⁸⁴ "CIA: Pakistan Border's Clear and Present Danger," *Associated Press*, March 30, 2008.

⁸⁵ See [<http://democrats.senate.gov/newsroom/record.cfm?id=295679&>].

⁸⁶ "Sen. Carl Levin Holds a News Teleconference on His Travel to Afghanistan, Pakistan, and Israel," *CQ Transcriptions*, May 27, 2008; "US Senator Reassured Over Pakistani Peace Deals," *Reuters*, May 28, 2008.

⁸⁷ See [http://www.mofa.gov.pk/Press_Releases/2008/June/PR_156_08.htm]. Some nongovernmental commentators in Pakistan openly insist that Pakistan's domestic security is the primary goal and helping Afghanistan is a secondary objective, only (see, for example, Khalid Aziz, "Has Waziristan Stabilized?" (op-ed), *News* (Karachi), June 7, 2008).

offered that improved dialogue between Islamabad and Kabul, revival of the cross-border jirga process, and better intelligence cooperation among all concerned countries could ameliorate the situation.⁸⁸

Pakistan's mixed record on battling Islamist extremism includes an ongoing apparent tolerance of Taliban elements operating from its territory. The "Kandahari clique" reportedly operates not from Pakistan's tribal areas, but from populated areas in and around the Baluchistan provincial capital of Quetta. Many analysts believe that Pakistan's intelligence services know the whereabouts of these Afghan Taliban leadership elements and likely even maintain active contacts with them at some level as part of a hedge strategy in the region. Reports continue to indicate that elements of Pakistan's major intelligence agency and military forces aid the Taliban and other extremists forces as a matter of policy. Such support may even include providing training and fire support for Taliban offensives (see also "Questions About Pakistan's Main Intelligence Agency" below).⁸⁹ Other reports indicate that U.S. military personnel are unable to count on the Pakistani military for battlefield support and do not trust Pakistan's Frontier Corps, whom some say are active facilitators of militant infiltration into Afghanistan. At least one senior U.S. Senator has questioned the wisdom of providing U.S. aid to a group that is ineffective, at best, and may even be providing support to "terrorists."⁹⁰

As pressure on Islamabad to curtail the cross-border attacks increases, Pakistani officials more openly contend that the problem is essentially internal to Afghanistan and has its roots in the inability of the Kabul government to effectively extend its writ, and in the lack of sufficient Afghan and Western military forces to defeat the Taliban insurgents. This view is supported by some independent analyses.⁹¹ Pakistani leaders insist that Afghan stability is a vital Pakistani interest. They ask interested partners to enhance their own efforts to control the border region by undertaking an expansion of military deployments and checkpoints on the Afghan side of the border, by engaging more robust intelligence sharing, and by continuing to supply the counterinsurgency equipment requested by Pakistan. Islamabad touts the expected effectiveness of sophisticated technologies such as biometric scanners in reducing illicit cross-border movements, but analysts are pessimistic that such

⁸⁸ "Karzai Threatens to Send Soldiers Into Pakistan," *New York Times*, June 15, 2008; [http://www.mofa.gov.pk/Press_Releases/2008/June/PR_176_08.htm]; [<http://www.whitehouse.gov/news/releases/2008/06/20080616-1.html>].

⁸⁹ See, for example, Ashley Tellis, "Pakistan's Mixed Record on Anti-Terrorism" (interview), February 6, 2008, at [<http://www.cfr.org/publication/15424>]; "Killing Ourselves in Afghanistan," *Salon.com*, March 10, 2008.

⁹⁰ "Border Complicates War in Afghanistan," *Washington Post*, April 4, 2008; "Democrat Questions US Aid to Pakistan," *Associated Press*, May 27, 2008.

⁹¹ See, for example, "As ISAF Command Changes, Time for a Reality Check on the Conflict in Afghanistan and Pakistan," *Defense & Foreign Affairs Special Analysis*, June 4, 2008; "American Failure in Afghanistan & Need for a New Social Contract in the FATA," Center for Research and Security Studies, Islamabad, July 2008.

measures can meaningfully address militant infiltration, as such elements generally skirt border checkpoints, in any case.⁹²

With three-quarters of supplies for U.S. troops in Afghanistan moving either through or over Pakistan, Pentagon officials have studied alternative routes in case further political instability in Pakistan disrupts supply lines. The Russian government has agreed to allow non-lethal NATO supplies to Afghanistan to cross Russian territory, but declines to allow passage of troops as sought by NATO. Taliban efforts to interdict NATO supplies as they cross through Pakistan to Afghanistan have included a March 2008 attack that left 25 fuel trucks destroyed. Interdiction incidents reportedly increased in mid-summer 2008, but U.S. officials say only about 1% of the cargo moving from the Karachi port into Afghanistan is being lost.⁹³

Questions About Pakistan's Main Intelligence Agency. The Inter-Services Intelligence Directorate (ISI) is Pakistan's main foreign intelligence agency. Close U.S. links with the ISI date back at least to the 1980s, when American and Pakistani intelligence officers oversaw cooperative efforts to train and supply Afghan "freedom fighters" who were battling the Soviet Army. Yet mutual mistrust has been ever-present and, in the summer of 2008, long-standing doubts about the activities and aims of the ISI have compounded.⁹⁴ Some analysts label the ISI a "rogue" agency driven by Islamist ideology that can and does act beyond the operational control of its nominal administrators. Yet many informed observers conclude that the ISI, while sometimes willing to "push the envelope" in pursuing Pakistan's perceived regional interests, is a disciplined organization that obeys the orders of its commanders in the Pakistani military.⁹⁵ In an episode that only brought embarrassment for Pakistan's newly seated civilian government, a July effort to bring the ISI under the formal control of the Interior Ministry was reversed only hours after it was announced, fueling speculation that the Pakistani military does not intend to relinquish its traditionally primary role in foreign and national security policy making. U.S. officials reportedly continue to quietly criticize the new civilian government for its alleged "lack of supervision" of the ISI.⁹⁶

⁹² See [http://www.mofa.gov.pk/Press_Releases/2008/July/PR_208_08.htm]; "Stopping Terrorists" (editorial), *News* (Karachi), June 10, 2008.

⁹³ "Pakistan Unrest Threatens Supply Lines," *Associated Press*, November 14, 2007; "Bush Pledges More Troops for NATO Afghan Force," *Reuters*, April 4, 2008; "Fuel Trucks For U.S. Forces in Afghanistan Destroyed," *New York Times*, March 23, 2008; "Attacks on Khyber Trucking Threaten US Supply Line," *Associated Press*, May 20, 2008; "Taliban is Seizing, Destroying More NATO supplies," *Wall Street Journal*, August 12, 2008.

⁹⁴ "When Spies Don't Play Well with their Allies," *New York Times*, July 20, 2008.

⁹⁵ See, for example, "The ISI and Terrorism: Beyond the Accusations," Council on Foreign Relations Backgrounder, July 9, 2008.

⁹⁶ "Spy Agency Confusion in Pakistan," *BBC News*, July 27, 2008; "How Decision Was Reversed So Soon," *News* (Karachi), July 28, 2008; "Pakistan's 'Rogue' Spy Agency Attacked," *Financial Times* (London), August 19, 2008.

The Kabul government claims to have evidence of ISI complicity in both an April assassination attempt on Afghan President Karzai and in the July bombing of India's Kabul Embassy. The New Delhi government joined Kabul in issuing accusations of ISI involvement in the latter event. Islamabad counters that, despite repeated Pakistani demands, neither Kabul nor New Delhi have provided any evidence supporting their "unsubstantiated allegations."⁹⁷ A June 2008 think-tank report on insurgency in Afghanistan included the finding that, "There is some indication that individuals within the Pakistan government — for example, within the Frontier Corps and the ISI — were involved in assisting insurgent groups" inside Afghanistan.⁹⁸ In July 2008, a top U.S. intelligence official reportedly presented evidence to the Islamabad government that ISI agents were providing assistance to militant elements who undertake attacks in Afghanistan. Specifically mentioned was an alleged relationship between ISI agents and members of the Haqqani network believed based in FATA and named as responsible the July embassy bombing in Kabul. Islamabad angrily rejected such reports as "baseless and malicious," but, in only days later, Pakistan's federal information minister conceded that some individuals within ISI "probably" remain "ideologically sympathetic to the Taliban" and act out of synch with government policy.⁹⁹

President Bush himself was reported to have bluntly asked the visiting Pakistani Prime Minister who was controlling the ISI, and also to have expressed concern that Pakistani intelligence officers were leaking operational information to militants which could allow those elements to evade militarized efforts against them.¹⁰⁰ When asked about the ISI's command structure, Prime Minister Gillani assured an American audience the agency "is under the Prime Minister" and "will do only what I want them to do." The claim was met with scepticism and U.S. pressure on Islamabad to control the ISI persists.¹⁰¹ Some observers see an increasingly frustrated Bush Administration's "venting" of anger against the ISI as counterproductive and

⁹⁷ "Pakistan 'Behind Afghan Attacks,'" *BBC News*, July 14, 2008; "India Blames Pakistan in Embassy Bombing," *Associated Press*, July 21, 2008; [http://www.mofa.gov.pk/Spokesperson/2008/Aug/Spokes_13_08_08.html].

⁹⁸ Seth Jones, "Counterinsurgency in Afghanistan," RAND Counterinsurgency Study 4, 2008, at [<http://www.rand.org/pubs/monographs/MG595/index.html>], p. xiv. A spokesman for Pakistan's Inter-Services Public Relations rejected the report's findings as "misleading, factually incorrect, and based on propaganda," saying it was part of a "smear campaign" aimed at disrupting Pakistan's relations with its partners in fighting terrorism ([<http://www.ispr.gov.pk/Archive&Press/CurrentMonth/10-Jun-2008.htm>]).

⁹⁹ "C.I.A. Outlines Pakistan Links With Militants," *New York Times*, July 30, 2008; "Pakistanis Aided Attack in Kabul, U.S. Officials Say," *New York Times*, August 1, 2008; "Pakistan Denies 'Malicious' Report on CIA Confrontation," *Agence France Presse*, July 30, 2008; "Pakistan Concedes Some ISI Spies Sympathetic to Taliban," *Los Angeles Times*, August 2, 2008.

¹⁰⁰ "Bush Voices Concern Over ISI Role," *News (Karachi)*, July 31, 2008.

¹⁰¹ "A Conversation With Yousaf Raza Gillani," Council on Foreign Relations transcript, July 29, 2008; "U.S. Presses Pakistani Government to Place Its Spy Agency Under Civilian Control," *New York Times*, August 2, 2008.

disrespectful of a generally efficient and professional organization that has worked closely and effectively with U.S. government agencies.¹⁰²

Pakistani Military Operations. The Pakistan army has deployed upwards of 100,000 regular and paramilitary troops in western Pakistan in response to the surge in militancy there. Their militant foes appear to be employing heavy weapons in more aggressive tactics, making frontal attacks on army outposts instead of the hit-and-run skirmishes of the past. The army also has suffered from a raft of suicide bomb attacks and the kidnaping of hundreds of its soldiers. Such setbacks damage the army's morale, and have caused some to question the organization's loyalties and capabilities.¹⁰³ Pakistan reportedly has told U.S. military officials that it will send major regular army units to replace Frontier Corps soldiers near the Afghan border and that it may deploy elite, U.S.-trained and equipped Special Services Group commandos to the tribal areas.¹⁰⁴

In June, Pakistani paramilitary forces launched offensive operations against Islamist militants in the Khyber tribal agency near Peshawar, with some 700 Frontier Corps troops attacking positions held by fighters loyal to Mangal Bagh. U.S. officials were encouraged by the more energetic Pakistani military action. Within days, the government units had been reinforced to number more than 1,000 and were reporting major gains in pushing militants out of previous strongholds. Other militant groups reacted by cutting off peace negotiations with government interlocutors. By early July, however, authorities were claiming to have reached a peace agreement with Khyber tribal elders.¹⁰⁵ In mid-July, government forces launched another offensive, this time in the Hangu region of the NWFP, where regular and paramilitary troops targeted militant hideouts and reportedly cleared two towns. By month's end, a senior Islamist commander was being reported killed in ongoing fighting and the still nominally obtaining truce was teetering on the brink of failure.¹⁰⁶ Some observers called the government offensives a staged drama designed to placate both a nervous Pakistani public and a Washington audience that seeks more forceful action against religious militancy.¹⁰⁷

More recently, Pakistani ground troops have undertaken operations against militants in the Bajaur agency, where at least 100 militants and 9 soldiers were

¹⁰² See, for example, Eric Margolis, "U.S. Vilifies Faithful Old Ally" (op-ed), *Toronto Sun*, August 3, 2008.

¹⁰³ "Battles Raging in Remotest Pakistan," *Los Angeles Times*, August 13, 2007; "Kidnapings and Suicide Attacks Shake Morale of Pakistan's Armed Force," *Times of London*, September 20, 2007.

¹⁰⁴ "Pakistan May Step Up Action Against Insurgents," *Los Angeles Times*, August 3, 2008.

¹⁰⁵ "Troops Take Control in Pakistan's North," *Washington Post*, June 29, 2008; "Swat Taliban Reject Peace Negotiations," *Daily Times* (Lahore), June 30, 2008; "Pakistan Says Peace Deal Reached in Khyber Region," *Associated Press*, July 9, 2008.

¹⁰⁶ "Pakistan Army Drives Militants From Two Towns," *Reuters*, July 17, 2008; "Pakistani Militant Leader Killed As Accord Falts," *Wall Street Journal*, July 31, 2008..

¹⁰⁷ See, for example, "The Bara Operation is a Lie, Plain and Simple" (editorial), *News* (Karachi), July 1, 2008.

reported killed in fierce battles in the first week of August. A Taliban spokesman claimed that up to 100 Pakistani soldiers had been killed and government officials conceded that at least 55 were missing. In mid-month, Pakistani Taliban commander Maulana Faqir Mohammed was reported killed in a helicopter gunship attack near Damadola in the Bajaur tribal agency. The military effort has included airstrikes on residential areas occupied by suspected militants who may be using civilians as human shields. The use of fixed-wing aircraft continued and reportedly has killed some women and children along with scores of militants. The strife is causing a serious humanitarian crisis, with up to 300,000 area residents fleeing. In August, the U.S. government provided emergency assistance to displaced families.¹⁰⁸

Subsequent terrorist attacks in other parts of western Pakistan were linked to the Bajaur fighting. On August 12, an apparent remote-controlled bomb exploded near a bridge in Peshawar, killing 13 occupants of a Pakistan Air Force bus. On August 19, a suicide bomb attack apparently targeting Shia Muslims killed at least 25 people outside a hospital in Dera Ismail Khan, NWFP. Both attacks were undertaken by the local Taliban in retaliation for the Bajaur airstrikes.¹⁰⁹ The government turned down a unilateral Taliban cease-fire offer in late August and fighting in Bajaur continues. Meanwhile, violent sectarian and inter-tribal conflict in the Kurram agency reportedly caused more than 400 deaths over an 18-day period in August.¹¹⁰

Pakistan's New Dialogue With Tribal Elements. For the first time in more than eight years, the United States has had to deal with a political dispensation in Islamabad that has fundamentally differing views not on the need to combat religious extremism, but on the methods by which to do so. In their first official meetings with the new government, visiting U.S. officials received a reported “dressing down,” in particular from Nawaz Sharif, who declined to give them “a commitment” on fighting terrorism.¹¹¹ Pakistan's new civilian leaders called for renewed efforts at negotiating with the country's Pashtun tribal leaders and Islamist militants, claiming a strategy reliant on military confrontation had backfired and allowed the militants to become stronger and more influential. Prime Minister Gillani insists that his government will not negotiate with “terrorists” nor with “anyone refusing to lay down arms.” In a conversation with Secretary of State Rice, Foreign Minister Qureshi vowed that Pakistan would “continue its role in the international struggle against terrorism,” and he emphasized a need to facilitate this effort through economic development in the FATA. Pakistan's Foreign Ministry asserts that the new government's approach takes full cognizance of international concerns, saying a strong implementation mechanism is part of the negotiations and that Pakistan's

¹⁰⁸ “Pakistan Troops Withdraw From Taliban Stronghold,” *Los Angeles Times*, August 10, 2008; “100 Reported Killed in Pakistan Tribal Region,” *Associated Press*, August 10, 2008; “Air Strikes Kill 22 in Bajaur Agency,” *News* (Karachi), August 19, 2008; “Pakistanis Displaced by Fighting in ‘Dire Need,’” *Reuters*, August 25, 2008; [<http://islamabad.usembassy.gov/pr-08082003.html>].

¹⁰⁹ “13 Killed in Attack on Pakistan Air Force Bus,” *New York Times*, August 12, 2008; “Pakistan Hospital Bomb Kills Many,” *BBC News*, August 19, 2008.

¹¹⁰ “42 More Die in Kurram Clashes,” *Dawn* (Karachi), August 24, 2008.

¹¹¹ “Pakistanis Signal Shift in Relationship With U.S.,” *New York Times*, March 25, 2008.

armed forces are not being withdrawn, but rather are being “repositioned in order to enhance logistic agility and effectiveness of action.” Pakistani military officials insist that “common objectives” in battling terrorism dictate that U.S.-Pakistan defense relations will remain strong.¹¹²

Most Pakistani analysts appeared to welcome the new government’s policy of shifting away from President Musharraf’s militarized approach and hold some optimism that representatives of the people can succeed where past efforts have failed. In the words of one editorial,

Whereas the 2005-07 agreements were signed by the former NWFP governor at the behest of the army and bypassing the then [Islamist coalition] government in the Frontier, the latest initiative comes from a duly elected provincial government with a strong public mandate behind it. Also the signatories from the other side will not be the militants but Mehsud tribesmen.¹¹³

Yet other commentators are less sanguine, warning that without assurances the militants will end attacks across the Durand Line, peace agreements will not serve Pakistan’s core interests and are bound to fail. One senior Pakistani commentator called a May truce deal in Swat “the most abject surrender of state sovereignty in Pakistani history.” This type of sentiment is echoed by some American editorialists, as well.¹¹⁴ In a characteristic response to the escalating violence, one English-language Pakistani daily opined that, “Peace had its chance, but the Taliban blew it” and “the state is left with no choice other than to crack down with all the resources at its disposal.”¹¹⁵

The Pashtun nationalist Awami National Party, which oversees a new coalition government in the North West Frontier Province (NWFP), reportedly plays a central role in negotiations with tribal elders and militant groups. The ANP has urged the federal government to engage in direct negotiations with FATA militants through jirgas, and there are indications that an ongoing dialogue with the FATA’s Islamist elements is being conducted by the Pakistan army, itself, and predates the February elections. The military’s covert deal-making with extremist elements may cause friction with Pakistan’s new civilian leadership.¹¹⁶

Status of Negotiations. On April 21, the NWFP government released Sufi Mohammed, the militant Pakistani leader of a banned Islamist group who had spent

¹¹² Yousaf Raza Gillani, “Pakistan’s Moment” (op-ed), *Washington Post*, April 30, 2008; [http://www.mofa.gov.pk/Press_Releases/2008/April/PR_087_08.htm]; [http://www.mofa.gov.pk/Spokesperson/2008/June/Spokes_05_06_08.htm]; “Pakistan and U.S. Ties to Remain Close - Military Official,” *Reuters*, May 31, 2008.

¹¹³ “Engaging the Mehsuds” (editorial), *Dawn* (Karachi), April 25, 2008.

¹¹⁴ “Truce With Taliban Won’t Last” (editorial), *Daily Times* (Lahore), April 25, 2008; Najam Sethi, “No Man’s Land” (op-ed), *Friday Times* (Lahore), May 23, 2008; “Pakistan Gives In to Terror” (editorial), *Chicago Tribune*, June 7, 2007.

¹¹⁵ “Peace Had Its Chance” (editorial), *Dawn* (Karachi), June 26, 2008.

¹¹⁶ “Pakistan Regime, Military at Odds,” *McClatchy News*, May 1, 2008.

six years in detention after commanding thousands of pro-Taliban troops in Afghanistan. His release was part of an agreement between the Peshawar government and extremist leaders in which militants reportedly vowed to halt their propaganda efforts and cooperate with government agencies in the Malakand District bordering the FATA. One month later, Pakistani authorities reportedly inked a 15-point peace pact with pro-Taliban militants in the Swat Valley in which government forces would “gradually” withdraw from the region and *Sharia* law would be enforced. In return, the militants loyal to Maulana Fazlullah agreed to end attacks, allow girls to attend school, and stop carrying weapons in public. Only days later, local militants and tribal elders in the Mohmand tribal agency struck a deal that included the government releasing from detention pro-Taliban extremists loyal to a regional commander known as Omar Khalid in return for militants’ vows to refrain from attacks on security forces.¹¹⁷

Meanwhile, on April 23, South Waziristan-based militant leader Baitullah Mehsud — named as a prime suspect in the assassination of Benazir Bhutto and in numerous other suicide bomb attacks inside Pakistan — issued a directive banning “provocative acts” by his loyalists in the tribal areas and neighboring regions. The directive fueled speculation that a peace agreement between government forces and militants was imminent; a 15-point draft truce accord reportedly was near conclusion. The truce would require the tribes to end all anti-government attacks and respect the state’s writ while allowing security forces full freedom of movement in the region. While the draft accord would require the tribes to expel all foreign militants from their territory, it reportedly lacked any mention of ending cross-border attacks in Afghanistan. On April 28, Mehsud announced his disengagement from the talks after the government refrained from ordering army units to withdraw from Waziristan. Yet, on May 16, Pakistan’s Ambassador to Afghanistan was freed three months after being kidnapped by pro-Taliban militants in the Khyber tribal agency.

Within the FATA itself, Pakistani forces apparently continued to block certain roads as a means of pressuring militants, Mehsud in particular. Ongoing dialogue apparently led the Pakistan army to engage in prisoner swaps with militants and to begin “thinning” its troop deployments in parts of South Waziristan in preparation for an expected truce. The Islamabad government insists it will maintain the army’s presence in “restive areas” and is negotiating only with elements willing to lay down arms, and not with terrorists or militants. Pakistani military officials have sought to reassure skeptics that their forces are merely “adjusting their positions” to allow refugees to return to the region and that the army will continue to maintain control. They claim that “monitoring mechanisms” not included in past peace deals will ensure the success of present efforts.¹¹⁸

¹¹⁷ “Pakistan Signs Peace Pact With Militants in Swat,” *Reuters*, May 21, 2008; “Peace Deal Depends on Shariah Enforcement,” *Daily Times* (Lahore), May 23, 2008; “Mohmand Militants, Tribal Elders Ink Peace Accord,” *News* (Karachi), May 26, 2008.

¹¹⁸ “Pakistan ‘Thins Out’ Troops in Waziristan,” *Reuters*, May 14, 2008; “Cabinet Decides Not to Withdraw Army From FATA,” *Daily Times* (Lahore), May 22, 2008; “Pakistan Seeks to Allay West’s Fears of Army Pull Out,” *Reuters*, May 18, 2008.

In June, a senior advisor to the Pakistani prime minister claimed the truce deal in Swat had been scrapped due to militant intransigence and continued attacks on security forces there. His claim apparently came as a surprise to the Pakistan army, which expressed ignorance about the alleged development, and the NWFP government subsequently denied that the peace deal had been dismantled. However, in mid-month, pro-Taliban militants in Swat were reported to have “suspended” all contacts with the government. Fierce combat then continued through the summer.¹¹⁹

U.S. Response to Pakistani Deal-Making. The Bush Administration at first issued mixed messages about Pakistani government negotiations with religious extremists. Following the April release of Sufi Mohammed, the White House expressed concern and encouraged Pakistan to “continue to fight against the terrorists.” Yet, on the same day, Assistant Secretary of State Boucher said “we’re supportive” of a dialogue process that could put a stop to violence. Boucher downplayed the newsworthiness of the development, calling dialogue a core aspect of any successful counterinsurgency effort and reminding reporters that past such efforts failed not because the agreements themselves were flawed, but because they were not enforceable. He also conceded that U.S. government knowledge of the details of Islamabad’s negotiations has been limited.¹²⁰ In ensuing discussions with Pakistani officials, the Bush Administration has sought to be clear in conveying the importance of reaching agreements that end cross-border attacks in Afghanistan, as well as those within Pakistan itself. U.S. officials believe that regional stability depends on such conditions.¹²¹

Islamabad and Washington may increasingly be at odds over counterterrorism strategy. An emphasis on negotiation alarms U.S. officials, who are concerned that such a tack would only allow extremist elements the space in which to consolidate their own positions, as appeared to be the case when truces were struck in 2005 and 2006. Secretary of Defense Gates has cautioned Islamabad against negotiating with pro-Taliban militants, saying past efforts had failed. However, Gates later suggested that the new Islamabad government should be given time to “get its feet on the ground” and assess the full nature of the militant threat.¹²² During his March visit to Islamabad, Deputy Secretary of State Negroponte averred that “irreconcilable elements” cannot be dealt with through negotiation. In May, Negroponte was emphatic about U.S. apprehensions:

¹¹⁹ “Peace Deal in With Swat Militants Scrapped,” *Daily Times* (Lahore), June 9, 2008; “Rehman Malik Shocks Army This Time,” *News* (Karachi), June 11, 2008; “Pakistan Militants ‘Suspend’ Deal,” *BBC News*, June 17, 2008.

¹²⁰ “U.S. Unhappy With Pakistani Plan for Militant Peace Deal,” *CNN.com*, April 23, 2008; See Boucher’s April 23, 2008, comments at [<http://www.state.gov/p/sca/rls/2008/104042.htm>].

¹²¹ “Press Briefing by National Security Advisor Stephen Hadley on the President’s Trip to Europe,” June 4, 2008; “U.S. is Uneasy as Pakistan Bargains With Militants,” *Los Angeles Times*, June 15, 2008.

¹²² “Pakistan’s Planned Accord With Militants Alarms U.S.,” *New York Times*, April 30, 2008; “Pakistan Needs More Time to Tackle Militants: US,” *Daily Times* (Lahore), May 31, 2008.

Let me be clear: we will not be satisfied until all the violent extremism emanating from the FATA is brought under control. It is unacceptable for extremists to use those areas to plan, train for, or execute attacks against Afghanistan, Pakistan, or the wider world.¹²³

CIA Director Hayden himself has said the United States “would not look kindly” upon any agreements that do not bring the writ of the Pakistani state into the tribal region. The senior U.S. diplomat for South Asia said in June that the United States supports and agrees with Islamabad’s efforts to “negotiate with the tribes and not with terrorists,” but conceded that there are certain unspecified “misgivings” about how the dialogue has progressed in both Swat and Waziristan. Some analysts are concerned that the targeted killings of more than 100 pro-government tribal elders in the FATA in recent years has made current efforts to drive a wedge between the militants and the local tribes extremely difficult.¹²⁴

Top U.S. officials have identified a direct link between increasing violence in Afghanistan and decreasing Pakistani pressure on militants in border areas as Islamabad negotiates peace pacts with local tribes. Violent attacks against Afghan and NATO troops in Afghanistan reportedly have increased significantly in 2008.¹²⁵ The outgoing commander of NATO forces in Afghanistan, U.S. Gen. Dan McNeill, said he was “troubled” by Pakistan’s negotiations with insurgent groups, noting that violence in eastern Afghanistan increases significantly when truces are arranged on the Pakistani side of the Durand Line. NATO’s top commander echoed the concerns.¹²⁶ While the Islamabad government offers explicit assurances that Pakistani territory will not be used for launching attacks in Afghanistan, Pakistani officials remain adamant in their rejection of U.S. proposals for more direct U.S. military action on Pakistani territory.¹²⁷

Many independent analysts counsel U.S. patience that would allow the demoralized Pakistan army to recover from past setbacks as well as allowing the new civilian dispensation in Islamabad to win more broad public support for the battle against terrorism. A fundamental respect for Pakistan democracy would, from this perspective, seem to require U.S. government tolerance for Islamabad’s approach, at

¹²³ See [<http://www.state.gov/s/d/2008/104366.htm>]. Waziri militant commander Baitullah Mehsud himself refuses to recognize the Durand Line as a legitimate frontier, and he explicitly rules out any end to the “jihad in Afghanistan (“Pakistani Taliban Leader Vows Jihad in Afghanistan,” *Reuters*, May 24, 2008).

¹²⁴ “CIA Watching for Al Qaeda Succession Crisis,” *Associated Press*, May 27, 2008; [<http://www.state.gov/p/sca/rls/2008/105901.htm>]; “Militants’ Rise in Pakistan Points to Opportunity Lost,” *Los Angeles Times*, June 8, 2008.

¹²⁵ “U.S. Hopes for Pakistani Crackdown on Militants,” *Reuters*, June 26, 2008; “U.S. Blames Pakistan as Afghanistan Incursions Rise,” *Wall Street Journal*, July 11, 2008. In June, the commander of NATO forces in Afghanistan said insurgent attacks in eastern Afghanistan were up by 40 percent during the first five months of 2008 as compared to the previous year (“Attacks in Afghanistan Up 40 Percent, U.S. Says,” *Reuters*, June 24, 2008).

¹²⁶ “ISAF Commander ‘Troubled’ by Pakistan Negotiations,” *Jane’s Defense Weekly*, May 21, 2008; “Nato ‘Concerned’ Over Pakistan,” *BBC News*, May 27, 2008.

¹²⁷ Pakistanis ‘Won’t Allow’ Attacks Into Afghanistan,” *Reuters*, June 25, 2008.

least in the near-term.¹²⁸ Even some former Bush Administration policy makers are urging the U.S. government to ease military pressure in the short term so as to give space for Pakistani democracy to develop and so bring long-term benefits.¹²⁹ One former Bush State Department official favors U.S. support for Pakistan's deal-making efforts, at least in the short term, offering that Islamabad appears to have learned from past mistakes, that the new civilian government there needs the "breathing space" that cease-fires could bring, that Pakistani security forces need time to recover from a recent series of setbacks, and that truces could open the space to initiate new development projects.¹³⁰

U.S.-Pakistan Counterterrorism Cooperation

Increasing Islamist militancy in Pakistan has elicited acute U.S. government attention and multiple high-level visits. Some of President Bush's top military and intelligence aides reportedly seek his authorization for more energetic direct U.S. military action on Pakistani soil, perhaps to include sending special forces units into the FATA. Pentagon officials are said to be increasingly frustrated by the allegedly feckless counterinsurgency efforts of the internally squabbling Islamabad government.¹³¹ Some reports suggest that U.S. officials are frustrated by signs that the Pakistani military is slow to shift away from a conventional war strategy focused on India, and they have made clear the United States stands ready to assist Pakistan in "reorienting" its army for counterinsurgency efforts. Top U.S. military commanders in Afghanistan are reported to be deeply skeptical that Islamabad will use future U.S. military assistance for its intended purposes.¹³² Further reported concerns in Washington are rooted in a perception that Pakistani Army Chief Gen. Kayani is more interested in boosting his institution's damaged morale than he is in dealing with the Taliban threat.¹³³ The now explicit U.S. readiness to increase bilateral counterterrorism cooperation is described by some as being expressed to Islamabad in the form of "pressure." Former President Musharraf rejected suggestions that U.S. troops could be more effective than Pakistanis in battling Islamist militants, asserting that a direct U.S. military presence in Pakistan is neither necessary nor acceptable. Instead, he urged the United States to increase its troop levels in Afghanistan.¹³⁴

¹²⁸ See, for example, Ashley Tellis, "Pakistan's New Tack on Fighting Terror," *YaleGlobal Online*, May 9, 2008.

¹²⁹ See, for example, Xenia Dormandy, "The Path Through Pakistan to a Shorter War on Terror" (op-ed), *Christian Science Monitor*, June 30, 2008.

¹³⁰ Daniel Markey, "Why Pakistan Plays 'Let's Make a Deal,'" *Foreign Policy*, May 2008.

¹³¹ "US Weighs Tougher Forays Into Pakistan," *Associated Press*, August 9, 2008; "U.S. Debates Going After Militants in Pakistan," *Los Angeles Times*, August 23, 2008.

¹³² "Sen. Carl Levin and Sen. Bob Casey Hold a News Conference on Their Trip to Pakistan and Afghanistan," *CQ Transcriptions*, June 3, 2008.

¹³³ "After Musharraf, U.S. Struggles to Find New Pakistan Ally Against Taliban," *New York Times*, August 23, 2008.

¹³⁴ "Special Ops Chief Sees Opportunities to Assist Pakistani Military," *Inside the Pentagon*, (continued...)

In January, America's two top intelligence officials undertook a "secret" trip to Islamabad. Director of National Intelligence McConnell and CIA Director Hayden reportedly made an effort to convince then-President Musharraf to allow expanded direct U.S. military presence in his country.¹³⁵ At month's end, the Chairman of the U.S. Joint Chiefs of Staff, Adm. Mike Mullen, was in Islamabad to meet with top Pakistani officials to discuss new ways to bolster joint counterterrorism cooperation, such as offers to Pakistan of expanded counterinsurgency training, and vital equipment such as transport helicopters and communications and surveillance gear.¹³⁶ In May, the Acting Commander of the U.S. Central Command, Lt. Gen. Dempsey, met with top Pakistani military leaders in Islamabad in a visit some analysts saw as part of increasing U.S. pressure on Pakistan to maintain a vigorous counterterrorism posture that includes use of force. In June, Adm. Mullen was in Islamabad for the third time this year to engage Pakistani military leaders on further defense cooperation. Mullen said Pakistan remains a "steadfast ally" and "is fighting bravely against terrorism." He also urged Islamabad to take further action against Al Qaeda elements in Pakistan.¹³⁷ During the same week, U.S. Under Secretary of Defense Eric Edelman met with Pakistani leaders in Islamabad to discuss ongoing U.S.-Pakistan defense and security cooperation, particularly in the areas of intelligence sharing and counterterrorism. In August, State Department Coordinator for Counterterrorism Dell Dailey was in Islamabad for a fifth meeting of the U.S.-Pakistan Joint Working Group on Counterterrorism and Law Enforcement.

The United States has built two new coordination and intelligence-sharing centers on the Afghan side of the shared border near the Khyber Pass. Four more such sites reportedly are being considered. Some \$400 million in U.S. aid is slated to go toward training and equipping more than 8,000 paramilitary Frontier Corps (FC) troops by mid-2010. The Chairman of the Senate Armed Services Committee, Senator Carl Levin, who returned from a May 2008 trip to the region with serious doubts about the intentions of the Pakistani government, may seek to condition future FC aid funds on Pakistan's demonstrated commitment to halting cross-border infiltration. Several fellow Senators are said to support such conditionality. Some reports suggest that distrust aggravated by the June airstrike on Pakistani territory has jeopardized the FC program.¹³⁸

¹³⁴ (...continued)

February 7, 2008; "Pakistan's Musharraf Says No to US Troops," *Associated Press*, January 24, 2008.

¹³⁵ "Top U.S. Intel Officials in Secret Trip to Pakistan," *Associated Press*, January 29, 2008.

¹³⁶ "U.S. to Step Up Training of Pakistanis," *Washington Post*, January 24, 2008. The British government also is assisting Pakistan's military with counterinsurgency training ("UK Helps Pakistan Fight Militants," *BBC News*, March 3, 2008). See also CRS Report RS21048, *U.S. Special Operations Forces (SOF)*.

¹³⁷ "US Steps Up Pressure on Pakistan to Continue 'War on Terror,'" *Jane's Defence Weekly*, May 15, 2008; "Top US Officer Says Pakistan Army 'Fighting Bravely' Against Terrorism," *Associated Press*, June 5, 2008; "Mullen Urges Pakistan to Act on Al Qaeda," *Washington Post*, June 10, 2008

¹³⁸ "Sen. Carl Levin and Sen. Bob Casey Hold a News Conference on Their Trip to Pakistan (continued...)"

Congressional analysts have identified serious shortcomings in the Administration's FATA policy to date. In April, the U.S. Government Accountability Office (GAO) issued a report in response to congressional requests for assessment of progress in meeting U.S. national security goals related to counterterrorism efforts in Pakistan's FATA. *Combating Terrorism: The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas* found that, "The United States has not met its national security goals to destroy terrorist threats and close safe haven in Pakistan's FATA," and, "No comprehensive plan for meeting U.S. national security goals in the FATA has been developed." The Chairman of the House Foreign Affairs Committee, Representative Howard Berman, called the report's conclusions "appalling."¹³⁹

Cross-Border Coordination and U.S. Military Action. American commanders in Afghanistan reportedly seek greater leeway to attack indigenous Pakistani militants on Pakistani soil. Permission for U.S.-led attacks on forces under the command of militant leaders such as Sirajuddin Haqqani and Baitullah Mehsud is not forthcoming to date, but Islamabad's potential shift away from militarized responses in the region may lead to a deepening of direct U.S. involvement there.¹⁴⁰ Afghanistan's state-run media has urged greater direct U.S. military action against militants in western Pakistan and calls on the Islamabad government to reconsider its policy of negotiating with destabilizing elements such as Mehsud. Reported U.S. deployments in Pakistan include some 30 military trainers, a number that may grow to 100. The trainers are said to be restricted to training compounds.¹⁴¹ By one account, top Bush Administration officials in late 2007 drafted a secret plan to facilitate U.S. Special Operations force missions in western Pakistan, but the plan has yet to be approved.¹⁴²

On June 10, a unit of Pakistani paramilitary soldiers was caught up in a firefight between Taliban militants and U.S.-led coalition forces at the border Pakistan-

¹³⁸ (...continued)

and Afghanistan," *CQ Transcriptions*, June 3, 2008; "Pakistani Fury Over Airstrikes Imperils Training," *New York Times*, June 18, 2008; "U.S. Debates Going After Militants in Pakistan," *Los Angeles Times*, August 23, 2008.

¹³⁹ See [<http://www.gao.gov/new.items/d08622.pdf>]; [http://internationalrelations.house.gov/press_print.asp?id=504].

¹⁴⁰ "U.S. Commanders Seeking to Widen Pakistan Attacks," *New York Times*, April 20, 2008. U.S. military forces operating in the FATA would likely face significant resistance from well-armed tribesmen with a proud martial history. The military strength of the FATA tribes is unclear, but one estimate counts some 200,000 young, unemployed males who could be considered potential fighters, especially against what was perceived to be a foreign invasion. Also among the radical Islamist militants operating in the FATA are an estimated 2,000 battle-hardened Uzbeks (Brian Cloughley, "Insurrection in Pakistan's Tribal Areas," Pakistan Security Research Unit Brief 29, January 24, 2008; "Open Borders and the Militant Uzbeks of Pakistan," *Jane's Intelligence Digest*, January 25, 2008).

¹⁴¹ "U.S. Urged to Target Militants in Pakistan," *Reuters*, May 26, 2008; "U.S. Plan Widens Role in Training Pakistani Forces," *New York Times*, March 2, 2008.

¹⁴² "Amid Policy Disputes, Qaeda Grows in Pakistan," *New York Times*, June 30, 2008.

Afghanistan border in the Mohmand tribal agency. U.S. air assets, apparently targeting fleeing insurgents, delivered 12 gravity bombs on Pakistani territory and killed 11 Frontier Corps soldiers. Islamabad strongly condemned the airstrike, calling it “unprovoked” and “a gross violation of the international border” that “tends to undermine the very basis of our cooperation.” A Pakistani military statement called the airstrike “cowardly,” and some in Pakistan believe the country’s troops were intentionally targeted.¹⁴³ On June 13, Secretary of State Rice met with Foreign Minister Qureshi following a Afghanistan aid conference in Paris, where both officials supported the idea of a joint military investigation. Secretary Rice expressed regret for the deaths of Pakistani soldiers.¹⁴⁴ The findings of what in the end were separate investigations reportedly were incompatible, with U.S. analysts claiming the border post in question was erroneously omitted from an American database used to prevent accidental attacks on friendly forces, a claim was rejected by the Pakistani military.¹⁴⁵ The NWFP Provincial Assembly passed multiple resolutions condemning the airstrikes, and the incident served to inflame already sensitive bilateral relations and could lead to a diminution in cooperative efforts to stem cross-border attacks.¹⁴⁶

U.S.-led coalition forces at times come under artillery fire launched on the Pakistani side of the border.¹⁴⁷ Mid-July reports of a major buildup of U.S.-led coalition forces in eastern Afghanistan triggered alarm in Pakistan, where fears of a “foreign invasion” are exacerbated by cross-border military action. Members of Congress visiting Pakistan earlier in the month reportedly were briefed on plans for stepped-up U.S. military operations in the region. According to a NATO spokesman, “There is no planning for, no mandate for, an incursion of NATO troops into Pakistan.”¹⁴⁸ Airstrikes and rumors of potential U.S. ground incursions are “seriously undermining” the Pakistani people’s support for the Islamabad government, according to the NWFP governor.¹⁴⁹

Aerial Drone Attacks. Missile strikes in Pakistan launched by armed, unmanned American Predator aircraft have been a controversial, but sometimes effective tactic against Islamist militants in remote regions of western Pakistan.

¹⁴³ See [http://www.mofa.gov.pk/Press_Releases/2008/June/PR_164_08.htm]; “Pakistan Says U.S. Airstrike Killed 11 of Its Soldiers,” *New York Times*, June 10, 2008.

¹⁴⁴ See [http://www.mofa.gov.pk/Press_Releases/2008/June/PR_173_08.htm].

¹⁴⁵ “Pakistan Post Was Not in U.S. Records,” *New York Times*, July 16, 2008; “Pakistan Disputes U.S. Air Strike Due to Database Gap,” *Reuters*, July 17, 2008.

¹⁴⁶ “Pakistan’s Provincial Assembly Condemns US Air Strikes in Tribal Area,” *BBC Monitoring South Asia*, June 20, 2008; “US Strikes Undercut Efforts on Pakistan-Afghan Border,” *Associated Press*, June 11, 2008; “Air Strike Damages Trust in Pakistan-US Alliance,” *Reuters*, June 12, 2008.

¹⁴⁷ See, for example, ISAF Press Release #2008-277, June 21, 2008.

¹⁴⁸ “US Troops Poised to Cross Afghan Border for Raid on Bases,” *Times* (London), July 16, 2008; “U.S. May Conduct Raids in Pakistan,” *Houston Chronicle*, July 9, 2008; “Afghan NATO Force Hits Targets Inside Pakistan,” *Reuters*, July 16, 2008.

¹⁴⁹ “Pakistan Fears Over US Air Raids,” *BBC News*, July 14, 2008. See also “Unilateral Action by U.S. a Growing Fear in Pakistan,” *New York Times*, July 22, 2008.

Pakistani press reports suggest that such drones “violate Pakistani airspace” on a daily basis. By some accounts, U.S. officials reached a quiet January understanding with then-President Musharraf to allow for increased employment of U.S. aerial surveillance and Predator strikes on Pakistani territory. With the defeat of Musharraf-allied parties in Parliament and Musharraf’s subsequent resignation, many in Washington are concerned that this policy will be curtailed.¹⁵⁰ Three Predators are said to be deployed at a secret Pakistani airbase and can be launched without specific permission from the Islamabad government (Pakistan officially denies the existence of any such bases).¹⁵¹ Pentagon officials eager to increase the use of armed drones in Pakistan reportedly meet resistance from State Department diplomats who fear that Pakistani resentments built up in response to sovereignty violations and to the deaths of women and children are harmful to U.S. interests, outweighing potential gains. Neither Washington nor Islamabad offers official confirmation of Predator strikes on Pakistani territory; there are conflicting reports on the question of the Pakistani government’s alleged tacit permission for such operations.

A January 2008 strike reportedly was planned and executed without the involvement of Pakistani authorities, who were notified only when the attack was underway. After some two years without scoring a notable success against Al Qaeda forces in Pakistan, a dozen alleged militants were killed in a reported missile strike in a remote area of North Waziristan. Among the dead in the apparent Predator attack was Abu Laith al-Libi, a Libyan national said to be an Al Qaeda commander. In May, at least 14 people were reported killed in a dual missile strike on a house in Damadola, Bajaur. Among the dead in this possible Predator drone attack were a number of Islamist militants, as well as several civilians. Algerian national and suspected Al Qaeda figure Abu Sulaymen Jazairi may have been the main target. Prime Minister Gillani strongly condemned the attack, calling the killing of “innocent people” “absolutely wrong” and “unfair.” Pakistani officials disavowed any knowledge of the missile strike and their military issued a strong protest. In July, just as the Pakistani Prime Minister was beginning an official visit to the United States, missiles hit a building in South Waziristan close to the Afghan border. Among the six suspected militants killed in this possible Predator attack was Abu Khabab al-Masri, an Egyptian said to be one of Al Qaeda’s leading bomb-making and poisons experts. Prime Minister Gillani said the strike, if launched by a U.S.-operated drone, represented a violation of Pakistan’s sovereignty.¹⁵²

¹⁵⁰ “US Helicopters Violate Pak Airspace,” *Daily Times* (Lahore), May 31, 2008; “Pakistan Shift Could Curtail Drone Strikes,” *New York Times*, February 22, 2008; “US Launches Waziristan UAV Strike With Tacit Pakistani Approval,” *Jane’s Defense Weekly*, March 19, 2008.

¹⁵¹ “Unilateral Strike Called a Model for U.S. Operations in Pakistan,” *Washington Post*, February 19, 2008.

¹⁵² “U.S. Won’t Say Who Killed Militant,” *Los Angeles Times*, February 2, 2008; “Key Al Qaeda Figure Apparently Died in U.S. Strike in Pakistan,” *Los Angeles Times*, May 23, 2008; “Anger After Apparent U.S. Missile Strike in Pakistan,” *Reuters*, May 15, 2008; “Pakistan Army Takes Issue Over U.S. Missile Attack,” *Reuters*, May 17, 2008; “Al Qaeda Man Reported Killed in Missile Strike,” *Associated Press*, July 28, 2008.

On August 12, four missiles possibly launched from Predator drones struck another residential compound in South Waziristan, reportedly killing nine suspected militants, including a number of foreigners. The targeted camp was linked to Afghan warlord Gulbuddin Hekmatyar. Eight days later, missiles destroyed another suspected militant hideout in South Waziristan, where up to 12 people including several Arabs, were reported killed.

F-16 Reprogramming. In mid-July, the State Department notified Congress of its intention to shift \$227 million in FY2008 FMF funds toward supporting Pakistan's F-16 mid-life update program. The Islamabad government had in 2006 vowed to use its own national funds for the bulk of such upgradations. The proposal was met with anger and dismay by some in Congress who said the move would do little to enhance Pakistan's counterterrorism capabilities. A State Department spokesman asserted that Islamabad sought and was granted the consideration so as to provide much-needed financial relief to the Pakistani government. Two senior House Members, concerned that the proposal would "divert funds from more effective counterterrorism tools," requested a hold be placed on the planned reprogramming and proposed that Congress provide \$200 million in budgetary support to Pakistan.¹⁵³ The hold request was not honored and \$116 million in reprogrammed funds was disbursed in August. More such reprogramming of FMF funds may come in FY2009.

Other Notable Developments of the Past Month

- On August 25, the PNL-N of Nawaz sharif formally withdrew from the ruling PPP-led coalition government.
- Also on August 25, State Department Coordinator for Counterterrorism Dell Dailey was in Islamabad for a fifth meeting of the U.S.-Pakistan Joint Working Group on Counterterrorism and Law Enforcement.
- Also on August 25, the Islamabad government formally banned the Tehrik-e-Taliban Pakistan group.
- On August 23, a suicide car bomb killed at least six policemen in Swat.
- On August 22, the Commander of the U.S. Special Operations Command, Adm. Eric Olsen, was in Islamabad for meetings with top Pakistani military officials.
- On August 21, a pair of suicide bombers killed some 78 people when they attacked Pakistan's largest weapons manufacturing complex in Wah on the outskirts of Islamabad.
- On August 19, a suicide bomb attack apparently targeting Shia Muslims killed at least 25 people outside a hospital in Dera Ismail Khan, NWFP.

¹⁵³ "Plans Would Use Antiterror Aid on Pakistani Jets," *New York Times*, July 24, 2008; [<http://www.state.gov/r/pa/prs/dpb/2008/july/107436.htm>]; the July 27, 2008, Lowey-Berman statement is at [http://www.internationalrelations.house.gov/press_display.asp?id=540].

- On August 18, President Musharraf announced his decision to resign from office effective immediately.
- On August 14, Pakistani Taliban commander Maulana Faqir Mohammed was reported killed in a helicopter gunship attack near Damadola in the Bajaur tribal agency.
- On August 12, four missiles possibly launched from Predator drones struck a residential compound in South Waziristan, reportedly killing nine suspected militants, including a number of foreigners.
- Also on August 12, an apparent remote-controlled bomb exploded near a bridge in Peshawar, killing 13 occupants of a Pakistan Air Force bus.
- On August 11, the U.S.-Pakistan Economic dialogue was held in Islamabad, where Assistant Secretary of State for Economic Affairs Daniel Sullivan met with Pakistani officials to discuss deepening the bilateral economic “partnership.”¹⁵⁴
- On August 8, suspected Islamist militants stormed a police station in the Swat Valley and killed eight policemen.
- On August 5, PPP leader Asif Zardari and PML-N leader Nawaz Sharif agreed in principle to launch impeachment proceedings against President Musharraf.
- On July 28, President Bush hosted Prime Minister Gillani at the White House.
- Also on July 28, the Acting Commander of U.S. Central Command, Lt. Gen. Martin Dempsey, made what apparently was the first visit by a senior U.S. commander to Pakistan’s tribal areas.

Setting and Regional Relations

Historical Setting

The long and checkered Pakistan-U.S. relationship has its roots in the Cold War and South Asia regional politics of the 1950s. U.S. concerns about Soviet expansionism and Pakistan’s desire for security assistance against a perceived threat from India prompted the two countries to negotiate a mutual defense assistance agreement in 1954. By 1955, Pakistan had further aligned itself with the West by joining two regional defense pacts, the South East Asia Treaty Organization and the Central Treaty Organization (or “Baghdad Pact”). As a result of these alliances, Islamabad received nearly \$2 billion in U.S. assistance from 1953 to 1961, one-quarter of this in military aid, making Pakistan one of America’s most important security assistance partners of the period. President Dwight D. Eisenhower famously called Pakistan America’s “most allied ally in Asia.” Differing expectations of the security relationship long bedeviled bilateral ties, however. During and immediately after the Indo-Pakistani wars of 1965 and 1971, the United States suspended military assistance to both sides, resulting in a cooling of the Pakistan-U.S. relationship and a perception among many in Pakistan that the United States was not a reliable ally.

¹⁵⁴ See [<http://islamabad.usembassy.gov/pr-08081103.html>].

In the mid-1970s, new strains arose over Pakistan's efforts to respond to India's 1974 underground nuclear test by seeking its own nuclear weapons capability. U.S. aid was suspended by President Jimmy Carter in 1979 in response to Pakistan's covert construction of a uranium enrichment facility. However, following the Soviet invasion of Afghanistan later that year, Pakistan again was viewed as a frontline ally in the effort to block Soviet expansionism. In 1981, the Reagan Administration pledged for Islamabad a five-year, \$3.2 billion aid package. Pakistan became a key transit country for arms supplies to the Afghan resistance, as well as home for millions of Afghan refugees, many of whom have yet to return.

Despite this renewal of U.S. aid and close security ties, many in Congress remained troubled by Pakistan's nuclear weapons program. In 1985, Section 620E(e) (the Pressler amendment) was added to the Foreign Assistance Act, requiring the President to certify to Congress that Pakistan does not possess a nuclear explosive device during the fiscal year for which aid is to be provided. With the Soviet withdrawal from Afghanistan, Pakistan's nuclear activities again came under intensive U.S. scrutiny and, in 1990, President George H.W. Bush again suspended aid to Pakistan. Under the provisions of the Pressler amendment, most bilateral economic and all military aid ended, and deliveries of major military equipment ceased. In 1992, Congress partially relaxed the scope of sanctions to allow for food assistance and continuing support for nongovernmental organizations. Among the notable results of the aid cutoff was the nondelivery of F-16 fighter aircraft purchased by Pakistan in 1989. Nine years later, the United States agreed to compensate Pakistan with a \$325 million cash payment and \$140 million in goods, including surplus wheat, but the episode engendered lingering Pakistani resentments.

U.S. disengagement from Pakistan (and Afghanistan) after 1990 had serious and lasting effects on Pakistani perceptions. Even retired Army Chief and U.S. ally President Musharraf himself repeatedly has voiced a narrative in which Pakistan joined the United States to "wage a jihad" in Afghanistan in the 1980s, only to see "disaster" follow when the "military victory was bungled up" and the United States then left the region "abandoned totally." When combined with ensuing sanctions on U.S. aid, this left many Pakistanis with the sense they had been "used and ditched."¹⁵⁵

During the 1990s, with U.S. attention shifted away from the region, Islamabad further consolidated its nuclear weapons capability, fanned the flames of a growing separatist insurgency in neighboring Indian-controlled Kashmir, and nurtured the Taliban movement in Afghanistan, where the radical Islamist group took control of Kabul in 1996. After this more than one decade of alienation, U.S. relations with Pakistan were once again transformed in dramatic fashion, this time by the September 2001 terrorist attacks on the United States and the ensuing enlistment of Pakistan as a pivotal ally in U.S.-led counterterrorism efforts. A small trickle of foreign assistance to Pakistan again became a prodigious flow and, in a sign of renewed U.S. recognition of the country's importance, President George W. Bush designated Pakistan as a major non-NATO ally of the United States in 2004. A Congressional Pakistan Caucus was formed the same year to facilitate dialogue

¹⁵⁵ See "President's Address at Royal United Services Institute, London," January 25, 2008, at [<http://www.presidentofpakistan.gov.pk/SpeechAddressList.aspx>].

among Pakistani-Americans and their political representatives in Congress, and to improve and strengthen bilateral relations between Pakistan and the United States.

Today, U.S. diplomatic engagement with Pakistan continues to be deep and multifaceted. President Bush traveled to Pakistan in March 2006 for the first such presidential visit in six years, and numerous high-level governmental meetings have ensued. During the visit, President Bush and President Musharraf issued a Joint Statement on the U.S.-Pakistan “strategic partnership” that calls for a “strategic dialogue” and “significant expansion” of bilateral economic ties, including mutual trade and investment, as well as initiatives in the areas of energy, peace and security, social sector development, science and technology, democracy, and nonproliferation.¹⁵⁶

Political Setting¹⁵⁷

Pakistan’s political history is a troubled one, marked by tripartite power struggles among presidents, prime ministers, and army chiefs. Military regimes have ruled Pakistan for more than half of its 60 years of existence, interspersed with periods of generally weak civilian governance. From 1988 to 1999, Islamabad had democratically elected governments, and the army appeared to have moved from its traditional role of “kingmaker” to one of power broker. Benazir Bhutto (leader of the Pakistan People’s Party) and Nawaz Sharif (leader of the Pakistan Muslim League) each served twice as prime minister during this period. The Bhutto government was dismissed on charges of corruption and nepotism in 1996 and Sharif won a landslide victory in ensuing elections, which were judged generally free and fair by international observers. Sharif moved quickly to bolster his powers by curtailing those of the president and judiciary, and he emerged as one of Pakistan’s strongest-ever elected leaders. Critics accused him of intimidating the opposition and the press. Many observers hold Pakistan’s civilian political leaders at least as responsible as the army for the anemic state of the country’s governance institutions.¹⁵⁸ A structural weakness of Pakistani politics is found in the status of the country’s political parties, which can be “clientalist” in their offers of direct compensation to supporters as opposed to taking “principled ideological stands that emerge out of consensus-building activity among state and societal actors.”¹⁵⁹

In October 1999, in proximate response to Prime Minister Sharif’s attempt to remove him, Chief of Army Staff General Musharraf overthrew the government, dismissed the National Assembly, and appointed himself “chief executive.” In the wake of this military overthrow of the elected government, Islamabad faced considerable international opprobrium and was subjected to automatic coup-related U.S. sanctions under section 508 of the annual foreign assistance appropriations act (Pakistan was already under nuclear-related U.S. sanctions). Musharraf later

¹⁵⁶ See [<http://usembassy.state.gov/pakistan/h06030404.html>].

¹⁵⁷ See also CRS Report RL32615, *Pakistan’s Domestic Political Developments*.

¹⁵⁸ See, for example, “Ghosts That Haunt Pakistan,” *New York Times*, January 6, 2008.

¹⁵⁹ Mariam Mufti, “Political Parties and Street Power,” *Friday Times* (Lahore), December 7, 2007.

assumed the title of president following a controversial April 2002 referendum. National elections were held in October of that year, as ordered by the Supreme Court. A new civilian government was seated — Prime Minister M.Z. Jamali was replaced with Musharraf ally Shaukat Aziz in August 2005 — but it remained weak. In apparent contravention of democratic norms, Musharraf continued to hold the dual offices of president *and* army chief. Many figures across the spectrum of Pakistani society at first welcomed Musharraf, or at least were willing to give him the benefit of the doubt, as a potential reformer who would curtail both corruption and the influence of religious extremists. Yet his domestic popularity suffered following multiple indications that, as with Pakistan’s previous president-generals, expanding his own power and that of the military would be his central goal.

In September 2007, President Musharraf promoted Gen. Ashfaq Pervez Kayani, a highly-regarded, pro-Western figure, to the position of Vice Chief of Army Staff. Kayani succeeded Musharraf in the powerful role of army chief upon Musharraf’s subsequent resignation from the army. In assuming his new office, Kayani vowed to press ahead with Pakistan army efforts to root out extremists from western Pakistan. He appears to have become a new locus of U.S. hopes for Pakistani democratization, with U.S. officials reportedly seeing an opportunity for him to oversee a peaceful transition to civilian rule while maintaining a disinterest in pursuing his own political power.¹⁶⁰

Pakistan’s most recent parliamentary elections took place in February 2008. President Bush had predicted the polls would be “an important test of Pakistan’s commitment to democratic reform” and, during his 2006 visit to Islamabad, said President Musharraf understood the elections “need to be open and honest.”¹⁶¹ In October 2007, Secretary of State Rice repeated the admonition, saying the expected polls would be “a real test” of the Islamabad government’s commitment to democratization and that the U.S. government was “pressing that case very hard.” The Chairman of the Senate Foreign Relations Committee, Senator Joe Biden, later warned Musharraf there would be “consequences” if slated elections were not fair and open, saying U.S. aid levels could be decreased.¹⁶² Musharraf himself stood for (and controversially won) reelection as president in October 2007. Under the Pakistani system, the president is indirectly elected by an Electoral College comprised of the membership of all national and provincial legislatures.

Regional Relations

Pakistan-India Rivalry. Three full-scale wars — in 1947-1948, 1965, and 1971 — and a constant state of military preparedness on both sides of their mutual border have marked six decades of bitter rivalry between Pakistan and India. The

¹⁶⁰ “In Musharraf’s Shadow, a New Hope for Pakistan Arises,” *New York Times*, January 7, 2008.

¹⁶¹ See [<http://www.whitehouse.gov/news/releases/2006/02/20060222-2.html>] and [<http://www.whitehouse.gov/news/releases/2006/03/20060304-2.html>].

¹⁶² Rice interview with the New York Post editorial board, October 1, 2007; “Biden Warns Musharraf of Consequences for Poor Elections,” Associated Press, December 17, 2007.

acrimonious partition of British India into two successor states in 1947 and the unresolved issue of Kashmiri sovereignty have been major sources of tension. Both countries have built large defense establishments at significant cost to economic and social development. The Kashmir problem is rooted in claims by both countries to the former princely state, divided since 1948 by a military Line of Control (LOC) into the Indian state of Jammu and Kashmir and Pakistan-held Azad [Free] Kashmir. India blames Pakistan for supporting a violent separatist rebellion in the Muslim-dominated Kashmir Valley that has taken up to 66,000 lives since 1989. Pakistan admits only to lending moral and political support to the rebels, and it criticizes India for human rights abuses in “Indian-occupied Kashmir.” New Delhi continues to blame Pakistan for maintaining an “infrastructure of terror” and for actively supporting terrorist groups that are held responsible for attacks inside India.¹⁶³ For many analysts, efforts to ameliorate Pakistan’s “obsession” with India could be key to normalizing South Asian politics and ending Islamabad’s historic and ambivalent links to religious extremism.¹⁶⁴ Some call on New Delhi to reach out to the new Islamabad government with conciliatory gestures that could facilitate the consolidation of democratization in Pakistan.¹⁶⁵

India held Pakistan responsible for late 2001 terrorist attacks in Kashmir and on the Indian Parliament complex in New Delhi. The Indian response, a massive military mobilization, was mirrored by Pakistan and within months some one million heavily-armed soldiers were facing-off at the international frontier. During an extremely tense 2002 another full-scale war seemed a real and even likely possibility, and may have been averted only through international diplomatic efforts, including multiple visits to the region by top U.S. officials. A spring 2003 peace initiative brought major improvement in the bilateral relationship, allowing for an autumn cease-fire agreement initiated by Pakistan. The process led to a January 2004 summit meeting in Islamabad and a joint agreement to re-engage a “Composite Dialogue” to bring about “peaceful settlement of all bilateral issues, including Jammu and Kashmir, to the satisfaction of both sides.”¹⁶⁶

Since this new peace effort was launched, numerous mid-level meetings, normalized diplomatic relations, and increased people-to-people contacts have brought modest, but still meaningful progress toward stable relations. Regular dialogue continued in 2005 and a third round of Composite Dialogue talks was held in 2006. Notable confidence-building measures have been put in place, in particular travel and commerce across the Kashmiri LOC for the first time in decades, and bilateral trade has increased. Yet militarized territorial disputes over Kashmir, the Siachen Glacier, and the Sir Creek remain unresolved, and Pakistani officials

¹⁶³ While levels of violence in Kashmir declined significantly in 2007 as compared to the previous year, some Indian analysts see signs that Islamist militants will seek to reverse this trend, perhaps with the urging and even support of Pakistani government elements (see, for example, “Negotiating War,” *Outlook* (Delhi), May 28, 2008).

¹⁶⁴ See, for example, Bruce Riedel, “Pakistan and Terror: The Eye of the Storm,” *Annals of the American Academy of Political and Social Science*, 618, 31 July 2008.

¹⁶⁵ See, for example, Praful Bidwai, “Changing Pakistan,” *Frontline* (Chennai), July 4, 2008.

¹⁶⁶ [http://www.indianembassy.org/press_release/2004/jan/07.htm].

regularly express unhappiness that more substantive progress, especially on the “core issue” of Kashmir, is not occurring.

Following July 11, 2006, terrorist bombings in Mumbai, India, New Delhi postponed planned foreign secretary-level talks, bringing into question the continued viability of the already slow-moving process. However, after meeting on the sidelines of a Nonaligned Movement summit in Cuba, President Musharraf and Indian Prime Minister Singh announced a resumption of formal peace negotiations and also approved implementation of a joint anti-terrorism mechanism. The Composite Dialogue then resumed after a four-month hiatus. No progress was made on outstanding territorial disputes, and India is not known to have presented evidence of Pakistani involvement in the “7/11” bombings, but the two officials did give shape to the proposed joint anti-terrorism mechanism. A notable step came in late 2006, when the two sides agreed to conduct a joint survey of the disputed Sir Creek region.

In January 2007, then-Foreign Minister Kasuri hosted his Indian counterpart, Pranab Mukherjee, in Islamabad for the first such visit in more than a year. The two men gave a favorable review to past progress and planned a fourth Composite Dialogue round. In February, two bombs exploded on an Indian segment of the Samjhauta [Friendship] Express train linking Delhi, India, with Lahore, Pakistan. Resulting fires killed 68 people, most of them Pakistanis. Days later, Kasuri traveled to New Delhi, where he and Mukherjee reaffirmed a bilateral commitment to the peace process despite the apparent effort to subvert it.

The new joint anti-terrorism mechanism met for the first time in Islamabad in March 2007, producing a joint statement in which both governments agreed to use the forum for exchanging information about investigations of and/or efforts to prevent terrorist acts on either side of the shared border. Hopes that the Samjhauta train bombing would provide a fitting “test case” were dashed, however, when India declined to share relevant investigative information. Moreover, Indian officials were unhappy with Islamabad’s insistence that the “freedom struggle” underway in Kashmir should not be treated as terrorism under this framework. Still, the engagement even after a major terrorist attack was widely viewed as evidence that the bilateral peace process had gained a sturdy momentum. A new round of dialogue was then initiated when the two foreign ministers met again in Islamabad. No new agreements were reached, but both officials lauded improved bilateral relations and held “the most sustained and intensive dialogue” ever on the Kashmir problem.¹⁶⁷ Political turmoil and uncertainty arose in Islamabad around that same time, however, and led to slowed progress in the bilateral peace process.

A fourth round of bilateral talks on economic and commercial cooperation ended in August 2007 with agreements to facilitate importation of cement from Pakistan and tea from India, among others. Pakistani and Indian officials also held technical-level talks on the modalities of cross-border movement, and separate talks on the Tubal navigation project/Wullar barrage water dispute ended without progress. In September, Pakistan issued a formal protest and expressed “deep concern” in

¹⁶⁷ See Pakistan Foreign Ministry Press Release No. 81/2007 at [http://www.mofa.gov.pk/Press_Releases/2007/March/PR_81_07.htm].

response to the Indian government's announced intention to open the disputed territory of the Siachen Glacier to tourism, saying the region was "illegally occupied" by Indian troops in 1984 and its final status has yet to be determined due to an "inflexible Indian attitude."¹⁶⁸ In a more positive sign in October, trucks carrying tomatoes from India to Pakistan crossed the international border for the first time in 60 years. October also saw mid-level Pakistani and Indian officials meet to discuss both conventional and nuclear confidence-building measures, but no new initiatives were announced. The countries also held a second meeting of their Joint Anti-Terrorism Mechanism in New Delhi, where the two sides shared new information on terrorism and agreed to continue mutual investigatory cooperation.

With President Musharraf's November 2007 imposition of a state of emergency and growing instability and insecurity in Pakistan, the bilateral peace process ground to a seemingly temporary halt. India has watched Pakistan's turmoil with great interest, but little public comment. A destabilized Pakistan represents a major security concern for New Delhi, but at the same time history shows that as Pakistan's internal difficulties grow, Pakistani interference in Indian affairs tends to decrease. Moreover, interstate relations may be sufficiently improved and "de-hyphenated" that acute Indian concerns shown in the past are no longer elicited.¹⁶⁹

In February 2008, the head of Pakistan's new coalition-leading PPP, Asif Zardari, caused a stir when he suggested that Pakistan-India relations should not be hindered by differences over Kashmir, thus appearing to contradict a long-standing Pakistani position that Kashmir represents the "core issue" in bilateral relations. Zardari was quoted as saying, "people-to-people contacts should be improved, then trade" and Kashmir "is a situation [on which] we can agree to disagree." India's leadership, for its part, has offered to work with the new Pakistani government in the interests of collective security and prosperity.¹⁷⁰ In May, Pakistani Foreign Secretary Salman Bashir hosted his Indian counterpart, Shivshankar Menon, in Islamabad, where the two men expressed satisfaction with the progress of the bilateral peace process. The next day, Foreign Minister Qureshi sat with his Indian counterpart, Pranab Mukherjee, to review the fourth round of the Composite Dialogue. Both ministers reaffirmed their commitment to the process and made plans to launch a fifth round of negotiations in July 2008.¹⁷¹

The "IPI" Pipeline Project.¹⁷² Islamabad insists it is going forward with a proposed joint pipeline project to deliver Iranian natural gas to Pakistan and possibly on to India. In February 2007, officials from the three countries resolved a long-

¹⁶⁸ See [http://www.mofa.gov.pk/Spokesperson/2007/Sep/Spokes_17_09_07.htm].

¹⁶⁹ "As Pakistan Boils, India Watches," *Chicago Tribune*, December 30, 2007; "Pakistan Turmoil Draws Muted Concern in India," *Washington Post*, January 19, 2008; Indian Ministry of External Affairs Press Statement, February 20, 2008.

¹⁷⁰ "Benazir Bhutto's Widower Wants Improved Relations With India," Associated Press, February 29, 2008; "India PM Wants to Meet Pakistan's Leaders Halfway," Reuters, March 5, 2008.

¹⁷¹ See [http://www.mofa.gov.pk/Press_Releases/2008/May/PR_134_08.html].

¹⁷² See also CRS Report RS20871, *The Iran Sanctions Act*.

running price-mechanism dispute, opening the way for further progress. The fourth meeting of the Pakistan-India Joint Working Group on the Iran-Pakistan-India (IPI) pipeline subsequently was held in Islamabad, where the two countries agreed to split equally expected gas supplies. In June 2007, Pakistani and Indian officials reportedly reached an agreement in principle on transportation charges. New Delhi's willingness to participate appeared to wane in the later half of 2007, but an April 2008 visit to Islamabad by India's oil minister led to a reiteration of New Delhi's commitment to the project, and the Iranian president's subsequent South Asia visit included stops in both Islamabad and New Delhi, where more positive signals were issued. Top Pakistani officials have described the pipeline as being critical to Pakistan's economic growth and political stability. Doubts about financing the approximately \$7 billion project combined with concerns about security in Pakistan's Baluchistan province have some analysts skeptical about fruition. Some independent observers and Members of Congress assert that completion of the pipeline would represent a major confidence-building measure in the region and could bolster regional energy security while facilitating friendlier Pakistan-India ties (see, for example, H.Res. 353 in the 109th Congress).

As part of its efforts to isolate Iran economically, the Bush Administration actively seeks to dissuade the Islamabad and New Delhi governments from participation in this project, and a State Department official has suggested that current U.S. law dictates American opposition: The Iran-Libya Sanctions Act (P.L. 107-24) requires the President to impose sanctions on foreign companies that make an "investment" of more than \$20 million in one year in Iran's energy sector. The 109th Congress extended this provision in the Iran Freedom Support Act (P.L. 109-293). No firms have been sanctioned under this act to date.

Afghanistan. Pakistani leaders have long sought access to Central Asia and "strategic depth" with regard to India though friendly relations with neighboring Afghanistan. Such policy contributed to President-General Zia ul-Haq's support for Afghan mujahideen "freedom fighters" who were battling Soviet invaders during the 1980s and to Islamabad's later support for the Afghan Taliban regime from 1996 to 2001.¹⁷³ British colonialists had purposely divided the ethnic Pashtun tribes inhabiting the mountainous northwestern reaches of their South Asian empire with the 1893 "Durand Line." This porous, 1,600-mile border is not accepted by Afghan leaders, who have at times fanned Pashtun nationalism to the dismay of Pakistanis.¹⁷⁴ Both Pakistan and Afghanistan play central roles as U.S. allies in global efforts to combat Islamic militancy. Ongoing acrimony between Islamabad and Kabul is thus deleterious to U.S. interests.

¹⁷³ Documentary evidence indicates that Islamabad provided military and economic support, perhaps including the combat troops, to the Afghan Taliban during the latter half of the 1990s (see "Pakistan: 'The Taliban's Godfather'?", National Security Archive Briefing Book 227, August 14, 2007).

¹⁷⁴ Pakistan is home to some 28 million Pashto-speaking people, most of them living near the border with Afghanistan, which is home to another 13.5 million ethnic Pashtuns (also known as Pakhtuns or Pathans). A hardy people with a proud martial history (they are disproportionately represented in the Pakistani military), Pashtuns played an important role in the anti-Soviet resistance of the 1980s.

Following Islamabad's major September 2001 policy shift, President Musharraf consistently vowed full Pakistani support for the government of Afghan President Hamid Karzai and insisted that Pakistan is playing a "totally neutral role" in Afghanistan. Islamabad claims to have arrested many hundreds of Taliban militants and remanded most of them to Afghan custody, and it reportedly has provided \$300 million in economic assistance to Kabul since 2001. Nevertheless, Musharraf and Karzai have exchanged public accusations and recriminations about the ongoing movement of Islamic militants in the border region, and U.S. officials have issued increasingly strong claims about the problems posed by Taliban insurgents and other militants who are widely believed to enjoy safehaven on the Pakistani side of the Durand Line. Moreover, Pakistan is wary of signs that India is pursuing a policy of "strategic encirclement," taking note of New Delhi's past support for Tajik and Uzbek militias which comprised the Afghan Northern Alliance, and the post-2001 opening of numerous Indian consulates in Afghanistan.

After fleeing Afghanistan during the 1980s and 1990s, an estimated 3 million refugees have returned home since 2002, but Pakistan remains the setting for more than 80 encampments and about 2.4 million Afghan refugees. Islamabad plans to repatriate these people by the end of 2009, citing extremism and economic stresses.

In August 2007, an unprecedented joint "jirga," or tribal assembly, was held in Kabul and included nearly 700 delegates from both Pakistan and Afghanistan. The meeting was endorsed by the United States as a means of bringing stability to Afghanistan. President Musharraf, after initially declining to participate (a perceived snub to both Afghan President Karzai and to the U.S. government), attended the jirga's final session. He offered a rare admission that support for militants emanating from Pakistan has caused problems for Afghanistan, saying "There is no doubt Afghan militants are supported from Pakistan soil. The problem that you have in your region is because support is provided from our side." The jirga ended with a declaration that included plans for dialogue with "the opposition," i.e., the Taliban.¹⁷⁵ In December 2007, Musharraf met with Karzai in Islamabad for a relatively cordial meeting after which the two men issued a joint statement reaffirming their commitment to intensifying counterterrorism cooperation.¹⁷⁶

Still, bilateral relations have worsened in 2008. The Kabul government claimed to have evidence of Pakistani complicity in both an April 2008 assassination attempt on Karzai and in a July 2008 bombing of India's Kabul Embassy. Afghan resentment over these incidents led the Karzai government to suspend its participation in bilateral and regional meetings that include Pakistan until such time as "bilateral trust is restored."¹⁷⁷ In August, the Kabul government agreed to resume talks with Pakistan and Pakistan substantively re-engaged the Tripartite Commission when

¹⁷⁵ "Pakistan Leader Snubs Afghan Meeting," Reuters, August 8, 2007; "Afghan Rebels Find Haven in Pakistan, Musharraf Says," *New York Times*, August 12, 2007. Declaration text at [http://www.dailytimes.com.pk/print.asp?page=2007\08\13\story_13-8-2007_pg7_48].

¹⁷⁶ See [http://www.mofa.gov.pk/Press_Releases/2007/Dec/PR_306_07.htm].

¹⁷⁷ "Pakistan 'Behind Afghan Attacks,'" *BBC News*, July 14, 2008; "Kabul Pulls Out of Talks With Pakistan," *Daily Times* (Lahore), July 14, 2008.

Army Chief Gen. Kayani traveled to Kabul to meet with his Afghan counterpart and ISAF Commander U.S. Gen. David McKiernan.

China. Pakistan and China have enjoyed a generally close and mutually beneficial relationship over several decades. Pakistan served as a link between Beijing and Washington in 1971, as well as a bridge to the Muslim world for China during the 1980s. China's continuing role as a major arms supplier for Pakistan began in the 1960s and included helping to build a number of arms factories in Pakistan, as well as supplying complete weapons systems. After the 1990 imposition of U.S. sanctions on Pakistan, the Islamabad-Beijing arms relationship was further strengthened.¹⁷⁸ Pakistan continues to view China as an "all-weather friend" and perhaps its most important strategic ally.

Islamabad may seek future civil nuclear assistance from Beijing, including potential provision of complete power reactors, especially in light of Washington's categorical refusal of Pakistan's request for a civil nuclear cooperation similar to that being planned between the United States and India. The Chinese government has assisted Pakistan in constructing a major new port at Gwadar, near the border with Iran. Islamabad and Beijing aspire to make this port, officially opened in March 2007, a major commercial outlet for Central Asian states. Some Western and Indian analysts are concerned that the port may be used for military purposes and could bolster China's naval presence in the Indian Ocean region.

Analysts taking a realist, power political perspective view China as an external balancer in the South Asian subsystem, with Beijing's material support for Islamabad allowing Pakistan to challenge the aspiring regional hegemony of a more powerful India. Many observers, especially those in India, see Chinese support for Pakistan as a key aspect of Beijing's perceived policy of "encirclement" or constraint of India as a means of preventing or delaying New Delhi's ability to challenge Beijing's region-wide influence. Indian leaders have called the Islamabad-Beijing nuclear and missile "proliferation nexus" a cause of serious concern in New Delhi, and U.S. officials remain seized of this potentially destabilizing dynamic.

In 2005, the Chinese prime minister visited Islamabad, where Pakistan and China signed 22 accords meant to boost bilateral cooperation. President Musharraf's five-day visit to Beijing in early 2006 saw bilateral discussions on counterterrorism, trade, and technical assistance. Chinese President Hu's late 2006 travel to Islamabad was the first such visit by a Chinese president in ten years; another 18 new bilateral pacts were inked, including a bilateral Free Trade Agreement and plans for joint development of airborne early warning radars. In mid-2007, then-Prime Minister Aziz visited Beijing, where Pakistan and China signed 27 new agreements and memoranda of understanding to "re-energize" bilateral cooperation in numerous areas, including defense, space technology, and trade. No public mention was made regarding civil nuclear cooperation. President Musharraf's April 2008 travel to Beijing produced ten new memoranda of understanding and a reiteration of the two countries "special relations."

¹⁷⁸ See CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*.

Pakistan-U.S. Relations and Key Country Issues

U.S. policy interests in Pakistan encompass a wide range of issues, including counterterrorism, nuclear weapons and missile proliferation, South Asian and Afghan stability, democratization and human rights, trade and economic reform, and efforts to counter narcotics trafficking. Relations have been affected by several key developments, including proliferation- and democracy-related sanctions; a continuing Pakistan-India nuclear standoff and conflict over Kashmir; and the September 2001 terrorist attacks against the United States. In the wake of those attacks, President Musharraf — under intense U.S. diplomatic pressure — offered President Bush Pakistan’s “unstinted cooperation in the fight against terrorism.” Pakistan became a vital ally in the U.S.-led anti-terrorism coalition. U.S. sanctions relating to Pakistan’s 1998 nuclear tests and 1999 military coup quickly were waived and, in October 2001, large tranches of U.S. aid began flowing into Pakistan.

Direct U.S. assistance programs include training and equipment for Pakistani security forces, along with aid for health, education, food, democracy promotion, human rights improvement, counternarcotics, border security and law enforcement, as well as trade preference benefits. The United States also supports grant, loan, and debt rescheduling programs for Pakistan by the various major international financial institutions. In June 2004, President Bush designated Pakistan as a major non-NATO ally of the United States under Section 517 of the Foreign Assistance Act of 1961. Revelations in 2004 that Pakistan has been a source of nuclear proliferation to North Korea, Iran, and Libya complicated Pakistan-U.S. relations and attracted congressional attention as a serious security issue.

Terrorism

After the September 2001 terrorist attacks on the United States, Pakistan pledged and has provided major support for the U.S.-led global anti-terrorism coalition. According to the U.S. Departments of State and Defense, Pakistan has afforded the United States unprecedented levels of cooperation by allowing the U.S. military to use bases within the country, helping to identify and detain extremists, tightening the border between Pakistan and Afghanistan, and blocking terrorist financing.¹⁷⁹ Top U.S. officials regularly praise Pakistani anti-terrorism efforts.

In a landmark January 2002 speech, President Musharraf vowed to end Pakistan’s use as a base for terrorism of any kind, and he banned numerous militant groups, including Lashkar-e-Taiba and Jaish-e-Muhammad, both blamed for terrorist violence in Kashmir and India, and both designated as terrorist organizations under U.S. law. In the wake of the speech, thousands of Muslim extremists were detained, though most of these were later released. In the spring of 2002, U.S. military and law enforcement personnel began engaging in direct, low-profile efforts to assist Pakistani security forces in tracking and apprehending fugitive Al Qaeda and Taliban

¹⁷⁹ See, for example, “Pakistan Key Partner in War on Terror, Defense Department Says,” U.S. Department of State *Washington File*, March 6, 2006; “Pakistan ‘Indispensable’ in Global Anti-Terrorism Fight,” U.S. Department of State *Washington File*, July 25, 2007.

fighters on Pakistani territory. Pakistani authorities claim to have captured some 700 Al Qaeda suspects and remanded most of these to U.S. custody.¹⁸⁰

Important Al Qaeda-related arrests in Pakistan have included Abu Zubaydah (March 2002), Ramzi bin al-Shibh (September 2002), Khalid Sheik Mohammed (March 2003), and Abu Faraj al-Libbi (May 2005). Other allegedly senior Al Qaeda figures were killed in gunbattles and missile attacks, including in several apparent U.S.-directed attacks on Pakistani territory from armed aerial drones. Yet Al Qaeda fugitives and their Taliban allies remain active in Pakistan, especially in the mountainous tribal regions along the Afghan border. Meanwhile, numerous banned indigenous groups continue to operate under new names. For example, Lashkar-e-Taiba became Jamaat al-Dawat (banned under U.S. law in April 2006) and Jaish-e-Mohammed was re-dubbed Khudam-ul Islam.

President Musharraf repeatedly has vowed to end the activities of religious extremists in Pakistan and to permanently prevent banned groups from resurfacing there. His policies likely spurred two lethal but failed attempts to assassinate him in 2003. Islamabad has declared a four-pronged strategy to counter terrorism and religious extremism, containing military, political, administrative, and development aspects. Nonetheless, some analysts have long called the Islamabad government's post-2001 efforts cosmetic, ineffective, and the result of international pressure rather than a genuine recognition of the threat posed. Moreover, there are indications that Pakistan's intelligence agencies have over time lost control of some of the religious militants it previously had groomed to do its foreign policy bidding. In recent years, some Pakistani nationals and religious seminaries have been linked to Islamist terrorism plots in Western countries, especially the United Kingdom.¹⁸¹ Reports also indicate that terrorist training camps operate on Pakistani soil.¹⁸²

In early 2007, Vice President Cheney, along with the Deputy Director of the CIA, made an unannounced four-hour visit to Islamabad, where he reportedly warned President Musharraf that a Democratic-controlled Congress could cut U.S. aid to Pakistan unless that country takes more aggressive action to hunt down Al Qaeda and Taliban operatives on its soil.¹⁸³ The unusually strong admonition came after U.S. intelligence officials concluded that a "terrorist infrastructure" had been rebuilt in western Pakistan, that Islamabad's counterterrorism efforts had been feckless to date,

¹⁸⁰ "Musharraf: Bhutto Knew of Risks" (interview), *CBS News*, January 6, 2008.

¹⁸¹ Some more critical observers — many of them Indian — identify a Pakistani connection to nearly all major jihadi terrorist attacks worldwide; a few even seek to link elements of Pakistan's military-intelligence establishment to most jihadi terrorist attacks in the South Asia region (see, for example, Wilson John, "Pakistan's Drift Into Extremism and Its Impact," Observer Research Foundation (Delhi), January 8, 2008; K.P.S. Gill, "The ISI Mark," *Outlook* (Delhi), June 11, 2008).

¹⁸² "In Pakistan's Mountains, Jihadis Train for War," *Wall Street Journal*, July 28, 2008. One report claims that more than 100 "terror camps" are operating in western Pakistan, nearly a third of these in the Waziristan agencies ("More Than 100 Terror Camps' in Operation in Northwestern Pakistan," *Long War Journal*, July 11, 2008).

¹⁸³ "Cheney Warns Pakistan to Act on Terrorism," *New York Times*, February 26, 2007.

and that the Bush Administration was recognizing that current U.S. and Pakistani policies were not working.

When asked during a February 2007 Senate hearing about the possible source of a hypothetical future Al Qaeda attack on the United States, the incoming Director of National Intelligence, Mike McConnell, stated his belief that such an attack “most likely would be planned and come out of the [Al Qaeda] leadership in Pakistan.”¹⁸⁴ According to then-Under Secretary of State Burns in July 2007 testimony before the Senate Foreign Relations Committee,

We know that the tribal areas of the mountainous border regions inside Pakistan have never been within the effective control of any central government. We know that the regions of North and South Waziristan have become safehavens for violent extremist and terrorist activity.... [W]e would like to see a more sustained and effective effort by the Pakistani government to defeat terrorist forces on its soil.

Although the United States lauded Islamabad’s anti-terrorism financing efforts earlier this decade, Burns also encouraged more energetic Pakistani action in this area, expressing particular concern about terrorist groups exploiting charitable donations, and about their tactic of re-forming under new names to evade international prohibitions on donations to terrorist organizations. Burns urged Pakistan to pass an Anti-Money Laundering bill that meets international standards, and to establish a Financial Intelligence Unit within the State Bank of Pakistan.¹⁸⁵

In June 2007, Pakistan’s National Security Council reportedly warned President Musharraf that Islamist militancy was rapidly spreading beyond western tribal areas and that a “policy of appeasement” had emboldened the Taliban. The Council was said to have formulated new plans to address the issue, including deployment of pilotless reconnaissance drones, bolstering local law enforcement capabilities, and shifting more paramilitary troops to the region from other parts of Pakistan.¹⁸⁶ From the State Department’s *Country Reports on Terrorism 2007* (released April 2008):

The United States remained concerned that the Federally Administered Tribal Areas (FATA) of Pakistan were being used as a safe haven for Al Qaeda terrorists, Afghan insurgents, and other extremists.... Extremists led by Baitullah Mehsud and other Al Qaeda-related extremists re-exerted their hold in areas of South Waziristan.... Extremists have also gained footholds in the settled areas bordering the FATA.

¹⁸⁴ Statement before the Senate Armed Services Committee, February 27, 2007. A July 2007 National Intelligence Estimate on the terrorist threat included the assessment that Al Qaeda has “protected or regenerated” its capability to attack the United States, in part due to its enjoying “safehaven” in Pakistan’s tribal areas (see [http://www.dni.gov/press_releases/20070717_release.pdf]).

¹⁸⁵ See [<http://www.state.gov/p/us/rm/2007/89418.htm>].

¹⁸⁶ “Pakistani President Reviews Political, Economic, Anti-Terrorism Measures,” *BBC Monitoring South Asia*, June 4, 2007.

The report noted that the trend and sophistication of suicide bombings grew in Pakistan during 2007, when there was more than twice as many such attacks (at least 45) as in the previous five years combined.¹⁸⁷

Pakistani officials resent criticism and doubt about their commitment to the counterterrorist fight. They aver that Western pressure on Pakistan to “do more” undermines their effort and has in fact fueled instability and violence.¹⁸⁸ Some argue that their “Waziristan problem” is largely traceable to U.S. policies in the region. From this perspective, the United States essentially abandoned the region after infusing it with money and arms during the 1980s, thus “leaving the jihadi baby in Pakistan’s lap.” Furthermore, a U.S. failure to decisively defeat Afghan Taliban remnants in 2002, a diversion of key resources to the war in Iraq and the recruiting boon that war provided to jihadi groups, and a perceived over-reliance on allegedly ill-equipped NATO troops all combined to build and sustain in western Pakistan a religious extremist movement that did not previously exist.¹⁸⁹

Al Qaeda’s Resurgence in Pakistan. Pakistani authorities reportedly have remanded to U.S. custody roughly 500 wanted Al Qaeda fugitives to date, including some senior alleged operatives. However, despite clear successes in disrupting Al Qaeda and affiliated networks in Pakistan since 2001, there are numerous signs that Al Qaeda is resurgent on Pakistani territory, with anti-U.S. terrorists appearing to have benefitted from what some analysts call a Pakistani policy of appeasement in western tribal areas near the Afghan border. By seeking accommodation with pro-Taliban leaders in these areas, the Musharraf government may inadvertently have allowed foreign (largely Arab) militants to obtain safe haven from which they can plot and train for terrorist attacks against U.S. and other Western targets. Moreover, many observers warn that an American preoccupation with Iraq has contributed to allowing Al Qaeda’s reemergence in Pakistan.¹⁹⁰ More recently, however, the head of the U.S. Central Intelligence Agency, Michael Hayden, has portrayed Al Qaeda as being on the defensive in South Asia, claiming that its leadership is losing the battle for hearts and minds in the Muslim world. Some independent analysts agree that Al Qaeda’s “grand project” of establishing a militant Islamic caliphate has been a resounding failure, but warn that the group remains potent and serves as a model for jihadi groups around the world.¹⁹¹

¹⁸⁷ See [<http://www.state.gov/s/ct/rls/crt/2007/103709.htm>].

¹⁸⁸ “Cheney Warns Pakistan to Act on Terrorism,” *New York Times*, February 25, 2007; “US May Be ‘Undermining’ Pakistan,” *BBC News*, March 1, 2007; “UK’s War ‘Failure Sparked Pakistan Violence,’” *Telegraph* (London), March 26, 2008; author interviews with Pakistani government officials.

¹⁸⁹ See, for example, Ali Abbas Rizvi, “American Connection to the Waziristan Problem” (op-ed), *News* (Karachi), January 29, 2008. Author discussions with Pakistani nationals commonly touch upon this historical narrative.

¹⁹⁰ See, for example, Bruce Riedel, “Al Qaeda Strikes Back,” *Foreign Affairs*, May 2007; “Influx of Al Qaeda, Money Into Pakistan Is Seen,” *Los Angeles Times*, May 20, 2007.

¹⁹¹ “U.S. Cites Big Gains Against Al Qaeda,” *Washington Post*, May 30, 2008; “Peter Bergen, Al Qaeda at 20 Dead or Alive?” (op-ed), *Washington Post*, August 17, 2008.

Al Qaeda founder Osama Bin Laden and his lieutenant, Egyptian Islamic radical leader Ayman al-Zawahri, are believed by many to be hiding somewhere in Pakistan's western border region. Pakistani officials reject such suspicions and generally insist there is no evidence to support them, but numerous U.S. officials have suggested otherwise. While some 2006 reports placed the Al Qaeda founder in the remote Dir Valley of northwestern Pakistan, the country's prime minister said those hunting Bin Laden had no clues as to his whereabouts, a claim bolstered by Western press reports indicating that the U.S. and other special forces tasked with finding Bin Laden had not received a credible lead in years.¹⁹² President Bush has said he would order U.S. forces to enter Pakistan if he received good intelligence on Osama Bin Laden's location.¹⁹³ At an April 2008 House hearing on Al Qaeda, a panel of nongovernmental experts agreed that the ongoing hunt for Al Qaeda's top leaders was foundering.¹⁹⁴

Infiltration Into Afghanistan. Tensions between the Kabul and Islamabad governments — which stretch back many decades — have at times reached alarming levels in recent years, with top Afghan officials accusing Pakistan of manipulating Islamic militancy in the region to destabilize Afghanistan. Likewise, U.S. military commanders overseeing Operation Enduring Freedom have since 2003 complained that renegade Al Qaeda and Taliban fighters remain able to attack coalition troops in Afghanistan, then escape across the Pakistani frontier. They have expressed dismay at the slow pace of progress in capturing wanted fugitives in Pakistan and urge Islamabad to do more to secure its rugged western border area. U.S. government officials have voiced similar worries, even expressing concern that elements of Pakistan's intelligence agency might be assisting members of the Taliban. In 2006, the State Department's top counterterrorism official told a Senate panel that elements of Pakistan's "local, tribal governments" are believed to be in collusion with the Taliban and Al Qaeda, but that the United States had no "compelling evidence" that Pakistan's intelligence agency is assisting militants.¹⁹⁵ Later that year, the Commander of the U.S. European Command told the same Senate panel it was "generally accepted" that the Taliban headquarters is somewhere in the vicinity of Quetta, the capital of Pakistan's southwestern Baluchistan province.¹⁹⁶

¹⁹² See, for example, "The Ongoing Hunt for Osama bin Laden," *Newsweek*, September 3, 2007.

¹⁹³ "Bush Would Send Troops Inside Pakistan to Catch bin Laden," *CNN.com*, September 20, 2006.

¹⁹⁴ Transcript: House Select Committee on Intelligence Holds Hearing on Al Qaeda, April 9, 2008.

¹⁹⁵ Statement of Henry Crumpton before the Senate Foreign Relations Committee, June 13, 2006. After conducting interviews with numerous active and retired Pakistan army and intelligence officials, an American reporter concluded in 2007 that "many officers of Pakistan's covert security agencies remain emotionally committed to jihad and hostile to the U.S. role in the region" ("Role of Pakistan's 'Captain' Shows Enduring Taliban Ties," *Newsday*, October 14, 2007).

¹⁹⁶ Statement of Gen. James Jones before the Senate Foreign Relations Committee, September 21, 2006. See also "In the Land of the Taliban," *New York Times*, October 22, (continued...)

The more than 100,000 Pakistani troops operating in the border region are hampered by limited communications and other counterinsurgency capabilities, meaning their response to provocations can be overly reliant on imprecise, mass firepower. This has contributed to a significant number of civilian casualties. Simultaneously, tribal leaders who cooperate with the federal government face dire threats from the extremists — as many as 200 were the victims of targeted killings in 2005 and 2006 — and the militants have sought to deter such cooperation by regularly beheading accused “U.S. spies.” Combat between Pakistani troops and militants in the two Waziristan agencies reportedly has killed roughly 1,000 Islamist extremists (many of them foreigners), along with a similar number of Pakistani soldiers and many hundreds of civilians. Some reporting indicates that elements of Pakistan’s military and intelligence services may be providing active assistance to Taliban militants.¹⁹⁷

Pakistan Launches Internal Military Operations. During late 2003, President Musharraf made an unprecedented show of force in moving 25,000 Pakistani troops into the traditionally autonomous FATA on the Afghan frontier. The first half of 2004 saw an escalation of Pakistani army operations, many in coordination with U.S. and Afghan forces just across the international frontier. U.S. forces have no official authorization to cross the border into Pakistan.¹⁹⁸ The battles, which continued sporadically throughout 2005 and again became fierce in the spring of 2006, exacerbated volatile anti-Musharraf and anti-American sentiments held by many Pakistani Pashtuns.

Kabul’s October 2004 elections were held without major disturbances, apparently in part due to Musharraf’s commitment to reducing infiltrations. Yet concerns sharpened in 2005 and, by the middle of that year, Afghan leaders were openly accusing Islamabad of actively supporting insurgents and providing their leadership with safe haven. Islamabad adamantly denied the charges and sought to reassure Kabul by dispatching additional troops to border areas, bringing the total to

¹⁹⁶ (...continued)

2006; “Next-Gen Taliban,” *New York Times*, January 6, 2008. The Pakistani Taliban differ from their Afghan brethren in several respects, perhaps most significantly in a lack of organization and cohesion, and they possess no unified leadership council. Moreover, the Pakistani Taliban appear to have more limited objectives, in contrast with the Afghan Taliban who are struggling to regain national power in Kabul. At the same time, however, both groups pledge fealty to a single leader — Mullah Omar — and both share fundamental policy objectives with regard to U.S. and other Western government roles in the region (see “The Emergence of the Pakistani Taliban,” *Jane’s Islamic Affairs Analyst*, January 1, 2008).

¹⁹⁷ See, for example, Seth Jones, “Counterinsurgency in Afghanistan,” RAND Counterinsurgency Study 4, 2008.

¹⁹⁸ One U.S. press report claimed that Pentagon documents from 2004 gave U.S. special forces in Afghanistan authority to enter Pakistani territory — even without prior notice to Islamabad — while in “hot pursuit” of Al Qaeda and Taliban fighters or to take direct action against “the Big 3”: Osama bin Laden, Ayman al Zawahri, or Mullah Omar. A Pakistani military spokesman called the report “nonsense” and denied there was any such arrangement (“U.S. OK’d Troop Terror Hunts in Pakistan,” Associated Press, August 23, 2007).

80,000. Still, 2006 was the deadliest year to date for U.S. troops in Afghanistan and, at year's end, there were growing indications that Islamabad's efforts to control the tribal areas were meeting with little success.

President Musharraf's "carrot and stick" approach of offering amnesty to those militant tribals who "surrendered," and using force against those who resisted, clearly did not rid the region of indigenous Islamic militants or Al Qaeda operatives. Late 2005 and early 2006 missile attacks on suspected Al Qaeda targets, apparently launched by U.S. aerial drones flying over Pakistani territory, hinted at more aggressive U.S. tactics that could entail use of U.S. military assets in areas where the Pakistanis are either unable or unwilling to strike. Yet the attacks, in particular a January 2006 strike on Damadola in the Bajaur tribal agency that killed women and children along with several alleged Al Qaeda suspects, spurred widespread resentment and a perception that the country's sovereignty was under threat.

Islamabad Shifts Strategy. As military operations failed to subdue the militants while causing much "collateral damage" and alienating local residents, Islamabad in 2004 began shifting strategy and sought to arrange truces with Waziri commanders, first at Shakai in South Waziristan in April 2004, then again in February 2005. Officials in Islamabad recognized that the social fabric of the FATA had changed following its role as a staging and recruiting area for the war against the Soviet Army in Afghanistan during the 1980s: the traditional power base was eroded as the influence of religious elements had greatly increased. President Musharraf lambasts the creeping "Talibanization" of the tribal areas and has sought to implement a new scheme, shifting over time from an almost wholly militarized approach to one emphasizing negotiation and economic development in the FATA, as well as (re-)elevating the role of tribal maliks who would work in closer conjunction with federal political agents. The aim, then, became restoration of a kind of enhanced status quo ante with a limited state writ (maliks would enjoy more pay and larger levies), and the reduction and ultimately full withdrawal of army troops. The U.S. government offered cautious initial support for the new strategy.¹⁹⁹

Cease-Fire and North Waziristan Truce. In June 2006, militants in North Waziristan announced a unilateral cease-fire to allow for creation of a tribal council seeking resolution with government forces. The Islamabad government began releasing detained Waziri tribesmen and withdrawing troops from selected checkpoints in a show of goodwill. Hundreds of Pashtun tribesmen and clerics later held a tribal council with government officials, and the cease-fire was extended. Then, on September 5, 2006, the Islamabad government and pro-Taliban militants in Miramshah, North Waziristan, signed a truce to ensure "permanent peace" in the region. A representative of the North West Frontier Province (NWFP) governor agreed on behalf of the government to end army operations against local tribesmen; release all detainees; lift all public sanctions, pay compensation for property damage, return confiscated vehicles and other goods; and remove all new army checkpoints.

¹⁹⁹ Author interview with senior advisor to Pakistan's Prime Minister, Islamabad, September 2006; "President General Pervez Musharraf's Address to the Nation," July 20, 2006, at [<http://www.presidentofpakistan.gov.pk/SpeechAddressList.aspx>]; "White House Backing New Plan to Defuse Insurrection in Pakistan," *McClatchy*, August 16, 2006.

In turn, two representatives of the North Waziristan “local mujahideen students” (trans. “Taliban”) agreed to end their attacks on government troops and officials; halt the cross-border movement of insurgents to Afghanistan; and evict all foreigners who did not agree to live in peace and honor the pact.²⁰⁰

News of the truce received lukewarm reception in Washington, where officials took a “wait-and-see” approach to the development. Within weeks there was growing concern among both U.S. government officials and independent analysts that the truce represented a Pakistani “surrender” and had in effect created a sanctuary for extremists, with the rate of Taliban activities in neighboring Afghanistan much increased and the militants failing to uphold their commitments. Still, Islamabad pressed ahead with a plan to extend a similar truce to the Bajaur tribal agency. Only hours before such a deal was to be struck on October 30, 2006, 82 people were killed in a dawn air attack on a madrassa in Chingai, Bajaur. The Pakistani military claimed to have undertaken the attack after the school’s pro-Taliban leader continued to train terrorists and shelter “unwanted foreigners,” yet many observers speculated that the attack had in fact been carried out by U.S. Predator drones, perhaps after intelligence reports placed fugitive Al Qaeda lieutenant al-Zawahri at the site. Nine days later, after a local pro-Taliban militant leader vowed to retaliate against Pakistani security forces, a suicide bomber killed 42 army recruits at a military training camp at Dargai in the NWFP, not far from the sight of the Chingai attack. The bombing was the most deadly attack on the Pakistani military in recent memory.

The FATA in 2007. Instability in the FATA only increased in 2007, with a large trust deficit between government forces and tribal leaders, and a conclusion by top U.S. officials that President Musharraf’s strategy of making truce deals with pro-Taliban militants had failed. In January, the director of the U.S. Defense Intelligence Agency, Lt. Gen. Michael Maples, told a Senate panel that tribal leaders in Waziristan had not abided by most terms of the September 2006 North Waziristan agreement.²⁰¹ In March, Undersecretary of Defense for Policy Eric Edelman reported to the same panel that there was “an almost immediate and steady increase of cross-border infiltration and attacks” just after that agreement had been reached. Some reports even describe anecdotes of the Pakistani military providing fire support for Taliban units operating in Afghanistan.²⁰² The now-defunct September 2006 Waziristan peace deal clearly failed to curb violence and religious militancy in the region and had no apparent effect on the continued cross-border movement of pro-Taliban forces into Afghanistan. Many analysts insist that any such future agreements of this nature are doomed to similar failure in the absence of substantive changes in Pakistan’s fundamental regional and domestic policies.²⁰³

²⁰⁰ A translated version of the pact is at [<http://www.pbs.org/wgbh/pages/frontline/taliban/etc/nwdeal.html>].

²⁰¹ Statement before the Senate Select Committee on Intelligence, January 11, 2007.

²⁰² “U.S. Pays Pakistan to Fight Terror, But Patrols Ebb,” *New York Times*, May 20, 2007.

²⁰³ See, for example, Evangoras Leventis, “The Waziristan Accord,” *Middle East Review of International Affairs* 11,4, December 2007.

In March 2007, battles erupted between tribal forces and Uzbek militants in South Waziristan. Heavy arms — including mortars, large-caliber machineguns, and rockets — were used by both sides, and some 300 people, most of them Uzbeks, were reported killed. President Musharraf later acknowledged that the Pakistani army had provided fire support for what essentially were pro-Taliban tribal forces. The fighting was touted by Islamabad as a sign that its new strategy was paying dividends. Yet such conflict may well have been more about long-brewing local resentments toward Uzbeks, and there was further concern among skeptics that the battles served to strengthen the “Pakistani Taliban” and helped to consolidate their control in the tribal areas.²⁰⁴

By the close of 2007, U.S. intelligence analysts had amassed considerable evidence that Islamabad’s truces with religious militants in the FATA had given Taliban, Al Qaeda, and other Islamist extremists space in which to rebuild their networks. Faced with such evidence, President Musharraf refrained from any change in strategy, saying he was “making adjustments” and would proceed cautiously. A behind-the-scenes diplomatic effort to prod the Musharraf government on its counterterrorism strategy was ramped up during the course of the year, but it may have only been through more public and strongly-worded U.S. criticisms of Pakistan in July that Islamabad was convinced to be more energetic in its militarized efforts.²⁰⁵ A spate of militant attacks on Pakistani military targets during that month, apparently in retaliation for the government’s armed assault on Islamabad’s radical Red Mosque, led Musharraf to further bolster the army’s presence in the region and coincided with an announcement by North Waziristan tribal leaders that they were withdrawing from the September 2006 truce agreement due to alleged government violations. Top Bush Administration officials suggested the tack of seeking accommodation with regional extremist elements should be abandoned.²⁰⁶

Despite acknowledged setbacks, the Bush Administration claims to strongly support Islamabad’s efforts to adopt a more comprehensive approach to include economic and social development, and governance reform in the region, flowing in part from an acknowledgment that purely military solutions are unlikely to succeed.²⁰⁷ Yet international donors and lending agencies appear hesitant to finance projects in the region while the security situation remains tense, and some in the U.S. government reportedly are wary of infusing development aid that could end up in the hands of elements unfriendly to U.S. interests.²⁰⁸ Many analysts insist that only by

²⁰⁴ “Pakistan’s Unlikely Alliances Worry West,” *Chicago Tribune*, April 22, 2007; “The Game Is Up for Uzbeks,” *Dawn* (Karachi), April 5, 2007.

²⁰⁵ “Tougher Stance on Pakistan Took Months,” *Washington Post*, August 5, 2007.

²⁰⁶ “U.S. Boosts Pressure on Musharraf Over Al Qaeda,” Reuters, July 18, 2007.

²⁰⁷ Statement of Assistant Secretary of State for South and Central Asian Affairs Richard Boucher before the House Committee on Foreign Affairs, Subcommittee on Middle East and South Asia, “Regional Overview of South Asia,” March 7, 2007. Pakistani strategy as conveyed by the country’s Ambassador to the United Nations in Munir Akram, “A United Front Against the Taliban,” *New York Times*, April 4, 2007.

²⁰⁸ “Aid to Pakistan in Tribal Areas Raises Concerns,” *New York Times*, July 16, 2007.

bringing the tribal areas under the full writ of the Pakistani state and facilitating major economic development there can the FATA problem be resolved.²⁰⁹

Infiltration into Kashmir and India. Islamabad has been under continuous U.S. and international pressure to terminate the infiltration of separatist militants across the Kashmiri Line of Control (LOC). Such pressure reportedly elicited a January 2002 promise from President Musharraf to then-U.S. Deputy Secretary of State Richard Armitage that all such movements would cease. During a June 2002 visit to Islamabad, Armitage reportedly received another pledge from the Pakistani president, this time an assurance that any existing terrorist camps in Pakistani Kashmir would be closed. Musharraf has assured India that he will not permit any territory under Pakistan's control to be used to support terrorism, and he insists that his government has done everything possible to stop infiltration and shut down militant base camps in Pakistani-controlled territory. Critics contend, however, that Islamabad continues to actively support anti-India militants as a means both to maintain strategically the domestic backing of Islamists who view the Kashmir issue as fundamental to the Pakistani national idea, and to disrupt tactically the state government in Indian Kashmir in seeking to erode New Delhi's legitimacy there.

Positive indications growing from the latest Pakistan-India peace initiative include a cease-fire at the LOC that has held since November 2003 and statements from Indian officials indicating that rates of militant infiltration are down significantly. However, Indian leaders periodically reiterate their complaints that Islamabad has taken insufficient action to eradicate the remaining "infrastructure of terrorism" on Pakistani-controlled territory. With indications that terrorism on Indian soil beyond the Jammu and Kashmir state may have been linked to Pakistan-based terrorist groups, Indian leaders repeat demands that Pakistan uphold its promises to curtail the operations of Islamic militants and violent Kashmiri separatists originating on Pakistani-controlled territory.

Following conflicting reports from Indian government officials about the criminal investigation into July 2006 Bombay terrorist bombings, India's prime minister stated that India had "credible evidence" of Pakistani government complicity in the plot. Islamabad rejected Indian accusations as "propaganda" designed "to externalize an internal [Indian] malaise."²¹⁰ Several other terrorist attacks against Indian targets outside of Kashmir have been linked to Pakistan-based groups, including lethal assaults on civilians in Delhi and Bangalore in 2005, in Varanasi in 2006, and in Hyderabad in 2007. Indian security officials also routinely blame

²⁰⁹ Barnett Rubin and Abubakar Siddique, "Resolving the Pakistan-Afghanistan Stalemate," U.S. Institute of Peace Special Report 176, October 2006; "Pakistan's Tribal Areas: Appeasing the Militants," International Crisis Group Asia Report 125, December 11, 2006; Christine Fair, Nicholas Howenstein, and Alexander Thier, "Troubles on the Pakistan-Afghanistan Border," U.S. Institute for Peace Briefing, December 2006.

²¹⁰ "We Have Credible Evidence: Manmohan," *Hindu* (Madras), October 25, 2006; Pakistan Ministry of Foreign Affairs Media Briefing, October 2, 2006.

Pakistan's intelligence service for assisting the infiltration of Islamist militants into India from Nepal, Bangladesh, and Bhutan, as well as across the Kashmiri LOC.²¹¹

Domestic Terrorism. Pakistan is known to be a base for numerous indigenous terrorist organizations, and the country continues to suffer from terrorism at home. Until a March 2006 car bombing at the U.S. consulate in Karachi that left one American diplomat dead, 21st century attacks on Western targets had been rare, but 2002 saw several acts of lethal anti-Western terrorism, including the kidnaping and murder of reporter Daniel Pearl, a grenade attack on a Protestant church in Islamabad that killed a U.S. Embassy employee, and two car bomb attacks, including one on the same U.S. consulate, which killed a total of 29 people. These attacks, widely viewed as expressions of militants' anger with the Musharraf regime for its cooperation with the United States, were linked to Al Qaeda, as well as to indigenous militant groups, by U.S. and Pakistani officials.

From 2003-2006, Pakistan's most serious domestic terrorism was directed against the country's Shia minority and included suicide bomb attacks that killed scores of people (nearly 60 Sunnis also were killed in a 2006 suicide bombing in Karachi). Indications are that the indigenous Lashkar-e-Jhangvi (LJ) Sunni terrorist group is responsible for the most deadly anti-Shia violence. Two attempts to kill Musharraf in December 2003 and failed efforts to assassinate other top Pakistani officials in mid-2004 were linked to the LJ and other Al Qaeda-allied groups, and illuminated the grave and continuing danger presented by religious extremists.

Following a July 2006 suicide bombing in Karachi that killed a prominent Shiite cleric, Musharraf renewed his pledge to crack down on religious extremists; hundreds of Sunni clerics and activists were subsequently arrested for inciting violence against Shiites through sermons and printed materials. However, serious sectarian and other religiously-motivated violence flared anew in late 2006 and continued in 2007. Bomb attacks, many of them by suicidal extremists motivated by sectarian hatreds, killed scores of people; some reports link the upsurge in such attacks to growing sectarian conflict in Iraq. Since the summer of 2007 and continuing to the time of this writing, most suicide bomb attacks have been perpetrated against Pakistan's security apparatus in apparent retaliation for the army's July raid on Islamabad's radical Red Mosque. By one accounting, Pakistan suffered 60 suicide bomb attacks in 2007 costing 770 lives.

A leading pro-Taliban militant in the South Waziristan tribal agency, Baitullah Mehsud, issued vows to avenge Pakistani military and paramilitary attacks in the region in early 2007; he reportedly has been linked to at least four anti-government suicide bombings in Pakistan and in 2007 emerged as a major challenge to Islamabad's writ in the tribal areas.²¹² Mehsud claims allegiance to Taliban chief Mullah Omar, but his espousal of a pan-Islamic jihad places him ideologically closer

²¹¹ According to India's national security advisor, most terrorist activity in India has been "generated from outside" ("MK Narayanan" (interview), *India Abroad*, September 21, 2007).

²¹² "Doubts Over Peace Deal," *BBC News*, January 17, 2007; "Baitullah Linked to Suicide Attacks, Says FIA Official," *Dawn* (Karachi), March 21, 2007; "Taliban Commander Emerges as Pakistan's 'Biggest Problem,'" *Washington Post*, January 10, 2008.

to Al Qaeda.²¹³ In forging a February 2005 peace accord with Mehsud (a deal that collapsed after 31 months), the Islamabad government essentially ceded territorial control over parts of South Waziristan to the militant leader and several thousand of his loyal armed supporters. Some analysts believe that, by redirecting Pakistan's internal security resources, an increase in militant violence can ease pressure on Al Qaeda and affiliated groups and so allow them to operate more freely there.

Other Security Issues

Pakistan-U.S. Security Cooperation. U.S.-Pakistan security cooperation accelerated rapidly after 2001, and President Bush formally designated Pakistan as a major non-NATO U.S. ally in June 2004. The close U.S.-Pakistan security ties of the cold war era — which came to a near halt after the 1990 aid cutoff — have been restored as a result of Pakistan's role in the U.S.-led anti-terrorism campaign. In 2002, the United States began allowing commercial sales that enabled Pakistan to refurbish at least part of its fleet of American-made F-16 fighter aircraft. In 2005, the United States announced that it would resume sales of new F-16 fighters to Pakistan after a 16-year hiatus. A revived high-level U.S.-Pakistan Defense Consultative Group (DCG) — moribund from 1997 to 2001 — sits for high-level discussions on military cooperation, security assistance, and anti-terrorism; its most recent session came in May 2006. In 2003, a U.S.-Pakistan-Afghanistan Tripartite Commission was established to bring together military commanders for discussions on Afghan stability and border security. Officers from NATO's International Security Assistance Force in Afghanistan have since joined the body.

In response to ever-increasing rates of Islamist-related violence in Pakistan, the Bush Administration reportedly is in 2008 considering giving a freer hand to the CIA and Pentagon to conduct covert military operations in that country's tribal areas. Critics argue that U.S. military intervention is likely to be ineffective and perhaps even counterproductive by alienating the Pakistani army and increasing local support for the militants. Islamabad vigorously rejects any suggestions that foreign military operations will be allowed on Pakistani territory.²¹⁴

Defense Supplies. Major government-to-government arms sales and grants to Pakistan since 2001 have included items useful for counterterrorism operations, along with a number of "big ticket" platforms more suited to conventional warfare. In dollar value terms, the bulk of purchases are made with Pakistani national funds: the Pentagon reports total Foreign Military Sales agreements with Pakistan worth \$4.55 billion for FY2002-FY2007 (in-process sales of F-16 combat aircraft and related equipment account for about three-quarters of this). The United States also has provided Pakistan with nearly \$1.6 billion in Foreign Military Financing (FMF) since 2001, with a "base program" of \$300 million per year beginning in FY2005. These funds are used to purchase U.S. military equipment. Pakistan also has been

²¹³ "Pakistan's Most Wanted: Baitullah Mehsud," *Jane's Terrorism and Security Monitor*, February 16, 2008.

²¹⁴ "U.S. Considers New Covert Push Within Pakistan," *New York Times*, January 6, 2008; "Pakistan Says Won't Let Foreign Troops on Its Soil," Reuters, January 7, 2008.

granted U.S. defense supplies as Excess Defense Articles (EDA). Major post-2001 defense supplies paid for with FMF include the following:

- eight P-3C Orion maritime patrol aircraft and their refurbishment (valued at \$474 million);
- about 5,250 TOW anti-armor missiles (\$186 million; 2,007 delivered);
- more than 5,600 military radio sets (\$163 million);
- six AN/TPS-77 surveillance radars (\$100 million, all delivered and in operation);
- six C-130E transport aircraft and their refurbishment (\$76 million, all delivered and in operation); and
- 20 AH-1F Cobra attack helicopters granted under EDA, then refurbished (\$48 million, 12 delivered, 8 pending refurbishment).

Supplies paid for with a mix of Pakistani national funds and FMF include:

- up to 60 mid-life update kits for F-16A/B combat aircraft (valued at \$891 million, with at least \$335 million of this in FMF; Pakistan's current plans are to purchase 46 of these); and
- 115 M-109 self-propelled howitzers (\$87 million, with \$53 million in FMF).

Notable items paid for entirely with Pakistani national funds include:

- 18 new F-16C/D Block 50/52 combat aircraft, with an option for 18 more (valued at \$1.43 billion);
- F-16 armaments including 500 AMRAAM air-to-air missiles; 1,450 2,000-pound bombs; 500 JDAM bomb tail kits; and 1,600 Enhanced Paveway laser-guided bomb kits (\$667 million);
- 100 Harpoon anti-ship missiles (\$298 million, 88 delivered);
- 500 Sidewinder air-to-air missiles (\$95 million, 300 delivered); and
- six Phalanx close-in naval guns (\$80 million).²¹⁵

While the Pentagon has notified Congress to the possible transfer to Pakistan of three P-3B aircraft as EDA grants that would be modified to carry the E-2C Hawkeye airborne early warning suite in a deal worth up to \$855 million, negotiations have not progressed beyond the notification stage. If implemented, FMF could be used toward this purchase. Major EDA grants since 2001 include 14 F-16A/B combat aircraft and 16 T-37 military trainer jets (20 more are pending). Under Coalition Support Funds (part of the Pentagon budget), Pakistan received 26 Bell 412 helicopters, along with related parts and maintenance, valued at \$235 million. The Defense Department has characterized F-16 fighters, P-3C patrol aircraft, and anti-armor missiles as having significant anti-terrorism applications. The State Department claims that, since 2005, FMF funds have been “solely for

²¹⁵ Data reported by the U.S. Department of Defense. See also CRS Report RS22757, *U.S. Arms Sales to Pakistan*.

counterterrorism efforts, broadly defined.”²¹⁶ Such claims elicit skepticism from some analysts.

Other security-related U.S. assistance programs for Pakistan are said to be aimed especially at bolstering Islamabad’s counterterrorism and border security efforts, and have included U.S.-funded road-building projects in the NWFP and FATA; and the provision of night-vision equipment, communications gear, protective vests, and transport helicopters and aircraft. The United States also has undertaken to train and equip new Pakistan Army Air Assault units that can move quickly to find and target terrorist elements. Modest U.S.-funded military education and training programs seek to enhance the professionalism of Pakistan’s military leaders, and develop respect for rule of law, human rights, and democratic values. According to the U.S. Director of National Intelligence, “Pakistan’s law and order problems arising from tribal and religious militancy can be effectively addressed in the long term only if police and paramilitary forces can more reliably provide justice and border security. All of these administrative reforms require effective political leadership focused on improving the capabilities of Pakistani institutions for effective governance and development of economic opportunity.”²¹⁷

Some reports indicate that U.S. military assistance to Pakistan has failed to effectively bolster the paramilitary forces battling Islamist militants in western Pakistan. Such forces are said to remain underfunded, poorly trained, and “overwhelmingly outgunned.”²¹⁸ The Bush Administration has launched an initiative to strengthen the capacity of the Frontier Corps (FC), an 80,000-man paramilitary force overseen by the Pakistani Interior Ministry. The FC has primary responsibility for border security in the NWFP and Baluchistan provinces. The Pentagon in 2007 began using its funds to train and equip the FC, as well as to increase the involvement of the U.S. Special Operations Command in assisting with Pakistani counterterrorism efforts. Fewer than 100 Americans reportedly have been engaged in training Pakistan’s elite Special Service Group commandos with a goal of doubling that force’s size to 5,000.²¹⁹

One former Pakistani police official, presently a Harvard-based analyst, opines that, without fundamental structural reforms, the prospects for meaningfully improving Frontier Corps capabilities are dim. Among his recommended changes are the appointment of more local tribesmen into command positions and a restoration of the authority of local political agents.²²⁰ A potential effort to bolster the capabilities of tribal leaders near the Afghan border would target that region’s Al

²¹⁶ See [<http://www.state.gov/p/sca/rls/rm/2007/97946.htm>].

²¹⁷ See [http://www.dni.gov/testimonies/20080227_testimony.pdf].

²¹⁸ “U.S. Aid to Pakistan Misses Al Qaeda Target,” *Los Angeles Times*, November 5, 2007.

²¹⁹ “Pentagon Draws Up Plans to Train, Expand Pakistani Frontier Corps,” *Agence France-Presse*, November 19, 2007; “U.S. to Step Up Training of Pakistanis,” *Washington Post*, January 24, 2008; “Joint Chiefs Chairman and Musharraf Discuss Terror Threat,” *New York Times*, February 10, 2008.

²²⁰ Hassan Abbas, “Transforming Pakistan’s Frontier Corps,” *Terrorism Monitor*, March 29, 2007.

Qaeda elements and be similar to U.S. efforts in Iraq's Anbar province. Employing this tack in Pakistan presents new difficulties, however, including the fact that the "neo-Taliban" is not alien to Pakistan's western regions but is, in fact, comprised of the tribals' ethnolinguistic brethren.²²¹

U.S. security assistance to Pakistan's civilian sector is aimed at strengthening the country's law enforcement capabilities through basic police training, provision of advanced identification systems, and establishment of a new Counterterrorism Special Investigation Group. U.S. efforts may be hindered by Pakistani shortcomings that include poorly trained and poorly equipped personnel who generally are underpaid by ineffectively coordinated and overburdened government agencies.²²² A 2008 think-tank report asserts that Pakistan's police and civilian intelligence agencies are better suited to combatting insurgency and terrorism than are the country's regular army. It finds that Pakistan's police forces are "incapable of combating crime, upholding the law, or protecting citizens and the state against militant violence," and places the bulk of responsibility on the politicization of the police forces. The report recommends sweeping reforms to address corruption and human rights abuses.²²³

Renewed F-16 Sales and Congressional Concerns.²²⁴ In June 2006, the Pentagon notified Congress of a possible Foreign Military Sale to Pakistan worth up to \$5.1 billion. The deal involves 18 newly-built advanced F-16 combat aircraft (and an option for 18 more), along with related munitions and equipment, and represents the largest-ever weapons sale to Pakistan. Associated munitions for new F-16s and for mid-life upgrades on others include 500 AMRAAM air-to-air missiles and thousands of gravity and "smart" bombs. Congressional concerns about the sale and displeasure at the Bush Administration's apparently improper notification procedures spurred a July 2006 hearing of the House International Relations Committee. During that session, many Members worried that F-16s were better suited to fighting India than to combating terrorists; some warned that U.S. military technology could be passed from Pakistan to China. The State Department's lead official on political-military relations sought to assure the committee that the sale would serve U.S. interests by strengthening the defense capabilities of a key ally without disturbing the regional balance of power and that all possible measures would be taken to prevent the onward transfer of U.S. technologies. H.J.Res. 93, disapproving the proposed sale, was introduced in the House, but died in committee.

Secretary of State Rice subsequently informed Congress that no F-16 combat aircraft or related equipment would be delivered to Pakistan until Islamabad provided

²²¹ "U.S. Hopes to Arm Pakistani Tribes Against Al Qaeda," *New York Times*, November 19, 2007; Peter Brookes, "The Tribal Option" (op-ed), *New York Post*, November 20, 2007; "Will Iraq Playbook Work in Pakistan?," *Christian Science Monitor*, January 15, 2008.

²²² See, for example, Seth Jones, et al., "Securing Tyrants or Fostering Reform?," RAND Corporation Monograph, January 7, 2007.

²²³ "Reforming Pakistan's Police," International Crisis Group Asia Report No. 157, July 14, 2008.

²²⁴ See also CRS Report RL33515, *Combat Aircraft Sales to South Asia*.

written security assurances that U.S. technology will not be accessible by third parties. Islamabad has denied that any “extraordinary” security requirements were requested; however, congressional concerns appear to have been satisfactorily addressed. After further negotiations on specifics, including a payment process that will require a major outlay from the Pakistani treasury, the United States and Pakistan signed a September 2006 letter of acceptance for the multi-billion dollar F-16 deal. Since then, several major U.S. defense corporations have won contracts worth hundreds of millions of dollars to supply F-16 parts and munitions to Pakistan, including a December 2007 award to Lockheed-Martin worth about \$500 million.

Nuclear Weapons and Missile Proliferation.²²⁵ Many policy analysts consider an apparent arms race between India and Pakistan to be among the most likely potential causes of the future use of nuclear weapons by states. In May 1998, India conducted unannounced nuclear tests, breaking a 24-year, self-imposed moratorium on such testing. Despite U.S. and world efforts to dissuade it, Pakistan quickly followed. The tests created a global storm of criticism and represented a serious setback to two decades of U.S. nuclear nonproliferation efforts in South Asia. Pakistan currently is believed to have enough fissile material, mainly enriched uranium, for 55-90 nuclear weapons; India, with a program focused on plutonium, may be capable of building a similar number. Both countries have aircraft capable of delivering nuclear bombs (U.S.-supplied F-16 combat aircraft in Pakistan’s air force reportedly have been refitted to carry nuclear bombs).²²⁶ Pakistan’s military has inducted short- and medium-range ballistic missiles (allegedly acquired from China and North Korea), while India possesses short- and intermediate-range missiles. Both countries have tested cruise missiles with radar-evading capabilities. All missiles are assumed to be capable of delivering nuclear warheads over significant distances. In 2000, Pakistan placed its nuclear forces under the control of a National Command Authority led by the president. According to the most recent global threat assessment by the U.S. Director of National Intelligence, “Although both New Delhi and Islamabad are fielding a more mature strategic nuclear capability, they do not appear to be engaged in a Cold War-style arms race for numerical superiority.”²²⁷

The A.Q. Khan Nuclear Proliferation Network.²²⁸ Sensitive Pakistani nuclear materials and technologies have illicitly been transferred to third parties. Press reports in late 2002 suggested that Pakistan assisted Pyongyang’s covert nuclear weapons program by providing North Korea with uranium enrichment materials and technologies beginning in the mid-1990s and as recently as July 2002. Islamabad rejected such reports as “baseless,” and then-Secretary of State Powell was assured that no such transfers were occurring. If such assistance is confirmed by President Bush, all non-humanitarian U.S. aid to Pakistan may be suspended,

²²⁵ See also CRS Report RL32115, *Missile Proliferation and the Strategic Balance in South Asia*, and CRS Report RL34248, *Pakistan’s Nuclear Weapons*.

²²⁶ “Pakistan Jets Said to be Nuclear-Capable,” Associated Press, July 25, 1989.

²²⁷ Statement of J. Michael McConnell before the Senate Select Committee on Intelligence, February 5, 2008, at [<http://intelligence.senate.gov/080205/mcconnell.pdf>].

²²⁸ See also CRS Report RL32745, *Pakistan’s Nuclear Proliferation Activities and the Recommendations of the 9/11 Commission*.

although the President has the authority to waive any sanctions that he determines would jeopardize U.S. national security. In early 2003, the Administration determined that the relevant facts “do not warrant imposition of sanctions under applicable U.S. laws.” Press reports during 2003 suggested that both Iran and Libya benefitted from Pakistani nuclear assistance. Islamabad denied any nuclear cooperation with Tehran or Tripoli, although it conceded in December 2003 that certain senior scientists were under investigation for possible “independent” proliferation activities.

The investigation led to the February 2004 “public humiliation” of metallurgist Abdul Qadeer Khan, known as the founder of Pakistan’s nuclear weapons program and a national hero, when he confessed to involvement in an illicit nuclear smuggling network. Khan and at least seven associates were said to have sold crucial nuclear weapons technology and uranium-enrichment materials to North Korea, Iran, and Libya. Such technology may have included complete blueprints for an advanced nuclear weapon design.²²⁹ President Musharraf, citing Khan’s contributions to his nation, issued a pardon that was later called conditional.²³⁰ The United States has been assured that the Islamabad government had no knowledge of such activities and indicated that the decision to pardon is an internal Pakistani matter. Some independent observers insist that Khan’s activities were, in fact, well known to top Pakistani authorities and that elements of the U.S. government turned a blind eye to the proliferation while seeking Pakistan’s continued cooperation with other foreign policy efforts.²³¹ Khan himself has alleged that at least one illicit shipment of uranium enrichment equipment to North Korea was supervised by the Pakistani army with the consent of then-Army Chief Musharraf. A spokesman for Musharraf called the allegations “lies.”²³²

While President Musharraf did promise President Bush that all information learned about Khan’s proliferation network would be shared, Pakistan has refused to allow any direct access to Khan by U.S. or international investigators. In May 2006, days after releasing from detention nuclear scientist and suspected Khan collaborator Mohammed Farooq, the Islamabad government declared the investigation “closed.” Some in Congress remained skeptical, however, and a House panel subsequently held a hearing at which three nongovernmental experts insisted that U.S. and international investigators be given direct access to Khan, in particular to learn more about assistance given to Iran’s nuclear program. Some analysts even claim that Iran’s strides in uranium enrichment and the related international crisis are almost wholly

²²⁹ “Smugglers Had Design for Advanced Warhead,” *Washington Post*, June 15, 2008.

²³⁰ In May 2007, Pakistan’s Ambassador to the United States reportedly said that if Khan had not been a national hero, “we would have strung him from the highest tree” (“A ‘Worrisome’ Time in Pakistan” [interview], *USA Today*, May 23, 2007).

²³¹ See, for example, Adrian Levy and Catherine Scott-Clark, *Deception: Pakistan, the United States, and the Secret Trade in Nuclear Weapons* (Walker & Company, 2007).

²³² “Pakistani Says Army Knew Atomic Parts Were Shipped,” *Associated Press*, July 5, 2008.

attributable to Khan's past assistance to Tehran's nuclear program.²³³ No alleged Pakistani participants have faced criminal charges in the case.

In May 2007, a London-based think tank released a report on the Khan network, finding that "at least some of Khan's associates appear to have escaped law enforcement attention and could, after a period of lying low, resume their black-market business."²³⁴ Shortly after, a House panel held another hearing on the Khan network; several Members and nongovernmental expert witnesses called for Pakistan to allow direct access to Khan for U.S. investigators.

In July 2007, Islamabad reportedly eased house arrest restrictions on Khan, although the Foreign Ministry denied any change in Khan's status. A Foreign Ministry spokesman in April 2008 said no foreign countries were seeking access to Khan as, internationally, the issue is "a closed chapter." The new government appears to have dropped some of the earlier restrictions on Khan's movement and communications. In May 2008, Khan reneged on his 2004 confession, saying its "false allegations" were made only under pressure from the Musharraf government. In July 2008, the Pakistani government relaxed travel and communications restrictions on Khan even as it persuaded a judge to bar Khan from speaking about nuclear proliferation.²³⁵ The U.S. government remains "very concerned" about Khan's smuggling network. A high-ranking U.S. intelligence official has called the security of Pakistan's nuclear weapons a "number one" worry for the United States that is tracked as a continuing high priority.²³⁶

Major New Plutonium Facilities? Revelations in 2006 that Pakistan is constructing a major heavy water nuclear reactor at the Khushab complex brought a flurry of concern from analysts who foresee a regional competition in fissile material production, perhaps including China. A subsequent report identified a third plutonium production reactor at Khushab. Upon completion, which could be several years away, two new reactors with combined 1,000-megawatt capacity might boost Pakistan's weapons-grade plutonium production capabilities to more than 200 kilograms per year, or enough for up to 50 nuclear weapons. Moreover, a 2007 report warned that Pakistan may soon be reprocessing weapons-grade plutonium at its Chashma facility, further adding to its potential stockpile and aiding in the development of thermonuclear weapons.²³⁷ While Islamabad does not comment directly on the constructions, government officials there insist that Pakistan will

²³³ Douglas Frantz and Catherine Collins, "Pakistan's Dr. Doom" (op-ed), *Los Angeles Times*, December 2, 2007.

²³⁴ See [<http://www.iiss.org/publications/strategic-dossiers/nbm>].

²³⁵ "Atom Export Restrictions 'Eased.'" *BBC News*, May 22, 2008; "Khan: Pakistan Claims 'Are False,'" *BBC News*, May 29, 2008; "US Fears Over A.Q. Khan Nuclear Ring," *Financial Times* (London), June 15, 2008; "Court Silences Pakistan Nuclear Scientist," *Associated Press*, July 21, 2008.

²³⁶ ODNI official's statement at [http://www.dni.gov/speeches/20080529_speech.pdf].

²³⁷ See David Albright and Paul Brannan, June 21, 2007, at [<http://www.isis-online.org/publications/southasia/ThirdKhushabReactor.pdf>]; and January 18, 2007, at [<http://www.isis-online.org/publications/southasia/chashma.pdf>].

continue to update and consolidate its nuclear program for the purpose of minimum credible deterrence. The Bush Administration responded to the 2006 revelations by claiming it had been aware of Pakistani plans and that it discourages the use of the facilities for military purposes.²³⁸

Pakistan's Nuclear Transparency and Security.²³⁹ During 2006, Islamabad appeared to launch a public relations effort aimed at overcoming the stigma caused by Khan's proliferation activities. The effort included dispatching to Washington the chief of the country's Strategic Plans Division, Khalid Kidwai, a retired lieutenant general who attempted to make more transparent Pakistan's nuclear command and control structure, and who acknowledged that Pakistan's past proliferation record had been "poor and indefensible."²⁴⁰

Among the most urgent concerns of U.S. officials during Pakistan's political crises has been the security of Pakistan's nuclear weapons and materials, which could be degraded as instability persists. While the danger of Islamist extremist gaining possession of a nuclear explosive device is considered remote, the risk of rogue scientists or security officials seeking to sell nuclear materials and/or technology is seen to be higher in a setting of deteriorating security conditions. Pentagon officials backpedaled from expressions of concern immediately following the November 2007 emergency imposition in Pakistan, saying they believed the country's nuclear arsenal was "under the appropriate control." The United States reportedly has spent nearly \$100 million since 2001 on a classified program to help secure Pakistan's strategic weapons. Islamabad says the amount is closer to \$10 million and it emphatically rejects suggestions that the country's nuclear arsenal is anything but fully secure.²⁴¹

Most analysts appear to have concluded that the security of Pakistan's nuclear weapons and facilities is much improved in recent years. Some note that periods of interstate crisis between Pakistan and India can be particularly dangerous in the context of nuclear security, when Pakistan's warheads are more likely to be mobilized and so are outside of their heavily-guarded storage sites.²⁴² More worrisome, many claim, is the possibility that Pakistan's nuclear know-how or technologies could remain prone to leakage.²⁴³ In his February 2008 threat assessment

²³⁸ "U.S. Says It Knew Of Pakistani Reactor Plan," *Washington Post*, July 25, 2006.

²³⁹ See also CRS Report RL34248, *Pakistan's Nuclear Weapons*.

²⁴⁰ Speech at the Carnegie Endowment for International Peace, Washington, DC, October 24, 2006.

²⁴¹ "Pakistan's Nuclear Arsenal a U.S. Worry," *Los Angeles Times*, November 8, 2007; "US Says Not Concerned About Pakistani Nukes," Reuters, November 14, 2007; "U.S. Secretly Aids Pakistan in Guarding Nuclear Arms," *New York Times*, November 18, 2007; Pakistan Foreign Ministry statements at [http://www.mofa.gov.pk/Spokesperson/2007/Nov/Spokes_12_11_07.htm] and [http://www.mofa.gov.pk/Press_Releases/2007/Nov/PR_281_07.htm].

²⁴² Statement of Michael Krepon before the Senate Committee on Homeland Security and Governmental Affairs, June 12, 2008.

²⁴³ See, for example, Andrew Koch and Kristin Rayhack, "Political Fallout: The Threat to (continued...)

for the Senate Armed Services Committee, Director of National Intelligence McConnell offered the conclusions of the U.S. intelligence community:

We judge the ongoing political transition in Pakistan has not seriously threatened the military's control of the nuclear arsenal, but vulnerabilities exist. The Pakistan Army oversees nuclear programs, including security responsibilities, and we judge that the Army's management of nuclear policy issues — to include physical security — has not been degraded by Pakistan's political crisis.²⁴⁴

Even India's national security advisor — a figure not expected to downplay the dangers — has stated an opinion that Pakistan's nuclear arsenal is “largely safe.”²⁴⁵ Still, in January 2008, IAEA Director-General Mohammed ElBaradei expressed fear that continued “chaos” could lead to Pakistan's nuclear weapons falling into the hands of extremist elements. Unsurprisingly, the Islamabad government angrily rejected such fears as unrealistic, but even some Pakistani commentators aver that such warnings should not be dismissed.²⁴⁶

Pakistan reportedly has since 2005 been employing a multilayered system of checks that most prominently includes a Personnel Reliability Program modeled after that used by the United States. The program carefully vets and monitors potential and serving employees at the country's nuclear facilities with a particular emphasis on religious sentiments. Other aspects include biometric scanners and what Pakistani officials call their indigenously developed versions of Permissive Action Links (PALs), sophisticated locks put on U.S. nuclear weapons to prevent their unauthorized use. The Strategic Plans Division claims that 10,000 soldiers are devoted to the task of guarding the country's nuclear weapons. Reports of U.S. “war-gaming” scenarios to intervene in Pakistan to secure the country's nuclear weapons in a crisis suggest that U.S. options are severely limited and that the cooperation of the Pakistani government and military would be crucial to the success of such efforts. Such reports may themselves antagonize Islamabad.²⁴⁷

U.S. Nonproliferation Policy. The United States has long sought to halt or limit the proliferation of nuclear weapons in South Asia. In May 1998, following the Indian and Pakistani nuclear tests, President Clinton imposed full restrictions on all non-humanitarian aid to both countries as mandated under Section 102 of the Arms Export Control Act. However, Congress and the President acted almost immediately

²⁴³ (...continued)

Pakistan's Nuclear Stability,” *Jane's Intelligence Review*, January 1, 2008.

²⁴⁴ See [http://www.dni.gov/testimonies/20080227_testimony.pdf].

²⁴⁵ Farhan Bokhari, “Pakistan's Nuclear Assets — Myths Vs Reality” (op-ed), *Tehran Times*, December 11, 2007; “Pakistan Nukes Safely Guarded: Narayanan,” *Hindu* (Chennai), December 18, 2007.

²⁴⁶ “Pakistan Rejects IAEA Chief's Concerns, *United Press International*, January 9, 2008; “Why is the World Scared of Pakistan?” (editorial), *Daily Times*, January 10, 2008.

²⁴⁷ “Inside Pakistan's Drive to Guard It's A-Bombs,” *Wall Street Journal*, November 29, 2007; “Pakistan Says Its Nuclear Assets Are Safe From Militants,” Associated Press, January 26, 2008; “Calculating the Risks in Pakistan,” *Washington Post*, December 2, 2007.

to lift certain aid restrictions and, in October 2001, all remaining nuclear-related sanctions on Pakistan (and India) were removed. Officially, the United States has continued to urge Pakistan and India to join the Nuclear Nonproliferation Treaty (NPT) as non-nuclear weapon states and it offers no official recognition of their nuclear weapons capabilities, which exist outside of the international nonproliferation regime.

During the latter years of the Clinton Administration, the United States set forth nonproliferation “benchmarks” for Pakistan and India, including halting further nuclear testing and signing and ratifying the Comprehensive Test Ban Treaty (CTBT); halting fissile material production and pursuing Fissile Material Control Treaty negotiations; refraining from deploying nuclear weapons and testing ballistic missiles; and restricting any and all exportation of nuclear materials or technologies. The results of U.S. efforts were mixed, at best, and neither Pakistan nor India are signatories to the CTBT or the NPT. The Bush Administration quickly set aside the benchmark framework. However, concerns about onward proliferation, fears that Pakistan could become destabilized by the U.S.-led counterterrorism efforts in Afghanistan, and concern over the issue of political succession in Islamabad have heightened U.S. attention to weapons proliferation in the region. Some Members of Congress have identified “contradictions” in U.S. nonproliferation policy toward South Asia, particularly as related to the Senate’s rejection of the CTBT and indications that the United States seeks to build new nuclear weapons. Section 1601 of the Foreign Relations Authorization Act of FY2003 (P.L. 107-228) outlined congressionally mandated U.S. nonproliferation objectives for Pakistan and India.²⁴⁸

Pakistan-India Tensions and the Kashmir Issue. In the interests of regional stability, the United States strongly encourages an ongoing Pakistan-India peace initiative and remains concerned about the potential for long-standing disagreements to cause open hostilities between these two nuclear-armed countries. Relations between Pakistan and India remain deadlocked on the issue of Kashmiri sovereignty, and a separatist rebellion has been underway in the region since 1989. Tensions were extremely high in the wake of the Kargil conflict of 1999, when an incursion by Pakistani soldiers led to a bloody six-week-long battle. Throughout 2000 and 2001, cross-border firing and shelling caused scores of both military and civilian deaths. A July 2001 Pakistan-India summit meeting failed to produce even a joint statement, reportedly due to pressure from hardliners on both sides. Major

²⁴⁸ These include continuation of a nuclear testing moratorium; commitments not to deploy nuclear weapons; commitments not to deploy ballistic missiles that can carry nuclear weapons and to restrain the ranges and types of missiles developed or deployed; agreement by both governments to bring their export controls in accord with the guidelines and requirements of the Nuclear Suppliers Group and other international guidelines; establishment of a modern, effective systems to control the export of sensitive dual-use items related to WMD; and the conduct of bilateral meetings between senior Pakistani and Indian officials to discuss security issues and establish confidence-building measures with respect to nuclear policies and programs. The act also makes it the policy if the United States to encourage and work with the Pakistani and Indian governments to establish “effective systems to protect and secure their nuclear devices and materiel from unauthorized use, accidental employment, or theft” (without recognizing those countries as nuclear weapon states as defined in the NPT).

stumbling blocks were India's refusal to acknowledge the "centrality of Kashmir" to future talks and Pakistan's objection to references to "cross-border terrorism."

The 2002 Crisis. Then-Secretary of State Powell visited South Asia in October 2001 in an effort to ease escalating tensions over Kashmir, but a bombing at the Jammu and Kashmir state assembly building later that month was followed by a December assault on the Indian Parliament in New Delhi (both incidents were blamed on Pakistan-based terrorist groups). India mobilized some 700,000 troops along the Pakistan-India frontier and threatened war unless Islamabad ended all "cross-border infiltration" of Islamic militants. This action triggered a corresponding Pakistani military mobilization. Under significant international diplomatic pressure (and likely also the threat of India's use of force), President Musharraf in January 2002 gave a landmark address in which he vowed to end the presence of terrorist entities on Pakistani soil, and he outlawed five militant groups, including those most often named in attacks in India: Lashkar-e-Taiba and Jaish-e-Mohammed.²⁴⁹

Despite the Pakistani pledge, infiltrations into Indian-held Kashmir continued, and a May 2002 terrorist attack on an Indian army base at Kaluchak killed 34, most of them women and children. This event again brought Pakistan and India to the brink of full-scale war, and caused Islamabad to recall army troops from patrol operations along the Pakistan-Afghanistan border. Intensive international diplomatic missions to South Asia reduced tensions during the summer of 2002 and appeared to have prevented the outbreak of war. Numerous top U.S. officials were involved in the effort and strenuously urged the two countries to renew bilateral dialogue.²⁵⁰

The Most Recent Peace Process. Pakistan and India began full military draw-downs in October 2002 and, after a cooling-off period, a "hand of friendship" offer to Pakistan by the Indian prime minister in April 2003 led to the restoration of full diplomatic relations. Yet surging separatist violence that summer contributed to an exchange of sharp rhetoric between Pakistani and Indian leaders at the United Nations, casting doubt on the nascent peace effort. A new confidence-building initiative got Pakistan and India back on a positive track, and a November 2003 cease-fire was initiated after a proposal by then-Pakistani Prime Minister Z.K. Jamali. President Musharraf subsequently suggested that Pakistan might be willing to "set aside" its long-standing demand for a plebiscite in Kashmir, a proposal welcomed by the United States, but called a "disastrous shift" in policy by Pakistani opposition parties.

Although militant infiltration did not end, New Delhi acknowledged that it was significantly decreased and, combined with other confidence-building measures, relations were sufficiently improved that the Indian prime minister attended a January 2004 summit meeting of the South Asian Association for Regional Cooperation in Islamabad. There Pakistan and India issued a joint "Islamabad Declaration" calling for a renewed "Composite Dialogue" to bring about "peaceful settlement of all

²⁴⁹ Text at [<http://www.presidentofpakistan.gov.pk/FilesSpeeches/Addresses/1020200475758AMword%20file.pdf>]

²⁵⁰ See Polly Nayak and Michael Krepon, "US Crisis Management in South Asia's Twin Peaks Crisis" at [<http://www.stimson.org/southasia/pdf/USCrisisManagement.pdf>].

bilateral issues, including Jammu and Kashmir, to the satisfaction of both sides.”²⁵¹ A major confidence-building development came in April 2005, when a new bus service was launched linking Muzaffarabad in Pakistani Kashmir and Srinagar in Indian Kashmir, and a summit meeting produced an agreement to address the Kashmir issue “in a forward looking manner for a final settlement.” Still, many Kashmiris reject any settlement process that excludes them.

Even as the normalization of India-Pakistan relations moves forward — and likely in reaction to their apparent marginalization in the face of this development — separatist militants have continued their attacks, and many observers in both India and the United States believe support for Kashmiri militants remains Pakistani state policy. Yet many indicators show positive long-term trends. Steadily reduced rates of infiltration may be attributed to the endurance of the Pakistan-India dialogue. Moreover, President Musharraf made notable efforts to exhibit flexibility, including late 2006 statements that Pakistan is “against independence” for Kashmir, and his offering of a four-point proposal that would lead to “self-governance ... falling between autonomy and independence.”²⁵² This was seen by many analysts as being roughly in line with New Delhi’s Kashmir position. Indeed, the Indian prime minister welcomed Musharraf’s proposals. Prospects for a government-to-government accommodation may thus be improved. However, political and security crises in Pakistan slowed the process in 2007. Following the seating of a new civilian government in Islamabad in early 2008, dialogue resume in May.

Baluchistan Unrest. Pakistan’s vast southwestern Baluchistan province is about the size of California and accounts for 44% of the country’s land area, but only 5% of its population. The U.S. military has made use of bases in the region to support its operations in neighboring Afghanistan. The province is the proposed setting for a pipeline that would deliver Iranian natural gas to both Pakistan and India, a project which, if brought to fruition, could bring hundreds of millions of dollars in annual transit fees to Islamabad’s national treasury, but conflict in Baluchistan reduces the appeal to investors of building a pipeline across the province. The presence in Baluchistan of Jundallah, a trans-border militant group that claims to fight on behalf of Baloch rights, has caused friction between Islamabad and Tehran. More broadly, such problems raise serious questions about Pakistan’s internal stability and national cohesion.²⁵³

Over the decades of Pakistani independence, many of the ethnic Baloch and some of the Pashtun tribes who inhabit this relatively poor and underdeveloped province have engaged in armed conflict with federal government forces, variously seeking more equitable returns on the region’s rich natural resources, greater autonomy under the country’s federal system, or even outright independence and formation of a Baloch state that might include ethnic brethren and some territories of both Afghanistan and Iran. Non-Baloch (mostly Punjabis) have been seen to

²⁵¹ [http://www.indianembassy.org/press_release/2004/jan/07.htm].

²⁵² “Pakistani Says Concessions Could Produce Kashmir Pact,” *New York Times*, December 6, 2006.

²⁵³ See “Simmering Balochistan,” *Jane’s Islamic Affairs Analyst*, March 1, 2008.

benefit disproportionately from provincial mineral and energy extraction projects, and indigenous Baloch were given only a small role in the construction of a major new port at Gwadar. Many Baloch thus complain of being a marginalized group in their own homeland. Long-standing resentments sparked armed conflicts in 1948, 1958, and 1973. The latter insurrection, which lasted four years, involved tens of thousands of armed guerillas and brought much destruction to the province; it was put down only after a major effort by the Pakistan Army, which made use of combat helicopters provided by Iran. Some 8,000 rebels and Pakistani soldiers were killed.

The Current Conflict. Mid-2004 saw an increase in hit-and-run attacks on army outposts and in the sabotage of oil and gas pipelines. The alleged rape of a Baloch doctor by Pakistani soldiers in 2005 sparked provincial anger and a major spike in separatist violence over the course of the year. In December of that year, rockets were fired at a Baluchistan army camp during a visit to the site by President Musharraf. A Baloch separatist group claimed responsibility and the Pakistani military began major offensive operations to destroy the militants' camps. In the midst of increasingly heavy fighting in January 2006, Musharraf openly accused India of arming and financing militants fighting in Baluchistan. New Delhi categorically rejected the allegations. U.N. and other international aid groups soon suspended their operations in Baluchistan due to security concerns. Shortly after, Baloch militants shot and killed three Chinese engineers and their Pakistani driver, causing disruption in Islamabad-Beijing relations.

Fighting waned in the middle of 2006, with hundreds of rebels surrendering in return for amnesty. The main rebel tribal leader and onetime Baluchistan chief minister, 79-year-old Nawab Akbar Bugti, had gone into hiding and was believed cut off from his own forces. In August, Bugti was located in a cave hideout and was killed by Pakistan army troops in a battle that left dozens of soldiers and rebels dead. Recognizing Bugti's popularity among wide segments of the Baloch populace and of the potential for his killing to provide martyr status, government officials denied the tribal leader had been targeted. Nevertheless, news of his death spurred major unrest across the province and beyond, with hundreds of arrests in the midst of large-scale street demonstrations. Bugti's killing was criticized across the spectrum of Pakistani politicians and analysts, with some commentators calling it a Pakistani Army miscue of historic proportions.²⁵⁴ Days of rioting included numerous deaths and injuries, but the more dire predictions of spreading unrest and perhaps even the disintegration of Pakistan's federal system did not come to pass. By October 2006, Pakistan's interior minister was claiming a "normalization" and decrease in violence in Baluchistan, although a low-intensity insurgency continued and the overarching problem remained unresolved.²⁵⁵

President Musharraf has called Baloch rebels "miscreants" and "terrorists;" the Islamabad government officially banned the separatist Baluchistan Liberation Army as a terrorist organization in 2006 and at times suggests that Baloch militants are

²⁵⁴ "Bugti's Killing Is the Biggest Blunder Since Bhutto's Execution" (editorial), *Daily Times* (Lahore), August 28, 2006.

²⁵⁵ See also "Pakistan: The Forgotten Conflict in Balochistan," International Crisis Group Asia Briefing No. 69, October 22, 2007.

religious extremists. Yet most rebel attacks are taken against military and infrastructure targets, and — despite an apparent government campaign to link the two movements — Islam appears to play little or no role as a motive for Baloch militancy.²⁵⁶ Pakistan's new civilian dispensation has undertaken efforts to peacefully resolve the Baluchistan dispute. In May 2008, the Islamabad government freed a Baloch nationalist leader and former provincial chief minister, Akhtar Mengal, who had been imprisoned for two years. The move was seen as a peace gesture toward the troubled province.²⁵⁷ Yet major July 2008 skirmishes between Baloch militants and security forces left several dozen people dead near Dera Bugti.

Narcotics.²⁵⁸ In September 2007, President Bush again named Pakistan (along with both Afghanistan and India) among the world's 20 "major drug transit or major illicit drug producing" countries.²⁵⁹ Pakistan is a major transit country for opiates that are grown and processed in Afghanistan then distributed worldwide by Pakistan-based traffickers. The State Department indicates that Pakistan's cooperation on drug control "remains strong," and the Islamabad government has made impressive strides in eradicating indigenous opium poppy cultivation. However, the Department's most recent *International Narcotics Control Strategy Report* (issued March 2008) asserted that "the imperative of combating militants in the FATA diverted resources and political attention away from Pakistan's goal of returning to a poppy-free status and Pakistan saw an increase of poppy cultivation in 2007." It also expressed concern that Pakistan's long-anticipated Master Drug Control Plan, expected in early 2007, is yet to be approved.²⁶⁰

Opium production spiked in post-Taliban Afghanistan and is at all-time high, supplying more than 90% of the world's heroin.²⁶¹ Elements of Pakistan's intelligence agency are suspected of past involvement in drug trafficking; in 2003, a former U.S. Ambassador to Pakistan told a House panel that their role in the heroin trade from 1997-2003 was "substantial."²⁶² The State Department finds no evidence that the Islamabad government or any of its senior officials are complicit in narcotics trafficking, but concedes that low government salaries and endemic societal corruption contribute to lower-level complicity.²⁶³ The Pakistani criminal network involved in production, processing, and trafficking is described as being "enormous, highly motivated, profit-driven, ruthless, and efficient." Taliban militants are

²⁵⁶ "Musharraf Sees Foreign Hand in Baluchistan Insurgency," *Dawn* (Karachi), August 5, 2008; Frederic Grare, "Pakistan: The Resurgence of Baluch Nationalism," Carnegie Paper No. 65, January 2006.

²⁵⁷ "Pakistani Court Frees Musharraf Opponent," *Agence France -Presse*, May 9, 2008.

²⁵⁸ See also CRS Report RL32686, *Afghanistan: Narcotics and U.S. Policy*.

²⁵⁹ See [<http://www.state.gov/p/inl/rls/prsrl/ps/92155.htm>].

²⁶⁰ See [<http://www.state.gov/p/inl/rls/nrcrpt/2008/vol1/html/100779.htm>].

²⁶¹ United Nations, *World Drug Report 2007*. See also "Is Afghanistan a Narco-State?," *New York Times*, July 27, 2008.

²⁶² Statement of Amb. Wendy Chamberlain before the House International Relations Subcommittee on Asia and the Pacific, March 20, 2003.

²⁶³ See [<http://www.state.gov/p/inl/rls/nrcrpt/2008/vol1/html/100779.htm>].

reported to benefit significantly by taxing Afghan farmers and extorting traffickers.²⁶⁴ Other reports indicate that profits from drug sales are financing the activities of Islamic extremists in Pakistan and Kashmir.

U.S. counternarcotics programs aim to assist Pakistan in fortifying its borders and coast against drug trafficking and terrorism, support expanded regional cooperation, encourage Pakistani efforts to eliminate poppy cultivation, and inhibit further cultivation. The United States also aims to increase the interdiction of narcotics from Afghanistan. Islamabad's own counternarcotics efforts are hampered by lack of full government commitment, scarcity of funds, poor infrastructure, and likely corruption. Since 2002, the State Department's Bureau of International Narcotics and Law Enforcement Affairs has supported Pakistan's Border Security Project by training border forces, establishing border outposts, providing vehicles and surveillance and communications equipment, transferring helicopters and fixed-wing aircraft to the Interior Ministry's Air Wing, and road-building in western tribal areas. Congress funded such programs with roughly \$22 million in FY2008.

Islamization, Anti-American Sentiment, and Madrassas

With some 160 million citizens, Pakistan is the world's second-most populous Muslim country, and the nation's very foundation grew from a perceived need to create a homeland for South Asian Muslims in the wake of decolonization. However, religious-based political parties traditionally have fared poorly in national elections. An unexpected outcome of the country's 2002 polls saw the Muttahida Majlis-e-Amal (MMA or United Action Front), a coalition of six Islamic parties, win 11% of the popular vote. It also gained control of the provincial assembly in the North West Frontier Province (NWFP) and led a coalition in the Baluchistan assembly. These Pashtun-majority western provinces border Afghanistan, where U.S.-led counterterrorism operations are ongoing. In 2003, the NWFP provincial assembly passed a Shariat (Islamic law) bill. In both 2005 and 2006, the same assembly passed a Hasba (accountability) bill that many fear could create a parallel Islamic legal body. Pakistan's Supreme Court, responding to petitions by President Musharraf's government, rejected most of this legislation as unconstitutional, but in 2007 it upheld most of a modified Hasba bill re-submitted by the NWFP assembly. Such developments alarm Pakistan's moderates and Musharraf himself has decried any attempts to "Talibanize" regions of Pakistan.²⁶⁵ The Islamist coalition was ousted from power in Peshawar and suffered major electoral losses nationwide when February 2008 polls saw the secular Pashtun nationalist Awami National Party take over the NWFP government.

Pakistan's Islamists are notable for expressions of anti-American sentiment, at times calling for "jihad" against the existential threat to Pakistani sovereignty they believe alliance with Washington entails. Most analysts contend that two December

²⁶⁴ "Security: Pakistan," *Jane's Sentinel Security Assessments*, March 5, 2008; "Taliban Reaping Opium Profits," Associated Press, April 11, 2007.

²⁶⁵ In a late 2007 public opinion survey, 48% of Pakistani respondents completely agreed that "religion and government should be separate," up from only 33% in 2002 (see [<http://pewglobal.org/reports/pdf/258.pdf>]).

2003 attempts to assassinate President Musharraf were carried out by Islamist militants angered by Pakistan's post-September 2001 policy shift. The "Pakistani Taliban" that has emerged in western tribal areas has sought to impose bans on television and CD players, and has instigated attacks on girls schools and nongovernmental organization-operated clinics, obstructing efforts to improve female health and education. Some observers identify a causal link between the poor state of Pakistan's public education system and the persistence of xenophobia and religious extremism in that country.

Anti-American sentiment is not limited to Islamic groups, however. Many across the spectrum of Pakistani society express anger at U.S. global foreign policy, in particular when such policy is perceived to be unfriendly or hostile to the Muslim world (as in, for example, Palestine and Iraq).²⁶⁶ In 2004 testimony before a Senate panel, a senior U.S. expert opined: "Pakistan is probably the most anti-American country in the world right now, ranging from the radical Islamists on one side to the liberals and Westernized elites on the other side."²⁶⁷ In a 2005 interview, President Musharraf conceded that "the man on the street [in Pakistan] does not have a good opinion of the United States." He added, by way of partial explanation, that Pakistan had been "left high and dry" after serving as a strategic U.S. ally during the 1980s. When asked about anti-American sentiment in Pakistan during his maiden July 2008 visit to the United States as head of government, Prime Minister Gillani offered that the impression in Pakistan is that "America wants war."²⁶⁸

A Pew poll taken shortly before Pakistan's catastrophic October 2005 earthquake found only 23% of Pakistanis expressing a favorable view of the United States, the lowest percentage for any country surveyed. That percentage doubled to 46% in an ACNielsen poll taken after large-scale U.S. disaster relief efforts in earthquake-affected areas, with the great majority of Pakistanis indicating that their perceptions had been positively influenced by witnessing such efforts. However, a January 2006 missile attack on Pakistani homes near the Afghan border killed numerous civilians and was blamed on U.S. forces, renewing animosity toward the United States among segments of the Pakistani populace. Another noteworthy episode in 2006 saw Pakistani cities hosting major public demonstrations against the publication in European newspapers of cartoons deemed offensive to Muslims. These protests, which were violent at times, included strong anti-U.S. and anti-Musharraf components, suggesting that Islamist organizers used the issue to forward their own political ends. Subsequently, a June 2006 Pew Center poll found only 27% of Pakistanis holding a favorable opinion of the United States, and this dropped to 19% in a September 2007 survey by the U.S.-based group Terror Free Tomorrow, suggesting that public diplomacy gains following the 2005 earthquake had receded.

²⁶⁶ Author interviews in Islamabad, September 2006.

²⁶⁷ Statement of Stephen Cohen before the Senate Foreign Relations Committee, July 14, 2004. More than three years later, country expert Lisa Curtis warned a House panel about "the increasingly shrill anti-Americanism that is gripping Pakistani civil society" (statement before the House Armed Services Committee, October 10, 2007).

²⁶⁸ "10 Questions for Pervez Musharraf," *Time*, October 3, 2005; "A Conversation With Yousaf Raza Gillani," Council on Foreign Relations transcript, July 29, 2008.

In January 2008, the University of Maryland-based Program on International Policy Attitudes released a survey of public opinion in Pakistan. The findings indicated that significant resentment toward and distrust of the United States persist among large segments of the Pakistani public:

- 64% of Pakistanis did not trust the United States to “do the right thing in world affairs;”
- more than two-thirds believed the U.S. military presence in Afghanistan is “a critical threat to Pakistan’s interests;”
- only 27% felt that Pakistan-U.S. security cooperation has benefitted Pakistan; and
- 86% believed that weakening and dividing the Muslim world is a U.S. goal (70% believe this is “definitely” the case).²⁶⁹

A public opinion survey conducted in June 2008 found nearly two-thirds of Pakistanis agreeing that religious extremism represented a serious problem for their country, yet less than one-third supported Pakistani army operations against religious militants in western Pakistan, and a scant 15% thought Pakistan should cooperate with the United States in its “war on terror.”²⁷⁰

Pakistan’s Religious Schools (Madrassas).²⁷¹ Afghanistan’s Taliban movement itself began among students attending Pakistani religious schools (madrassas). Among the more than 15,000 madrassas training some 1.5 million children in Pakistan are a small percentage that have been implicated in teaching militant anti-Western, anti-American, anti-Hindu, and even anti-Shia values. Former Secretary of State Powell once identified these as “programs that do nothing but prepare youngsters to be fundamentalists and to be terrorists.”²⁷² Contrary to popularly held conceptions, however, research indicates that the great majority of Pakistan’s violent Islamist extremists does not emerge from the country’s madrassas, but rather from the dysfunctional public school system or even from private, English-medium schools. One study found that less than one in five international terrorists sampled had Islamic education backgrounds.²⁷³ However, a senior leader of the secular Awami National Party that now leads a coalition government in the North West Frontier Province said in mid-2008 that many Pakistani madrassas encourage

²⁶⁹ See [http://www.worldpublicopinion.org/pipa/pdf/jan08/Pakistan_Jan08_rpt.pdf].

²⁷⁰ See [<http://www.iri.org/mena/pakistan/2008-07-16-Pakistan.asp>].

²⁷¹ See also CRS Report RS22009, *Education Reform in Pakistan*, and CRS Report RS21654, *Islamic Religious Schools, Madrasas: Background*.

²⁷² Statement before the House Appropriations Committee, March 10, 2004.

²⁷³ Marc Sageman, *Understanding Terror Networks* (University of Pennsylvania Press, 2004). See also Mariam Abou Zahab and Olivier Roy, *Islamist Networks* (Columbia University Press, 2004); Peter Bergen and Swati Pandney, “The Madrassa Myth,” *New York Times*, June 14, 2005.

militancy and are breeding grounds for terrorism. He appealed to international donors to help Pakistan establish modern educational institutions.²⁷⁴

Many of Pakistan's madrassas are financed and operated by Pakistani Islamist political parties such as the JUI-F (closely linked to the Taliban), as well as by multiple unknown foreign entities, many in Saudi Arabia.²⁷⁵ As many as two-thirds of the seminaries are run by the Deobandi sect, known in part for traditionally anti-Shia sentiments and at times linked to the Sipah-e-Sahaba terrorist group. In its 2007 report on international religious freedom, the U.S. State Department said, "Some unregistered and Deobandi-controlled madrassas in the FATA and northern Baluchistan continued to teach extremism" and that schools run by the Jamaat al-Dawat, considered to be a front organization of the proscribed Lashkar-e-Taiba terrorist group, serve as recruitment centers for extremists. President Musharraf himself has acknowledged that a small number of seminaries were "harboring terrorists" and he has asked religious leaders to help isolate these by openly condemning them.²⁷⁶

Global attention to Pakistan's religious schools intensified during the summer of 2005 after Pakistani officials acknowledged that suspects in London terrorist bombings visited Pakistan during the previous year and may have spent time at a madrassa near Lahore. While the Islamabad government repeatedly has pledged to crack down on the more extremist madrassas in his country, there continues to be little concrete evidence that it has done so.²⁷⁷ Some observers speculate that President Musharraf's alleged reluctance to enforce reform efforts was rooted in his desire to remain on good terms with Pakistan's Islamist political parties, which were seen to be an important part of his political base.²⁷⁸ When asked in late 2007 about progress in reforming the country's madrassa system, Musharraf made a rare admission of "lack of achievement," but went on to call the registration campaign and efforts to mainstream the curriculum successful.²⁷⁹

²⁷⁴ "Pak Madrassas Breeding Ground for Militants: Pak Leader," *Press Trust of India*, June 1, 2008.

²⁷⁵ P.W. Singer, "Pakistan's Madrassahs: Ensuring a System of Education Not Jihad," Brookings Institution Analysis Paper 14, November 2001; Ali Riaz, "Global Jihad, Sectarianism, and the Madrassahs in Pakistan," Institute of Defence and Strategic Studies, Singapore, August 2005.

²⁷⁶ See [<http://www.state.gov/g/drl/rls/irf/2007/90233.htm>]; "Some Madrassas Bad: Musharraf," *Daily Times* (Lahore), September 8, 2004.

²⁷⁷ See "Pakistan: Reforming the Education Sector," International Crisis Group Report 84, October 7, 2004; "Radical Teachings in Pakistan Schools," *Boston Globe*, September 29, 2006. Author interviews with Pakistani government officials and scholars tend to confirm that movement on madrassa reform is slow, at best.

²⁷⁸ "At an Islamic School, Hints of Extremist Ties," *Washington Post*, June 13, 2004; Vali Nasr, "Military Rule, Islamism, and Democracy in Pakistan," *Middle East Journal* 58, 2, Spring 2004.

²⁷⁹ "Full Transcript Musharraf Interview," *ABC News* (online), November 30, 2007. As of January 2008, more than 14,600 madrassas were reportedly registered with the government, (continued...)

A key aspect of madrassas' enduring appeal to Pakistani parents is the abysmal state of the country's public schools. Pakistan's primary education system ranks among the world's least effective. Congress, the Bush Administration, and the 9/11 Commission each have identified this issue as relevant to U.S. interests in South Asia. In the lead-up to Pakistan's February 2008 elections, 16 of the country's major parties committed to raising the federal education budget to 4% of GDP, up from the current 2.4%. The U.S. Congress has appropriated many millions of dollars to assist Pakistan in efforts to reform its education system, including changes that would make madrasa curriculum closer in substance to that provided in non-religious schools. About \$256 million has been allocated for education-related aid programs since 2002. In 2006, the U.S.-Pakistan Education dialogue was launched in Washington to bolster further engagement. In April 2008, USAID launched a new \$90 million project to bolster the effectiveness of Pakistan's public education sector. Requested funding for FY2009 includes a total of \$166 million for basic and higher education programs in Pakistan.²⁸⁰

Democratization and Human Rights

Democracy and Governance.²⁸¹ The status and development of Pakistan's democratic institutions are key U.S. policy concerns, especially among those analysts who view representative government in Islamabad as being a prerequisite for reducing religious extremism and establishing a moderate Pakistani state. There had been hopes that the October 2002 national elections would reverse Pakistan's historic trend toward unstable governance and military interference in democratic institutions. Such hopes were eroded by ensuing developments, including President Musharraf's imposition of major constitutional changes and his retention of the position of army chief. International and Pakistani human rights groups continued to issue reports critical of Islamabad's military-dominated government throughout the Musharraf-dominated era. In 2008, and for the ninth straight year, the often-cited Freedom House rated Pakistan as "not free" in the areas of political rights and civil liberties. While praising Pakistan's electoral exercises as moves in the right direction, the United States expresses concern that seemingly nondemocratic developments may make the realization of true democracy in Pakistan more elusive, and U.S. officials continue to press Pakistani leaders on this issue.

Pakistan's Military-Dominated Government, 2002-2008. General Musharraf's assumption of the presidency ostensibly was legitimized by a controversial April 2002 referendum marked by evidence of fraud.²⁸² In August 2002, Musharraf announced sweeping constitutional changes to bolster the president's powers, including provisions for presidential dissolution of the National

²⁷⁹ (...continued)

leaving up to 1,500 yet to register ("Madressah Reforms Put on Hold for Next Government," *Dawn* (Karachi), January 12, 2008).

²⁸⁰ See [<http://www.usaid.gov/pk/education/index.htm>]

²⁸¹ See also CRS Report RL34240, *Pakistan's Political Crises* and CRS Report RL34449, *Pakistan's 2008 Elections*.

²⁸² "Pakistan's Musharraf Wins Landslide, Fraud Alleged," Reuters, May 1, 2002.

Assembly. The United States expressed concerns that the changes could make it more difficult to build democratic institutions in Pakistan. The 2002 elections nominally fulfilled Musharraf's promise to restore the National Assembly that was dissolved in the wake of his extra-constitutional seizure of power. The pro-military Pakistan Muslim League-Quaid-e-Azam (PML-Q) won a plurality of seats, while a coalition of Islamist parties made a surprisingly strong showing.

The civilian government was hamstrung for more than a year by fractious debate over the legitimacy of constitutional changes and by Musharraf's continued status as army chief *and* president. A surprise December 2003 agreement between Musharraf and the MMA Islamist opposition ended the deadlock by bringing the constitutional changes before Parliament and by eliciting a promise from Musharraf to resign his military commission before 2005. Non-Islamist opposition parties unified under the Alliance for the Restoration of Democracy (ARD) accused the MMA of betrayal and insisted that the new arrangement merely institutionalized military rule in Pakistan. Further apparent reversals for Pakistani democratization came in 2004, including the sentencing of ARD leader and PML-N stalwart Javed Hashmi to 23 years in prison for sedition, mutiny, and forgery (Hashmi was released in August 2007), and the "forced" resignation of Prime Minister Jamali for what numerous analysts called his insufficient deference to President Musharraf. Musharraf "shuffled" prime ministers to seat his close ally, Finance Minister Shaukat Aziz. Aziz was seen to be an able financial manager and technocrat favored by the military, but he had no political base in Pakistan. In the final month of 2004 Musharraf chose to continue his role as army chief beyond the stated deadline. Moreover, nominally non-party 2005 municipal elections saw major gains for candidates favored by the PML-Q and notable reversals for Islamists, but were also marked by widespread accusations of rigging. The Bush Administration made no public comment on reported irregularities.

One senior Pakistani scholar offered a critical summary of the country's political circumstances under President Musharraf's rule:

[T]he "Musharraf model of governance," is narrow and suffers from a crisis of legitimacy. Its major features are: a concentration of power in the presidency, with backup from its army/intelligence and bureaucratic affiliates; induction of retired and serving military officers into important civilian institutions and thus an undermining of the latter's autonomy; co-option of a section of the political elite, who are given a share of power and patronage in return for mobilizing civilian support, on President Musharraf's terms; a reluctant partnership with the Islamic parties, especially the MMA, and soft-peddling towards Islamic groups; and manipulation of the weak and divided political forces and exclusion of dissident political leaders.²⁸³

Many analysts have opined that, despite being a self-professed "enlightened moderate," Musharraf in practice strengthened the hand of Pakistan's Islamist extremist forces and that, despite rhetoric about liberalizing Pakistani society, his

²⁸³ Hasan-Askari Rizvi, "Towards a Solution of the Present Crisis" (op-ed), *Daily Times* (Lahore), June 17, 2007.

choice of political allies suggested he was not serious.²⁸⁴ In the meantime, the Pakistan army further entrenched itself in the country's corporate sector, generating billions of dollars in annual profits from businesses ranging from construction to breakfast cereal. One estimate has this "milbus" (military business) accounting for fully 6% of the country's gross domestic product.²⁸⁵

Some observers argue that much of the criticism leveled at President Musharraf was unfair and that he had been a relatively benign "military dictator." Such analyses will, for example, point out that Musharraf's policies vis-à-vis India allowed for a reduction of bilateral tensions and an ongoing peace dialogue, that he appeared to have an extent clamped down on Kashmiri militancy, and that he did not come under fire for corruption, as did Bhutto and other civilian leaders.²⁸⁶

During their years of marginalization, the leadership of the country's leading moderate, secular, and arguably most popular party — the Pakistan People's Party — sought greater U.S. support for Pakistani democratization and warned that the space in which they were being allowed to operate was so narrow as to bring into question their continued viability as political forces.²⁸⁷ They also typically identify a direct causal link between nondemocratic governance and the persistence of religious militancy in Pakistan. In a December 2007 opinion piece composed shortly before her assassination, Benazir Bhutto argued that the all the countries of the world had a direct interest in Pakistani democratization, reiterating her long-held view that dictatorship had fueled extremism in her country and that credible elections there were a necessary condition for the reduction of religion militancy.²⁸⁸

U.S. Policy. While the United States maintains a keen interest in Pakistani democratization, the issue is widely seen as having become a secondary consideration as counterterrorism concerns grew after 2001. As stated by Assistant Secretary of State Boucher in a December 2007 statement before a Senate panel:

The United States wants to see Pakistan succeed in its transition to an elected civilian-led democracy, to become a moderate, democratic, Muslim nation committed to human rights and the rule of law. All of our assistance programs are directed toward helping Pakistan achieve these goals. This is a long-term undertaking that will require years to accomplish.²⁸⁹

²⁸⁴ See, for example, Peter Beinart, "How to Deal with Dictators" (op-ed), *Time*, July 26, 2007.

²⁸⁵ Ayesha Siddiqi, *Military Inc: Inside Pakistan's Military Economy* (Pluto Press, 2007).

²⁸⁶ See, for example, Jonathan Power, "In Defense of Pakistan's Military Dictator" (op-ed), *Toronto Star*, January 6, 2008.

²⁸⁷ Author interview with Benazir Bhutto, Washington, DC, February 2006, and with numerous other PPP officials.

²⁸⁸ Benazir Bhutto, "Why the World Needs Democracy in Pakistan," *Christian Science Monitor*, December 10, 2007.

²⁸⁹ See [<http://www.state.gov/p/sca/rls/rm/2007/96566.htm>].

Bush Administration officials repeatedly have emphasized that democratization is key to the creation of a more moderate and prosperous Pakistan. However, many critics of Administration policy assert that the Islamabad government was for more than five years given a “free pass” on the issue of representative government, in part as a means of enlisting that country’s continued assistance in U.S.-led counterterrorism efforts.²⁹⁰

In late 2007 Senate testimony, one former U.S. diplomat offered that, “Overall U.S. policy toward Pakistan until very recently gave no serious attention to encouraging democracy in Pakistan.” Numerous other former U.S. officials have opined that the Bush Administration’s relatively meager attention to Pakistani democratization has been rooted in an aversion to any moves that could alienate Musharraf and so reduce his cooperation on counterterrorism.²⁹¹ Secretary of State Rice argued that strong U.S. support for Pakistan’s democratization process has been a “very well kept secret,” and she rejected as untrue claims that the U.S. supported a military government in Islamabad without attention to democracy there.²⁹² U.S. congressional committees long expressed concern with “the slow pace of the democratic development of Pakistan” (S.Rept. 109-96) and “the lack of progress on improving democratic governance and rule of law” there (H.Rept. 109-486).

Many commentators criticized the Bush Administration’s perceived over-emphasis on relations with President Musharraf and the Pakistani military at the expense of positive ties with the broader Pakistan society:

The United States made a critical mistake in putting faith in one man — General Pervez Musharraf — and one institution — the Pakistani military — as instruments of the U.S. policy to eliminate terrorism and bring stability to the Southwest and South Asia. A robust U.S. policy of engagement with Pakistan that helps in building civilian institutions, including law enforcement capability, and eventually results in reverting Pakistan’s military to its security functions would be a more effective way of strengthening Pakistan and protecting United States policy interests there.²⁹³

The U.S. State Department’s *Country Report on Human Rights Practices 2006*, issued by the Bureau of Democracy, Human Rights, and Labor in March 2007, did not use the word “democracy” or any of its derivatives in discussing Pakistan, but did note that “restrictions on citizens’ right to change their government” represented a

²⁹⁰ For example, two former senior Clinton Administration officials criticized President Bush for choosing to “back the dictator” rather than offer clear support for democracy and rule of law in Pakistan. They contended that such a policy has damaged U.S. interests in South Asia and in the Muslim world (Sandy Berger and Bruce Riedel, “America’s Stark Choice” (op-ed), *International Herald Tribune*, October 9, 2007).

²⁹¹ Statement of Amb. Teresita Schaffer before the Senate Foreign Relations Committee, December 6, 2007; “Democracy Gets Small Portion of U.S. Aid,” *Washington Post*, January 6, 2008.

²⁹² See [<http://www.state.gov/secretary/rm/2008/05/104634.htm>].

²⁹³ Statement of Husain Haqqani before the House Armed Services Committee, October 10, 2007.

“major problem.”²⁹⁴ In a June 2007 letter to Secretary of State Rice, several Members of Congress decried the “spiral of civil unrest and harshly suppressed protest in Pakistan” and asserted that U.S. and Pakistani national interests “are both served by a speedy restoration of full democracy to Pakistan and the end to state-sponsored intimidation — often violent — of Pakistani citizens protesting government actions in a legal and peaceful manner.” Leading opposition political figures in Islamabad have warned that unconditional U.S. support for Musharraf’s military-dominated government contributed to an anti-American backlash among Pakistan’s moderate forces.²⁹⁵ Yet others opine that overt U.S. conditionality is unlikely to be effective and may only foster anti-U.S. resentments in Pakistan.²⁹⁶

Human Rights Problems. Pakistan is the setting for numerous and serious perceived human rights abuses, some of them perpetrated and/or sanctioned by the state. According to the Department of State, the Islamabad government is known to limit freedoms of association, religion, and movement, and to imprison political leaders. The Department’s most recent *Country Report on Human Rights Practices* (issued March 2008) determined that the human rights situation in Pakistan “worsened” during 2007, due primarily to President Musharraf’s six-week-long imposition of emergency powers and the attendant suspension of the constitution and dismissal of Supreme and High Provincial Courts. Along with concerns about these anti-democratic practices, the report lists extrajudicial killings, torture, and disappearances; “widespread” government and police corruption; lack of judicial independence; political violence; terrorism; and “extremely poor” prison conditions among the major problems.²⁹⁷ The most recent State Department report on trafficking in persons (issued June 2008) again said, “Pakistan does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so.” It again placed Pakistan at “Tier 2” due to Islamabad’s “limited efforts to combat trafficking in persons over the last year, particularly in the area of law enforcement.”²⁹⁸

In June 2007, the House Appropriations Committee (H.Rept. 110-197) expressed concern about the Pakistani government’s apparent lack of respect for human rights. Senate reports have aired similar concerns. The Human Rights Commission of Pakistan and international human rights groups regularly issue reports critical of Pakistan’s lack of political freedoms, lawlessness in many areas (especially the western tribal agencies), and of the country’s perceived abuses of the rights of women and minorities. For example, in reviewing the country’s human

²⁹⁴ See [<http://www.state.gov/g/drl/rls/hrrpt/2006/78874.htm>].

²⁹⁵ Letter to Secretary of State Rice from Sen. Joe Biden, Rep. Tom Lantos, and Rep. Ileana Ros-Lehtinen, June 1, 2007; “US Warned Over Backing for Musharraf,” *Financial Times* (London), June 12, 2007.

²⁹⁶ See, for example, Lisa Curtis, Statement before the House Committee on Foreign Affairs Subcommittee on the Middle East and South Asia, January 16, 2008; Ashley Tellis, “Pakistan: Conflicted Ally in the War on Terror,” *Carnegie Endowment Policy Brief* 56, December 2007.

²⁹⁷ See [<http://www.state.gov/g/drl/rls/hrrpt/2007/100619.htm>].

²⁹⁸ See [<http://www.state.gov/documents/organization/105501.pdf>].

rights circumstances, the Lahore-based Joint Action Committee for People's Rights asserted that,

On the one hand policies of Musharraf and his civilian partners have fanned religious extremism and intolerance, sectarian divisions resulting in violence, provincial disharmony that has weakened the federation, and created a climate of impunity that has heightened the sense of insecurity in every Pakistani. On the other, their ham-handedness in combating terrorism has resulted in serious violations of human rights and international humanitarian law.

The group strongly urged Pakistan's new civilian government to distinguish itself from the previous regime by promoting and protecting basic human rights.²⁹⁹ That government did in April 2008 ratify or sign three key international human rights conventions, a move lauded by London-based Amnesty International. The move was lauded by international human rights groups even as a lack of judicial independence and continued "disappearances" are identified as ongoing problems.³⁰⁰

Gender Discrimination. Discrimination against females is widespread in Pakistan and traditional constraints — cultural, legal, and spousal — keep women in a subordinate position in society. In 2005, Pakistani gang rape victim Mukhtaran Mai — and Islamabad's (mis)handling of her case — became emblematic of gender discrimination problems in Pakistan. The Hudood Ordinance promulgated during the rule of President General Zia ul-Haq is widely criticized for imposing stringent punishments and restrictions under the guise of Islamic law. Among its provisions, the ordinance criminalizes all extramarital sex and makes it extremely difficult for women to prove allegations of rape (those women who make such charges without the required evidence often are jailed as adulterers). In 2006, the Hudood laws were amended in the Women's Protection Act. President Musharraf supported the changes and the ruling PML-Q party joined with the opposition PPP to overcome fierce resistance by Islamist parties. The step was viewed as a landmark in efforts to create more a moderate Pakistani state. However, in 2008, the State Department, while acknowledging that the Women's Protection Act had improved conditions, noted that rape, domestic violence, and abuse against women, such as honor crimes and discriminatory legislation that affected women, remain serious problems. Reported acts of violence against women more than doubled in Pakistan in 2007 as compared to the previous year.³⁰¹

Religious Freedom. The State Department's most recent *International Religious Freedom Report* (issued September 2007) again found that in practice the Islamabad government imposes limits on the freedom of religion in Pakistan:

The Government took some steps to improve its treatment of religious minorities during the period covered by this report, but serious problems remained. Law

²⁹⁹ See [http://www.unelections.org/files/PakistaniNGOs_LettertoFM_5May08_0.pdf].

³⁰⁰ See [<http://www.amnesty.org/en/for-media/press-releases/pakistan-new-government-sends-positive-signal>]; [<http://hrw.org/english/docs/2008/07/02/pakist19238.htm>].

³⁰¹ See [<http://www.state.gov/g/drl/rls/hrrpt/2007/100619.htm>]; "Violence Against Pakistani Women," *BBC News*, April 15, 2008.

enforcement personnel abused religious minorities in custody. Security forces and other government agencies did not adequately prevent or address societal abuse against minorities. Discriminatory legislation and the Government's failure to take action against societal forces hostile to those who practice a different faith fostered religious intolerance, acts of violence, and intimidation against religious minorities. Specific laws that discriminate against religious minorities include anti-Ahmadi and blasphemy laws that provide the death penalty for defiling Islam or its prophets.³⁰²

The State Department has rejected repeated U.S. Commission on International Religious Freedom recommendations that Pakistan be designated a "country of particular concern." The Commission's most recent annual report (May 2008) asserts that,

[A]ll of the serious religious freedom concerns on which the Commission has reported in the past persist. Sectarian and religiously motivated violence continues, particularly against Shia Muslims, Ahmadis, Christians, and Hindus, and the government's response continues to be insufficient and not fully effective.

The Commission finds that Pakistani government officials provide the country's religious minorities with inadequate protections against societal violence.³⁰³

Press Freedom. Press freedom and the safety of journalists recently have become major concerns in Pakistan, spurred especially by the 2006 discovery of the handcuffed body of Pakistani journalist Hayatullah Khan in a rural area of North Waziristan. Khan, who had been missing for more than six months, was abducted by unknown gunmen after he reported on an apparent U.S.-launched missile attack in Pakistan's tribal region. Khan's family is among those who suspect the involvement of Pakistani security forces; an official inquiry into the death was launched. Other journalists have been detained and possibly tortured, including a pair reportedly held incommunicado without charges for three months after they shot footage of the Jacobabad airbase that was used by U.S. forces. Paris-based Reporters Without Borders placed Pakistan 152nd out of 169 countries in its most recent annual ranking of world press freedom.³⁰⁴

Pakistani journalists have taken to the streets to protest perceived abuses. In May 2007, the New York-based Committee to Protect Journalists placed Pakistan sixth in a list of the ten countries where press freedom had most deteriorated since 2002.³⁰⁵ In early June, in apparent reaction to media coverage of rallies in support of Pakistan's suspended Chief Justice, the Musharraf government issued an ordinance allowing the Pakistan Electronic Media Regulatory Agency to impose strict curbs on television and radio station operations. Human Rights Watch later

³⁰² See [<http://www.state.gov/g/drl/rls/irf/2007/90233.htm>].

³⁰³ See [<http://www.uscirf.gov>]. See also "Tough Times for Pakistan's Religious Minorities," Associated Press, January 23, 2008.

³⁰⁴ See [http://www.rsf.org/article.php3?id_article=24025].

³⁰⁵ See [<http://cpj.org/backsliders/index.html>].

called the decree a “disgraceful assault on media freedom.”³⁰⁶ Implementation of the ordinance subsequently was halted. In September 2007, the U.S. Embassy in Islamabad expressed concern about recent incidents in which Pakistani journalists were subject to assaults and harassment.³⁰⁷ In its March 2008 human rights report, the State Department asserted that there was an increase in government arrests, harassment, and intimidation of journalists during 2007.³⁰⁸

“Disappeared” Persons. According to the U.S. State Department, there was an increase of politically motivated disappearances in Pakistan in 2006 which continued in 2007, with police and security forces holding prisoners incommunicado and refusing to provide information on their whereabouts, particularly in terrorism and national security cases. In late 2006, Pakistan’s Supreme Court ordered the government to disclose the whereabouts of 41 suspected security detainees who had “disappeared.” Human rights groups claim to have recorded more than 400 cases of such secret detentions since 2002.³⁰⁹ Amnesty International has criticized Islamabad for human rights abuses related to its cooperation with the U.S.-led “war on terror,” including the arbitrary detention, enforced disappearance, and torture of hundreds of people. In late 2007, Pakistan’s military and intelligence agencies reportedly released from detention nearly 100 terrorism suspects without charges. No official explanation for the releases was offered and some analysts assert that the primary motive was avoiding the embarrassment of having to reveal that the suspects were being held “on flimsy evidence in [a] secret system.”³¹⁰ The Islamabad government formally denies involvement in extralegal detentions. It also has denied that any Pakistani citizens had been remanded to U.S. custody for imprisonment at Guantanamo Bay, saying that any Pakistani nationals held in that facility were arrested outside Pakistan, mostly in Afghanistan.³¹¹

Economic Issues

Overview. Pakistan is a poor country, but the national economy gathered significant positive momentum in the new century, helped in large part by the government’s pro-growth policies and by post-2001 infusions of foreign aid. Overall growth has averaged 6.6% over the past six years. However, poverty remains widespread and presently high rates of domestic inflation have many analysts concerned about the country’s macroeconomic stability. Some observers warn that the domestic capacity to sustain growth does not exist. According to the World Bank, nominal GDP per capita in 2006 was only \$771, even as poverty rates dropped

³⁰⁶ See [<http://hrw.org/english/docs/2007/06/06/pakist16084.htm>].

³⁰⁷ See [<http://usembassy.state.gov/pakistan/h07092101.html>].

³⁰⁸ See [<http://www.state.gov/g/drl/rls/hrrpt/2007/100619.htm>].

³⁰⁹ “Pakistan: A Land of Systematic Disappearances,” Asian Center for Human Rights, March 28, 2007; “Pakistani Wife Embodies Cause Of ‘Disappeared,’” *New York Times*, July 19, 2007.

³¹⁰ “Picture of Secret Detentions Emerges in Pakistan,” *New York Times*, December 19, 2007.

³¹¹ See [http://www.mofa.gov.pk/Spokesperson/2008/Mar/Spokes_12_03_08.htm].

from 34% to 24% in the first half of the current decade. Severe human losses and property damage from an October 2005 earthquake in northern Pakistan have had limited follow-on economic impact, given a large influx of foreign aid and the stimulus provided by reconstruction efforts.

Pakistan's political crises in 2007 harmed what had been a generally strong national economy. The country's main stock market lost nearly 5% of its value when trading opened following the November emergency imposition and the country's attractiveness for foreign investors almost certainly has suffered with ensuing instability. In the wake of Bhutto's killing, the market again fell by nearly 5%. Food prices have spiked, contributing to inflationary pressures that have in turn sapped exports.³¹² Rising fuel costs and food subsidies have spurred the new government to order "massive cuts" in federal spending, including that for the military, and to seek upwards of \$3 billion from international lenders to reverse a sharp deterioration on the current account of its balance of payments. Pakistan faces a shortfall of some 4,000 megawatts of electricity and scheduled blackouts now affect homes and businesses many hours each day.³¹³

Despite these negative signs, the long-term economic outlook for Pakistan is improved since 2001, even as it remains clouded in a country still dependent on foreign lending and the importation of basic commodities. Substantial fiscal deficits and dependency on external aid have been chronic (public and external debt equal nearly three-fifths of GDP), counterbalancing a major overhaul of the tax collection system and what have been major gains in the Karachi Stock Exchange, which nearly doubled in value as the world's best performer in 2002 and was up by 40% in 2007. Along with absolute development gains in recent years, Pakistan's relative standing has also improved: The U.N. Development Program ranked Pakistan 136th out of 177 countries on its 2007/2008 human development index (between Laos and Bhutan), up from 144th in 2003.³¹⁴

Pakistan's real GDP grew by 5.8% in the fiscal year ending June 2008, driven by a booming service sector. Output from this and the manufacturing sector has grown substantially since 2002, but the agricultural sector continues to lag considerably (in part due to droughts), slowing overall growth. Agricultural labor accounts for nearly half of the country's work force, but only about one-fifth of national income and 2% of tax revenue. Expanding textile production and the government's pro-growth measures had most analysts foreseeing solid expansion ahead, but political and security turmoil in 2008 have caused previously optimistic

³¹² "Pakistan Stocks Tumble Amid Violence," Associated Press, December 31, 2007; "Fear Stalks Pakistani Business After Bhutto's Murder," Reuters, January 2, 2008; "As Pakistan Churns, Economy Takes Hit," *Wall Street Journal*, February 4, 2008; "Price of Pakistan's Economic Woes," *BBC News*, April 14, 2008.

³¹³ "Pakistan Orders Public Spending Cuts," *Financial Times* (London), May 8, 2008; "Pakistan Battles Power Shortages," *BBC News*, May 15, 2008.

³¹⁴ See [<http://hdr.undp.org/en/reports/global/hdr2007-2008>].

predictions to drop below 5% for the next two years. A relatively small but rapidly growing entrepreneurial class has boosted the consumption of luxury goods.³¹⁵

Pakistan stabilized its external debt at about \$33 billion by 2003, but this has risen to about \$46 billion in 2008. Still, such debt is less than one-third of GDP today, down from more than one-half in 2000. The country's reported total liquid reserves reached \$13.7 billion by May 2007, an all-time high and a nearly five-fold increase since 1999, but are down significantly in mid-2008. Foreign remittances have exceeded \$4 billion annually since 2003 (at around \$5.5 billion in FY2006/2007), up from slightly more than \$1 billion in 2001. High oil prices and high food commodity prices have driven inflationary pressures, resulting in year-on-year consumer rates above 21% in June 2008. Inflationary pressures are projected to remain strong throughout 2008; many analysts call rising prices the single most important obstacle to future growth. Pakistan's resources and comparatively well-developed entrepreneurial skills may hold promise for more rapid economic growth and development in coming years. This is particularly true for the country's textile industry, which accounts for two-thirds of all exports (and up to 90% of exports to the United States).

Analysts point to the pressing need to further broaden the country's tax base in order to provide increased revenue for investment in improved infrastructure, health, and education, all prerequisites for economic development. Serious environmental degradation also retards growth: a September 2007 World Bank report conservatively estimated that at least 6% of Pakistan's GDP is lost to illness and premature mortality caused by air pollution (both outdoor and indoor); diseases caused by inadequate water supplies, sanitation, and hygiene; and reduced agricultural productivity due to soil degradation.³¹⁶

Attempts at macroeconomic reform historically have floundered due to political instability, but the Musharraf government had notable successes in effecting such reform. Rewards for participation in the post-September 2001 anti-terror coalition eased somewhat Pakistan's severe national debt situation, with many countries, including the United States, boosting bilateral assistance efforts and large amounts of external aid flowing into the country. According to the Asian Development Bank's *Outlook 2008*:

Improved economic fundamentals have enhanced the resilience of the economy and helped it absorb shocks, including higher global oil prices and 2005's devastating earthquake. But growth has generated a heavy imbalance in the external current account, which could affect economic momentum. The current account deficit has been financed largely by strong incoming foreign investment. External sources have also been employed, increasingly, to finance the fiscal

³¹⁵ "Modern and Muslim: In Turbulent Pakistan, Start-Ups Drive a Boom," *Wall Street Journal*, September 5, 2007.

³¹⁶ See [<http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1188777211460/pakceasummary.pdf>].

deficit. Issues of long-term sustainability therefore arise, especially in a context of high global oil and commodity prices and domestic political uncertainties.³¹⁷

A 2008 report from the World Bank urged major efforts to strengthen Pakistan's water, power, and transport infrastructure, finding that major inefficiencies were costing the country several percentage points in economic growth each year.

Even as the bulk of criticism of President Musharraf has focused on the authoritarian aspects of his rule, many ordinary Pakistanis have been unhappy with his government's economic policies, which are seen to have benefitted only a fraction of the country's people. Pakistan's new finance minister took office in early 2008 lambasting the previous government's alleged mismanagement of the national economy, and he warned that the country is unlikely to meet its economic targets for FY2007/2008.³¹⁸ World Bank economist and former Pakistani Finance Minister Shahid Javed Burki is among those who assert that present rates of growth are not sustainable. He also faults Islamabad for maintaining a weak regulatory structure that has not constrained private sector expansion nor regulated emerging monopolies, thus spurring sharp price increases, especially in the telecommunications, real estate, and construction sectors. This, according to him, partly explains why Pakistan's impressive economic growth has brought little benefit to the country's poor.³¹⁹

Trade and Investment. Pakistan's primary exports are cotton, textiles and apparel, rice, and leather products. The United States is by far Pakistan's leading export market, accounting for about one-quarter of the total. During 2007, total U.S. imports from Pakistan were worth just under \$3.6 billion (down nearly 3% from 2006). Some 90% of this value came from purchases of textiles and apparel. U.S. exports to Pakistan during 2007 were worth some \$2 billion (virtually unchanged from 2006). Civilian aircraft and associated equipment accounted for about one-quarter of this value; raw cotton is another notable U.S. export.³²⁰ Pakistan is the 59th largest export market for U.S. goods.

According to the 2008 *National Trade Estimate* of the U.S. Trade Representative (USTR), Pakistan has "progressively and substantially reduced tariffs and liberalized its import policies" over the past decade, though a number of trade barriers remain. While estimated trade losses due to copyright piracy in Pakistan were notably lower in 2005, business software and book piracy remains serious concerns.³²¹ Pakistan also has been a world leader in the pirating of music CDs and has appeared on the USTR's "Special 301" Watch List for 18 consecutive years. In 2004, continuing violations caused the USTR to move Pakistan to the Priority Watch

³¹⁷ See [<http://www.adb.org/Documents/Books/ADO/2008/PAK.pdf>].

³¹⁸ "Hungry for More Than Change," *Los Angeles Times*, November 28, 2007; "Pakistan Likely to Miss Most Economic Targets - Minister," Reuters, April 9, 2008.

³¹⁹ See [http://www.csis.org/media/isis/events/080421_pakistans_econ_swot_burki.pdf].

³²⁰ See [<http://www.census.gov/foreign-trade/statistics/country/index.html>].

³²¹ The International Intellectual Property Alliance, a coalition of U.S. copyright-based industries, estimated U.S. losses of \$156 million due to copyright piracy in Pakistan in 2007 (see [<http://www.iipa.com/rbc/2008/2008SPEC301PAKISTAN.pdf>]).

List (improved intellectual property rights protection saw it lowered back to the Watch List in 2006, but this status lasted only two years) . From the USTR report:

The government of Pakistan continued to take noticeable steps during 2006 and 2007 to improve copyright enforcement, especially with respect to optical disc piracy. Nevertheless, Pakistan does not provide adequate protection of all intellectual property. Book piracy, weak trademark enforcement, lack of data protection for proprietary pharmaceutical and agricultural chemical test data, and problems with Pakistan's pharmaceutical patent protection remain serious barriers to trade and investment.³²²

In 2007, the USTR again named Pakistan to its Special 301 Watch List, lauding Islamabad for progress on intellectual property rights enforcement, but also expressing ongoing concerns about Pakistan's lack of effective protections in the pharmaceutical sector. In 2008, citing a lack of progress on pharmaceuticals, the USTR put Pakistan back on the Priority Watch List.³²³

According to Pakistan's Ministry of Finance, total foreign direct investment in Pakistan exceeded \$6 billion for the year ending June 2008, but many investors remain wary of the country's uncertain political-security circumstances.³²⁴ More than one-third of the foreign investment value comes from U.S.-based investors; much of the remainder originates in Saudi Arabia and other Persian Gulf states. Islamabad is eager to finalize a pending Bilateral Investment Treaty (BIT) and reach a Free Trade Agreement with the United States, believing that its vital textile sector will be bolstered by duty-free access to the U.S. market.³²⁵ The establishment of Reconstruction Opportunity Zones that could facilitate development in Pakistan's poor tribal regions, an initiative of President Bush during his March 2006 visit to Pakistan, is under consideration by the 110th Congress (**S. 2776** and **H.R. 6387**).

The Heritage Foundation's *2008 Index of Economic Freedom* — which some say may overemphasize the value of absolute growth and downplay broader quality-of-life measurements — again rated Pakistan's economy as being “mostly unfree” and ranked it 93rd out of 157 countries. The index identified restrictive trade policies, a heavy fiscal burden, weak property ownership protections, and limited financial freedoms as issues.³²⁶ Corruption is another serious problem: in 2007, Berlin-based

³²² See [http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file961_14674.pdf]

³²³ See [http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_Special_301_Report/asset_upload_file553_14869.pdf].

³²⁴ “Pakistan Investors Wary of Political Instability,” Reuters, August 27, 2007. Pakistan's Finance Ministry reports that foreign investment rates were down by nearly half for the nine-month period ending March 2008.

³²⁵ According to the U.S. Trade Representative, “a small but significant number of differences have persisted on issues of considerable importance to the United States and [BIT] negotiations are currently suspended” (USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, March 2008).

³²⁶ See [<http://www.heritage.org/research/features/index/country.cfm?id=Pakistan>].

Transparency International placed Pakistan 138th out of 179 countries in its annual ranking of world corruption levels.³²⁷

U.S. Aid and Congressional Action

U.S. Assistance. A total of about \$16.5 billion in direct, overt U.S. aid went to Pakistan from 1947 through 2007, including some \$4.5 billion for military programs. Since the 2001 renewal of large U.S. assistance packages and reimbursements for militarized counterterrorism efforts, Pakistan will by the end of FY2008 have received more than \$11 billion, the majority of this in the form of coalition support reimbursements, with another \$3.1 billion for economic purposes and nearly \$2.2 billion for security-related programs (see **Table 1**). U.S. assistance to Pakistan is meant primarily to maintain that country's ongoing support for U.S.-led counterterrorism efforts. It also seeks to

encourage Pakistan's participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and society.³²⁸

Consulting fees and administrative overhead can account for anywhere from one-third to more than half of appropriated aid, meaning large sums never reach the people they are meant to benefit.³²⁹

In June 2003, President Bush hosted President Musharraf at Camp David, Maryland, where he vowed to work with Congress on establishing a five-year, \$3 billion aid package for Pakistan. Annual installments of \$600 million each, split evenly between military and economic aid, began in FY2005.³³⁰ When additional funds for development assistance, law enforcement, and other programs are included, the estimated non-food aid allocation for FY2008 is \$887 million. FY2007 was the first year of the Administration's new plan to devote \$750 million in U.S. development aid to Pakistan's tribal areas over a five-year period. The new civilian government seated in Islamabad in early 2008 has urged the United States to further boost its aid as a means of strengthening democracy in Pakistan.³³¹

FATA Development Plan. As noted above, Pakistan's tribal areas are remote, isolated, poor, and very traditional in cultural practices. The social and economic privation of the inhabitants is seen to make the region a particularly attractive breeding ground for violent extremists. The U.S.-assisted development initiative for the Federally Administered Tribal Areas, launched in 2003, seeks to

³²⁷ See [<http://www.transparency.org>].

³²⁸ U.S. Department of State FY2008 Congressional Budget Justification for Foreign Operations (Revised), May 2, 2007.

³²⁹ "US Aid 'Failing to Reach Target,'" *BBC News*, May 16, 2008.

³³⁰ The Foreign Operations FY2005 Appropriations bill (P.L. 108-447) established a new "base program" of \$300 million for military assistance for Pakistan.

³³¹ "Premier Says Pakistan Needs More U. S. Aid," *Wall Street Journal*, May 29, 2008.

improve the quality of education, develop healthcare services, and increase opportunities for economic growth and micro-enterprise specifically in Pakistan's western tribal regions.³³² A senior USAID official estimated that, for FY2001-FY2007, about 6% of U.S. economic aid to Pakistan has been allocated for projects in the FATA.³³³ The Bush Administration urges Congress to continue funding a proposed five-year, \$750 million aid plan for the FATA initiated in FY2007. The plan will support Islamabad's own ten-year, \$2 billion Sustainable Development effort there. Skepticism has arisen about the potential for the new policy of significantly boosted funding to be effective. Corruption is endemic in the tribal region and security circumstances are so poor that Western nongovernmental contractors find it extremely difficult to operate there. Moreover, as much as half of the allocated funds likely will be devoted to administrative costs.³³⁴ Islamabad is insisting that implementation is carried out wholly by Pakistani civil and military authorities and that U.S. aid, while welcomed, must come with no strings attached.³³⁵

The related establishment of Reconstruction Opportunity Zones (ROZs) that could facilitate further development in the FATA, an initiative of President Bush during his March 2006 visit to Pakistan, ran into political obstacles in Congress and is yet to be finalized. The ROZ program would provide duty-free access into the U.S. market for certain goods produced in approved areas and potentially create significant employment opportunities. While observers are widely approving of the ROZ plan in principle, many question whether there currently are any products with meaningful export value produced in the FATA. One senior analyst suggests that the need for capital and infrastructural improvements outweighs the need for tariff reductions. A Pakistani commentator has argued that an extremely poor law and order situation in the region will preclude any meaningful investment or industrialization in the foreseeable future.³³⁶ In March 2008, more than two years after the initiative was announced, S. 2776, which would provide duty-free treatment for certain goods from designated ROZs in Afghanistan and Pakistan, was introduced in the Senate.

A major July 2008 report from the Council on Foreign Relations presents a cooperative, incentives-based strategy for U.S. engagement in the FATA that would bolster the Pakistani government's capacity while building mutual confidence in the bilateral relationship. The report urges policy makers to weigh the potential gains of unilateral U.S. actions in the FATA — whether military, political, or economic in nature — against the likely costs in the context of fostering mutual trust. It emphasizes that tactical security gains in the region are likely to be ephemeral if not

³³² See [<http://www.usaid.gov/pk/mission/news/fata.htm>].

³³³ Statement of Acting Deputy USAID Administrator James Kunder before the Senate Foreign Relations Committee, December 6, 2007.

³³⁴ "Doubts Engulf an American Aid Plan for Pakistan," *New York Times*, December 25, 2007; "US Aid 'Failing to Reach Target,'" *BBC News*, May 16, 2008.

³³⁵ "U.S. Aims to Turn Hostile Pakistani Tribes Friendly," Reuters, January 30, 2008.

³³⁶ Statement of Amb. Teresita Schaffer before the Senate Foreign Relations Committee, December 6, 2007; Hamid Waleed, "Establishment of Reconstruction Opportunity Zones Almost Impossible" (op-ed), *Daily Times* (Lahore), January 13, 2007.

accompanied by rapid political change and economic incentives that comprise what it labels a “generational challenge.”³³⁷

Economic Support Funds. The Foreign Assistance Act authorizes the President to furnish assistance to countries and organizations in order to promote economic or political stability. The Economic Support Funds (ESF) requested under this authorization have represented a significant proportion of post-2001 U.S. assistance to Pakistan. Immediately following the September 2001 terrorist attacks on the United States, the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (P.L. 107-38) included appropriation of \$600 million in cash transfers for Pakistan under ESF. Congress subsequently authorized Pakistan to use the FY2003 and FY2004 ESF allocations to cancel about \$1.5 billion in concessional debt to the U.S. government.

Within the Administration’s FY2005-FY2009 assistance plan for Pakistan it was agreed that \$200 million of ESF each year (two-thirds of the program total) would be delivered in the form of “budget support”: cash transfers meant to enable the Islamabad government to spend additional resources on education, improving macroeconomic performance, and the quality of and access to healthcare and education. (In the Administration’s FY2008 request for foreign operations, Pakistan was to be one of only three countries, along with Jordan and Lebanon, to receive ESF in this form.) These funds were to be used for purposes spelled out in mutually agreed “Shared Objectives” based on goals Pakistan set for itself in its Poverty Reduction Strategy Paper, which is the reference widely used by the donor community. While the State Department and USAID insisted that use of the funds was carefully monitored, criticisms arose that poor oversight and the fungibility of money could allow Pakistan’s military-dominated government to use them for purposes other than those intended. In December 2007, the State Department appeared to agree in announcing that budget support for Pakistan will henceforth be “projectized to ensure the money is targeted at the most urgent priorities.”³³⁸

Coalition Support Funds (CSF). Congress has appropriated billions of dollars to reimburse Pakistan and other nations for their operational and logistical support of U.S.-led counterterrorism operations. These “coalition support funds” (CSF) account for the bulk of U.S. financial transfers to Pakistan since 2001. As of July 2008, more than \$8 billion had been appropriated or authorized for FY2002-FY2008 Pentagon spending for CSF for “key cooperating nations.” Pentagon documents show that disbursements to Islamabad — at some \$5.9 billion or an average of \$80 million per month — account for roughly four-fifths of these funds. The amount is equal to about one-quarter of Pakistan’s total military expenditures. According to Secretary of Defense Gates, CSF payments have been used to support approximately 90 Pakistani army operations and help to keep some 100,000 Pakistani troops in the field in northwest Pakistan by paying for food, clothing, and housing.

³³⁷ Daniel Markey, “Securing Pakistan’s Tribal Belt,” Council on Foreign Relations Special Report No. 36, July 2008.

³³⁸ See [<http://www.state.gov/p/sca/rls/rm/2007/96566.htm>].

They also compensate Islamabad for ongoing coalition usage of Pakistani airfields and seaports.³³⁹

Concerns have grown in Congress and among independent analysts that standard accounting procedures were not employed in overseeing these large disbursements from the U.S. Treasury. The State Department claims that Pakistan's requests for CSF reimbursements are carefully vetted by several executive branch agencies, must be approved by the Secretary of Defense, and ultimately can be withheld through specific congressional action. However, a large proportion of CSF funds may have been lost to waste and mismanagement, given a dearth of adequate controls and oversight. Senior Pentagon officials reportedly have taken steps to overhaul the process through which reimbursements and other military aid is provided to Pakistan, perhaps including linking payments to specific objectives.³⁴⁰ The National Defense Authorization Act for FY2008 (P.L. 110-181) for the first time requires the Secretary of Defense to submit to Congress itemized descriptions of coalition support reimbursements to Pakistan.

The Government Accountability Office (GAO) was tasked to address oversight of coalition support funds that go to Pakistan. A report issued in June 2008 found that, until about one year before, only a small fraction of Pakistani requests were disallowed or deferred. In March 2007, the value of rejected requests spiked considerably, although it still represented one-quarter or less of the total. The apparent increased scrutiny corresponds with the arrival in Islamabad of a new U.S. Defense Representative, an army major general who reportedly has played a greater role in the oversight process. GAO concluded that increased oversight and accountability was needed over Pakistan's reimbursement claims for coalition support funds.³⁴¹ In August 2008, the leader of Pakistan's ruling party, Asif Zardari claimed, without providing evidence, that as president Pervez Musharraf had been passing only a fraction of the funds over to the Pakistani military, leaving some \$700 million of reimbursements per year "missing."³⁴²

Possible Adjustments to U.S. Assistance Programs. U.S. assistance to Pakistan is meant primarily to maintain that country's ongoing support for U.S.-led counterterrorism efforts. It also seeks to "encourage Pakistan's participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and

³³⁹ Statement before the Senate Armed Services Committee, February 6, 2008.

³⁴⁰ See [<http://www.state.gov/p/sca/rls/rm/2007/96566.htm>]; "U.S. Payments to Pakistan Face New Scrutiny," *Washington Post*, February 21, 2008; "Pakistani Military 'Misspent Up to 70% of American Aid,'" *Guardian* (London), February 28, 2008; "Democrats Question \$6 Billion in Pakistan Aid," *Associated Press*, May 6, 2008.

³⁴¹ See [<http://www.gao.gov/new.items/d08806.pdf>]. See also "Pentagon Puts Brakes on Funds to Pakistan," *Los Angeles Times*, May 7, 2008.

³⁴² Quoted in "Where's the Money?," *Sunday Times* (London), August 10, 2008.

society.”³⁴³ Critics contend that these latter goals remain largely unmet in part due to a perceived U.S. over-reliance on security-related aid. One major study found that only a small percentage of U.S. assistance to Pakistan was being directed toward development, governance, and humanitarian programs.³⁴⁴ For numerous Pakistan-watchers, a policy of “enhanced cooperation and structured inducements” is viewed as likely to be more effective than a policy based on pressure and threats.³⁴⁵ Many argue that it could be useful to better target U.S. assistance programs in such a way that they more effectively and more directly benefit the country’s citizens. Some analysts call for improving America’s image in Pakistan by making U.S. aid more visible to ordinary Pakistanis.³⁴⁶ A costly downside of the perceived focus on security-related aid is that it can empower illiberal forces in Pakistan, namely, the country’s military and intelligence agencies, which are seen to have stunted the growth and development of democratic institutions and the rule of law.

One idea commonly floated by analysts is the “conditioning” of aid to Pakistan, perhaps through the creation of “benchmarks.” For example, in 2003, a task force of senior American South Asia watchers issued a report on U.S. policy in the region that included a recommendation that the extent of U.S. support for Islamabad should be linked to that government’s own performance in making Pakistan a more “modern, progressive, and democratic state” as promised by President Musharraf in January 2002. Specifically, the task force urged directing two-thirds of U.S. aid to economic programs and one-third to security assistance, and conditioning increases in aid amounts to progress in Pakistan’s reform agenda.³⁴⁷ Some commentators emphasize that, to be truly effective, conditionality should be applied by many donor countries rather than just the United States and should be directed toward the Pakistani leadership — especially the military — to the exclusion of the general public.³⁴⁸ In the wake of political crises and deteriorating security circumstances in Pakistan in 2007, some senior Members of Congress were more vocal in calling for conditions on further U.S. assistance in lieu of improvements in these areas.³⁴⁹

³⁴³ U.S. Department of State FY2008 Congressional Budget Justification for Foreign Operations (Revised), May 2, 2007.

³⁴⁴ Craig Cohen, “A Perilous Course: U.S. Strategy and Assistance to Pakistan,” Center for Strategic and International Studies, August 2007.

³⁴⁵ See, for example, Daniel Markey, “Securing Pakistan’s Tribal Belt,” Council on Foreign Relations Special Report No. 36, July 2008.

³⁴⁶ See, for example, Lisa Curtis, “Denying Terrorists Safe Haven in Pakistan,” Heritage Foundation Backgrounder No. 1981, October 26, 2006.

³⁴⁷ “New Priorities in South Asia: U.S. Policy Toward India, Pakistan, and Afghanistan,” Chairmen’s Report of an Independent Task Force Cosponsored by the Council on Foreign Relations and the Asia Society, October 2003.

³⁴⁸ See, for example, Frederic Grare, “Rethinking Western Strategies Toward Pakistan,” Carnegie Endowment for International Peace, 2007.

³⁴⁹ See, for example, “Senate Leader Wants Bush to Pressure Pakistan,” Reuters, January 10, 2008; “Democrat Questions US Aid to Pakistan,” Associated Press, May 27, 2008.

Many analysts, however, including those making policy for the Bush Administration, contend that conditioning U.S. aid to Pakistan has a past record of failure and likely would be counterproductive by reinforcing Pakistani perceptions of the United States as a fickle and unreliable partner. From this perspective, putting additional pressure on an already weak Islamabad government might lead to significant political instability in Pakistan.³⁵⁰ One senior Washington-based analyst who advocates against placing conditions on U.S. aid to Pakistan instead offers an admittedly modest and “not entirely satisfying” approach that would modify current U.S. policy through more forceful private admonitions to Islamabad to better focus its own counterterrorism efforts while also targeting Taliban leadership, increased provision of U.S. counterinsurgency technologies and training to Pakistani security forces, and the establishment of benchmarks for continued provision of coalition support funding.³⁵¹ Private admonitions are considered by some analysts to be meaningless in the absence of public consequences, however.

For Pakistanis themselves, aid conditionality in U.S. congressional legislation can raise unpleasant memories of 1985’s Pressler Amendment, which led to a near-total aid cutoff in 1990. Islamabad’s sensitivities are thus acute: in July 2007, the Pakistan Foreign Ministry said aid conditions legislated in the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53) “cast a shadow” on existing U.S.-Pakistan cooperation and create linkages that “did not serve the interest of bilateral cooperation in the past and can prove to be detrimental in the future.”³⁵² Calls for further conditionality from some in Congress led Islamabad to again warn that such moves could harm the bilateral relationship and do damage to U.S. interests. Nevertheless, the State Department reports being “comfortable” with congressional conditions and “confident” that required reports can be issued.³⁵³

Analysts have also issued criticisms of the programming of aid to Pakistan within the security-related portions. Foremost among these are assertions that the Pakistani military maintains an institutional focus on conventional war-fighting capabilities oriented toward India and that it has used U.S. security assistance to bolster these capabilities while paying insufficient attention to the kinds of counterinsurgency capacity that U.S. policy makers might prefer to see strengthened. For example, of the nearly \$1.6 billion in Foreign Military Financing provided to Pakistan from FY2002-FY2008, more than half has been used by Islamabad to purchase weapons of limited use in the context of counterterrorism. These include maritime patrol aircraft, anti-armor missiles, surveillance radars, upgrade kits for F-16 combat aircraft, and self-propelled howitzers. Counterarguments contend that such purchases facilitate regional stability and allow Pakistan to feel more secure vis-à-vis India, its more powerful neighbor.

³⁵⁰ See, for example, Daniel Markey, “A False Choice in Pakistan,” *Foreign Affairs*, July 2007.

³⁵¹ Ashley Tellis, “Pakistan: Conflicted Ally in the War on Terror,” *Carnegie Endowment Policy Brief* 56, December 2007.

³⁵² See [http://www.mofa.gov.pk/Press_Releases/2007/july/PR_199_07.htm].

³⁵³ “Pakistan Rejects Call for Conditions on U.S. Aid,” Reuters, January 11, 2008; State Department claim at [<http://www.state.gov/p/sca/rls/rm/2007/97946.htm>].

Pervasive anti-American sentiment in Pakistan has led the U.S. government to minimize its “footprint” when providing aid in certain regions, especially the FATA region bordering Afghanistan. This has meant that some projects are conducted in ways similar to covert operations under the cover of Pakistani government agencies. Although such an approach facilitates delivery of aid, public diplomacy gains can be sacrificed when aid beneficiaries are unaware of the origin of the assistance they are receiving. Because development of Pakistan’s tribal areas is identified as a key U.S. national security goal in and of itself, such costs may be considered acceptable.

Coup-Related Legislation. Pakistan’s October 1999 military coup triggered U.S. aid restrictions under Section 508 of the annual foreign assistance appropriations act. Post-September 2001 circumstances saw Congress take action on such restrictions. P.L. 107-57 (October 2001) waived coup-related sanctions on Pakistan through FY2002 and granted presidential authority to waive them through FY2003. In issuing the waiver, the President was required to certify that doing so “would facilitate the transition to democratic rule in Pakistan” and “is important to United States efforts to respond to, deter, or prevent acts of international terrorism.” President Bush exercised this waiver authority six times, most recently in March 2008. Pakistan’s relatively credible 2008 polls spurred the Bush Administration to issue an April 2008 determination that a democratically elected government had been restored in Islamabad after a 101-month hiatus. This determination permanently removed coup-related aid sanctions.³⁵⁴

Proliferation-Related Legislation. Through a series of legislative measures, Congress incrementally lifted sanctions on Pakistan resulting from its nuclear weapons proliferation activities.³⁵⁵ After the September 2001 terrorist attacks on the United States, policymakers searched for new means of providing assistance to Pakistan. President Bush’s issuance of a final determination that month removed remaining sanctions on Pakistan (and India) resulting from the 1998 nuclear tests, finding that restrictions were not in U.S. national security interests. Some Members of the 108th Congress urged reinstatement of proliferation-related sanctions in response to evidence of Pakistani assistance to third-party nuclear weapons programs. However, the Nuclear Black-Market Elimination Act (H.R. 4965) died in committee. Legislation in the 109th Congress included the Pakistan Proliferation Accountability Act of 2005 (H.R. 1553), which sought to prohibit the provision of military equipment to Pakistan unless the President can certify that Pakistan has verifiably halted all proliferation activities and is fully sharing with the United States all

³⁵⁴ See [<http://www.whitehouse.gov/news/releases/2008/03/20080325-2.html>]; Federal Register 73, 69, p. 19276-19277, April 9, 2008.

³⁵⁵ The Agricultural Export Relief Act of 1998 (P.L. 105-194) allowed U.S. wheat sales to Pakistan after July 1998. The India-Pakistan Relief Act of 1998 (in P.L. 105-277) authorized a one-year sanctions waiver exercised by President Clinton in November 1998. The Department of Defense Appropriations Act, 2000 (P.L. 106-79) gave the President permanent authority to waive nuclear-test-related sanctions applied against Pakistan and India after October 1999, when President Clinton waived economic sanctions on India (Pakistan remained under sanctions as a result of the October 1999 coup). (See CRS Report RS20995, *India and Pakistan: U.S. Economic Sanctions*.)

information relevant to the A.Q. Khan proliferation network. This bill also did not emerge from committee.

In the 110th Congress, the House-passed version of the Implementing the 9/11 Commission Recommendations Act of 2007 (H.R. 1) included provisions to suspend all arms sales licenses and deliveries to any “nuclear proliferation host country” unless the President certifies that such a country is, *inter alia*, fully investigating and taking actions to permanently halt illicit nuclear proliferation activities. Related Senate-passed legislation (S. 4) contained no such language and the provisions did not appear in the subsequent law (P.L. 110-53).

9/11 Commission Recommendations. *The 9/11 Commission Report*, released in July 2004, identified the government of President Musharraf as the best hope for stability in Pakistan and Afghanistan, and it recommended that the United States make a long-term commitment to provide comprehensive support for Islamabad so long as Pakistan itself is committed to combating extremism and to a policy of “enlightened moderation.” In the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458), Congress broadly endorsed this recommendation by calling for U.S. aid to Pakistan to be sustained at a minimum of FY2005 levels and requiring the President to report to Congress a description of long-term U.S. strategy to engage with and support Pakistan. A November 2005 follow-on report by Commissioners gave a “C” grade to U.S. efforts to support Pakistan’s anti-extremism policies and warned that the country “remains a sanctuary and training ground for terrorists.” In the 109th Congress, H.R. 5017 and S. 3456 sought to insure implementation of the recommendations of the 9/11 Commission. The bills contained Pakistan-specific language, but neither emerged from committee.

A new Democratic majority took up the issue again in 2007. The premiere House resolution of the 110th Congress, the Implementing the 9/11 Commission Recommendations Act of 2007 (H.R. 1), was passed in January containing discussion of U.S. policy toward Pakistan. The bill was passed by the Senate and became P.L. 110-53, including conditions on U.S. aid to Pakistan for the first time in the post-9/11 era. The Bush Administration opposed the language, arguing that “conditionality” would be counterproductive to the goal of closer U.S.-Pakistan relations.

Selected Pakistan-Related Legislation in the 110th Congress

P.L. 110-53: The Implementing the 9/11 Commission Recommendations Act of 2007 (became Public Law on August 3, 2007):

- Would have ended U.S. military assistance and arms sales licensing to Pakistan in FY2008 unless the President reported to Congress that Islamabad is “undertaking a comprehensive military, legal, economic, and political campaign” to “eliminating from Pakistani territory any organization such as the Taliban, al Qaeda, or any successor, engaged in military, insurgent, or terrorist activities in Afghanistan,” and “is currently making demonstrated, significant, and sustained progress toward eliminating support or safe haven for terrorists.”

- Required the President report to Congress a long-term U.S. strategy for engaging Pakistan.
- Provided an extension of the President's authority to waive coup-related sanctions through FY2008.

P.L. 110-161: The Consolidated Appropriations Act, 2008 (became Public Law on December 26, 2007):

- Provided \$250 million in FY2008 Foreign Military Financing for Pakistani counterterrorism activities. Another \$50 million would be provided for such purposes after the Secretary of State reported to Congress that Pakistan is "making concerted efforts" to combat both Al Qaeda and Taliban forces on Pakistani territory and is "implementing democratic reforms."
- Appropriated \$300 million for FY2008 coalition support reimbursements to Pakistan and other key cooperating nations.

P.L. 110-181: The National Defense Authorization Act for FY2008 (became Public Law on January 28, 2008):

- Authorized up to \$75 million in FY2008 Section 1206 funding to enhance the counterterrorism capabilities of Pakistan's paramilitary Frontier Corp. Such assistance is to be provided in a manner that "promotes respect for human rights and fundamental freedoms and respect for legitimate civilian authority within Pakistan."
- Authorized up to \$1.2 billion in FY2008 Pentagon coalition support reimbursements to "any key cooperating nation" in connection with U.S. military operations in Iraq or Afghanistan.
- Withholds coalition support reimbursements to Pakistan unless the Secretary of Defense submits to Congress a report on enhancing security and stability along the Afghanistan-Pakistan border. The report must include "detailed description" of Pakistan's efforts to "eliminate safe havens for the Taliban, Al Qaeda and other violent extremists on the national territory of Pakistan" and to "prevent the movement of such forces across the border of Pakistan into Afghanistan"
- Requires the Secretary of Defense to submit to Congress itemized descriptions of coalition support reimbursements to Pakistan for the period February 2008-September 2009.

H.R. 2446: The Afghanistan Freedom and Security Support Act of 2007 (passed by the House on June 6, 2007; referred to Senate committee):

- Would require the President to report to Congress on implementation of policies to encourage greater Pakistan-Arab country reconstruction assistance to Afghanistan and on Pakistan-Afghanistan cooperation.
- Would authorize the President to appoint a new special envoy to promote closer Pakistan-Afghanistan cooperation.

- Would require the President to report to Congress on actions taken by Pakistan to permit or impede transit of Indian reconstruction materials to Afghanistan across Pakistani territory.

H.R. 5916: The Security Assistance and Arms Export Control Reform Act of 2008 (passed by the House May 15, 2008; referred to Senate committee; a related bill, **S. 3052**, was referred to Senate committee on May 22, 2008):

- Would authorize the President to transfer to Pakistan the guided missile frigate *USS McInerney* as an excess defense article.

H.R. 5658: The National Defense Authorization Act for FY2009 (passed by the House on May 22, 2008; placed on Senate calendar June 3, 2008):

- Would extend Section 1206 authority to build the capacity of Pakistan's Frontier Corps through FY2010.

S. 2776: The Afghanistan and Pakistan Reconstruction Opportunity Zones Act of 2008 (referred to Senate committee on March 13, 2008; a related bill, **H.R. 6387**, was referred to House committee on June 26, 2008):

- Would provide duty-free treatment for certain goods from designated Reconstruction Opportunity Zones in Afghanistan and Pakistan.

S. 3263: The Enhanced Partnership With Pakistan Act of 2008 (referred to Senate committee on July 15, 2008):

- Would make it the policy of the United States to "affirm and build a sustained, long-term, multifaceted relationship with Pakistan."
- Would triple non-military U.S. assistance to Pakistan to \$1.5 billion per year for FY2009-FY2013, and establish a sense of Congress that such aid levels should continue through FY2018.
- Would condition further military assistance and arms transfers to Pakistan on an annual certification by the Secretary of State that the security forces of Pakistan are making "concerted efforts" to prevent Al Qaeda, Taliban, and associated militant groups from operating on Pakistani territory, and that such security forces are "not materially interfering" in Pakistan's political or judicial processes.
- Would express the sense of Congress that coalition support payments to Pakistan are a "critical component" of the global counterterrorism effort and that increased oversight and accountability is needed over Pakistan's reimbursement claims for such funds.
- Would require the Secretary of State to develop a "comprehensive, cross-border strategy" for Afghanistan and Pakistan and report to Congress no later than June 2009 a detailed description of such a strategy.

Table 1. Overt U.S. Aid and Military Reimbursements to Pakistan, FY2002-FY2009
(rounded to the nearest millions of dollars)

Program or Account	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008 (est.)	FY2002-FY2008 Total	FY2009 (req.)
1206	—	—	—	—	23	14	57	94	^h
CN	—	—	—	8	29	39	55	131	^h
CSF ^a	1,169 ^e	1,247	705	964	862	731	255 ^g	5,934	200 ⁱ
FC	—	—	—	—	—	—	75	75	^h
FMF	75	225	75	299	297	297	298	1,566	300
IMET	1	1	1	2	2	2	2	11	2
INCLE	91	31	32	32	38	21	22	267	32
NADR ^b	10	1	5	8	9	10	10	53	11
Total Security-Related	1,346	1,505	818	1,313	1,260	1,115	774	8,131	545
CSH	14	16	26	21	28	22	30	157	28
DA	10	35	49	29	38	95	30	286	—
ESF ^c	615	188	200	298	337	389	347	2,374	603 ^j
Food Aid ^d	5	28	13	32	55	—	42	175	37
HRDF	1	—	2	2	1	11	—	17	—
MRA	9	7	6	6	10	4	—	42	—
Total Economic-Related	654	274	296	388	539^f	521	449	3,121^f	668
Grand Total	2,000	1,779	1,114	1,701	1,799	1,636	1,223	11,252	1,213

Sources: U.S. Departments of State, Defense, and Agriculture; U.S. Agency for International Development.

Abbreviations:

1206: Section 1206 of the National Defense Authorization Act for FY2006 (P.L. 109-163, global train and equip; Pentagon budget)
 CN: Counternarcotics Funds (Pentagon budget)
 CSF: Coalition Support Funds (Pentagon budget)
 CSH: Child Survival and Health
 DA: Development Assistance
 ESF: Economic Support Fund
 FC: Section 1206 of the NDAA for FY2008 (P.L. 110-181, Pakistan Frontier Corp train and equip; Pentagon budget)
 FMF: Foreign Military Financing
 HRDF: Human Rights and Democracy funding
 IMET: International Military Education and Training
 INCLE: International Narcotics Control and Law Enforcement (includes border security)
 MRA: Migration and Refugee Assistance
 NADR: Nonproliferation, Anti-Terrorism, Demining, and Related^b

Notes:

- a. CSF is Pentagon funding to reimburse Pakistan for its support of U.S. military operations. It is not officially designated as foreign assistance, but is counted as such by many analysts.
- b. The great majority of NADR funds allocated for Pakistan are for anti-terrorism assistance.
- c. Congress authorized Pakistan to use the FY2003 and FY2004 ESF allocations to cancel a total of about \$1.5 billion in concessional debt to the U.S. government. From FY2005-FY2007, \$200 million per year in ESF was delivered in the form of “budget support” — cash transfers to Pakistan. Such funds will be “projectized” from FY2008 on.
- d. P.L.480 Title I (loans), P.L.480 Title II (grants), and Section 416(b) of the Agricultural Act of 1949, as amended (surplus agricultural commodity donations). Food aid totals do not include freight costs.
- e. Includes \$220 million for Peacekeeping Operations reported by the State Department.
- f. Includes \$70 million in FY2006 International Disaster and Famine Assistance funds for Pakistani earthquake relief.
- g. Includes CSF payments for support provided through November 2007. The Consolidated Appropriations Act, 2008 (P.L. 110-161), and the Supplemental Appropriations Act, 2008 (P.L. 110-252), appropriated a total of \$1.1 billion for FY2008 CSF payments to key cooperating nations, including Pakistan, which historically has received about 80% of such funds.
- h. This funding is “requirements-based” for “urgent and emergent threats and opportunities.” Thus, there are no pre-allocation data.
- i. The Administration requested \$900 million for continuing CSF payments in FY2009. To date, Congress has appropriated \$200 million for such purposes (P.L. 110-252).
- j. Includes a “bridge” supplemental ESF appropriation of \$150 million (P.L. 110-252).

Figure 1. Map of Pakistan



Source: Map Resources. Adapted by CRS.

Figure 2. District Map of Pakistan's North West Frontier Province and Federally Administered Tribal Areas

