



# Pakistan: Key Current Issues and Developments

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## Summary

A stable, democratic, prosperous Pakistan actively combating religious militancy is considered vital to U.S. interests. U.S. concerns regarding Pakistan include regional and global terrorism; efforts to stabilize neighboring Afghanistan; nuclear weapons proliferation; the Kashmir problem and Pakistan-India tensions; democratization and human rights protection; and economic development. Pakistan is praised by U.S. leaders for its ongoing cooperation with U.S.-led counterterrorism and counterinsurgency efforts, although long-held doubts exist about Islamabad's commitment to some core U.S. interests. A mixed record on battling Islamist extremism includes ongoing apparent tolerance of Taliban elements operating from its territory. Pakistan's troubled economic conditions and political setting combine with perilous security circumstances and a history of troubled relations with neighbors to present serious challenges to U.S. decision makers.

Islamist extremism and militancy in Pakistan is a central U.S. foreign policy concern. The development hinders progress toward key U.S. goals, including the defeat of Al Qaeda and other anti-U.S. terrorist groups, Afghan stabilization, and resolution of the historic Pakistan-India rivalry that threatens the entire region's stability and that has a nuclear dimension. Long-standing worries that American citizens have been recruited and employed in Islamist terrorism by Pakistan-based elements have become more acute in the past year, especially following a failed May 2010 bombing attempt in New York City that was linked to the "Pakistani Taliban."

A bilateral Pakistan-India peace process was halted after a November 2008 terrorist attack on Mumbai was traced to a Pakistan-based terrorist group. This process, strongly supported by the United States, remains moribund, and serious mutual animosities persist. Pakistan is wary of India's presence in Afghanistan, where Islamabad seeks a friendly and perhaps malleable neighbor, and has had troubled relations with the Kabul government. A perceived Pakistan-India nuclear arms race has been the focus of U.S. nonproliferation efforts in South Asia.

Pakistan's political setting remains fluid, with a weak ruling coalition struggling to stay in power. While the most recent iteration of direct military rule ended in 2008, Pakistan's military and intelligence institutions are seen to possess inordinate political power. Rampant inflation and unemployment, along with serious food and energy shortages, elicit considerable economic anxiety in Pakistan. These pressures were hugely exacerbated by unprecedented devastation resulting from mid-2010 flooding. The U.S. government and international financial institutions are among those strongly urging Islamabad to more quickly institute economic reform.

The Obama Administration continues to pursue close and mutually beneficial relations with Islamabad. As part of its strategy for stabilizing Afghanistan, the Administration's Pakistan policy includes a tripling of nonmilitary aid to improve the lives of the Pakistani people, as well as the conditioning of U.S. military aid to Islamabad on that government's progress in combating militancy and in further fostering democratic institutions. A Special Representative was appointed to coordinate U.S. government efforts with both Pakistan and Afghanistan. Pakistan is among the world's leading recipients of U.S. aid and by the end of FY2010 had obtained about \$10.7 billion in overt assistance since 2001, including more than \$6 billion in development and humanitarian aid. Pakistan also has received more than \$8 billion in military reimbursements for its support of and engagement in counterterrorism and counterinsurgency efforts against Islamist militants. This report reviews key current issues and developments in Pakistan and in U.S.-Pakistan relations. It will be updated periodically.

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## Overview: Key Current Issues and Developments

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; stability in neighboring Afghanistan; 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 stabilizing Afghanistan.

Domestic terrorist bombings and other militant attacks became a near-daily scourge in 2008 and continue at a high rate to date, with Islamist extremism spreading beyond western tribal areas and threatening major Pakistani cities. In the assessment of a former senior U.S. government 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.”<sup>1</sup> When asked in early 2010 what worried him the most of all foreign policy issues, Vice President Joseph Biden answered “Pakistan,” which he said has deployable nuclear weapons, “a real significant minority of radicalized population,” and “is not a completely functional democracy.”<sup>2</sup> A long-time U.S.-based observer sees the fundamentals of the Pakistani state in 2011 “either failing or questionable,” and proffers that, with all current U.S. policies proving ineffective, Pakistan is moving in a direction of “comprehensive failure,” perhaps in as few as

### Pakistan in Brief

**Population:** 184 million; growth rate: 1.6% (2010 est.)

**Area:** 803,940 sq. km. (slightly less than twice the size of California)

**Capital:** Islamabad

**Heads of Government:** Prime Minister Yousaf Raza Gilani and President Asif Ali Zardari (both of the Pakistan People’s Party)

**Ethnic Groups:** Punjabi 45%, Pashtun 15%, Sindhi 14%, Saraiki 8%, Muhajir 8%. Baloch 4%, other 6%

**Languages:** Punjabi 48%, Sindhi 12%, Saraiki 10%, Pashtu 8%, Urdu (official) 8%; Baluchi, English (official), and others 14%

**Religions:** Muslim 95% (Sunni 75%, Shia 20%), Christian, Hindu, and other 5%

**Life Expectancy at Birth:** female 68 years; male 64 years (2010 est.)

**Literacy:** 50% (female 36%; male 63%; 2005 est.)

**Gross Domestic Product (at PPP):** \$463 billion; per capita: \$2,494; growth rate 4.4% (2010)

**Currency:** Rupee (100 = \$1.17)

**Inflation:** 15.5% (year-on-year, December 2010)

**Defense Budget:** \$4.11 billion (2.6% of GDP; 2009)

**U.S. Trade:** exports to U.S. \$3.53 billion (primarily textiles and apparel); imports from U.S. \$1.86 billion (incl. raw cotton and military equipment) (2010 est.)

**Sources:** CIA *World Factbook*; U.S. Department of Commerce; Government of Pakistan; Economist Intelligence Unit; Global Insight; *The Military Balance*

<sup>1</sup> Bruce Riedel, “Pakistan and Terror: The Eye of the Storm,” *Annals of the American Academy of Political and Social Science*, 618, 31, July 2008. (see the June 2010 index at [http://www.foreignpolicy.com/articles/2010/06/21/the\\_failed\\_states\\_index\\_2010](http://www.foreignpolicy.com/articles/2010/06/21/the_failed_states_index_2010)).

<sup>2</sup> “CNN Larry King Live, Interview With Vice President Joseph Biden; Senator John Kerry (D-MA), and Teresa Heinz-Kerry (Part 2),” Federal News Service transcript, February 13, 2010.

four years.<sup>3</sup> The U.S. State Department issues stern warnings on the risks of travel to Pakistan, and many independent country indices rank the Pakistani state as a failed or failing one.<sup>4</sup>

The Pakistani state and people are paying a steep price for their participation in the fight against Islamist militancy and extremism. Foreign Minister Shah Mehmood Qureshi claims that, in the post-9/11 period, Pakistan has incurred some 31,000 casualties and has “arrested, apprehended, and eliminated 17,000 terrorists.” Socioeconomic costs have been high, as well, and include massive human displacement; increased funding for security and law enforcement institutions, and reconstruction; sharply reduced investment and capital flight; and all manner of less tangible infrastructural and cultural costs. Pakistani government officials estimate financial losses of up to \$40 billion since 2001. The severe psychological toll on the Pakistani people has led to an upsurge in reports of depression, anxiety, paranoia, and post-traumatic stress disorders.<sup>5</sup>

Pakistan’s troubled economic conditions, fluid political setting, and perilous security circumstances present serious challenges to U.S. decision makers. On the economic front, the Islamabad government faces crises that erode their options and elicit significant public resentment. On the political front, a weak civilian leadership, ongoing power struggles between the executive and judiciary, and discord in federal-provincial relations all serve to hamper effective governance. 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 and their allies remain active on Pakistani territory. The compounded difficulties faced by Pakistan and those countries seeking to work with it, along with the troubling anti-American sentiments held by much of the Pakistani public, thus present U.S. policy makers with a daunting task.<sup>6</sup>

Despite some positive signs, the progress of U.S.-Pakistan relations in the post-2001 era has produced few of the main outcomes sought in both capitals. Religious, ethnic, and political violence in Pakistan has only increased, as has an already intense anti-Americanism. While a reasonably free and fair election did seat a civilian government in 2008, that government remains weak and saddled with immense economic and other domestic problems. Meanwhile, the security institutions maintain a hold on the formulation of foreign and national security policies, and some elements appear to have lingering sympathies for the Afghan Taliban and other Islamist militant groups. From the U.S. perspective, Pakistan’s status as a hotbed of religious extremism has only become more secure in recent years, Al Qaeda continues to operate in the tribal areas, and

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<sup>3</sup> “Pakistan’s Road to Disintegration,” Council on Foreign Relations interview with Stephen Cohen, January 6, 2011, at [http://www.cfr.org/publication/23744/pakistans\\_road\\_to\\_disintegration.html](http://www.cfr.org/publication/23744/pakistans_road_to_disintegration.html).

<sup>4</sup> In February 2011, the U.S. State Department issued a travel warning to Americans, stating that, “The presence of Al Qaeda, Taliban elements, and indigenous militant sectarian groups poses a potential danger to American citizens throughout Pakistan,” with terrorists regularly attacking civilian, government, and foreign targets. It also stated that the movement of U.S. government personnel in the consular cities of Karachi and Peshawar continues to be “severely restricted” (see [http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_5269.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_5269.html)). In its 2010 Global Peace Index, Sydney-based Vision of Humanity ranked Pakistan 145<sup>th</sup> out of 149 countries, identifying the internally displaced population, rates of incarceration, military spending per capita, gender inequality, and corruption as especially serious factors (see <http://www.visionofhumanity.org/gpi-data/#/2010/scor>). *Foreign Policy* magazine’s Failed State Index again ranked Pakistan 10<sup>th</sup> in the world with a “critical” score for 2010, citing especially acute group grievances and factionalized elites (see the June 2010 index at [http://www.foreignpolicy.com/articles/2010/06/21/the\\_failed\\_states\\_index\\_2010](http://www.foreignpolicy.com/articles/2010/06/21/the_failed_states_index_2010)).

<sup>5</sup> Qureshi quoted in “The Silent Surge” (interview), *Newsweek* (online), March 29, 2010; Arshad Ali, “Socio Economic Cost of Terrorism: A Case Study of Pakistan,” Pakistan Research Unit Brief 57, April 11, 2010; “Pakistan Psychologists Issue Health Warning,” Reuters, May 13, 2010.

<sup>6</sup> An instructive recent review is Robert Hathaway, “Planet Pakistan,” *Washington Quarterly*, Winter 2010.

Afghanistan remains unstable more than nine years after the U.S.-led intervention there.<sup>7</sup> More recently, there are disturbing signs that Pakistan serves as a site for the recruiting and training of American nationals intent on carrying out terrorist attacks on the U.S. homeland.<sup>8</sup> In late 2010, an unnamed senior Pakistani military official, widely believed to be Pakistani Army Chief General Ashfaq Pervez Kayani himself, described Pakistan as having “transited from most sanctioned ally to most bullied ally.” He located Pakistani resentment in the perception that the United States continues to pursue a “transactional relationship” with Pakistan, that it seeks “controlled chaos” inside Pakistan, and that its true strategy is to “denuclearize” Pakistan. Kayani has thus far resisted U.S. efforts at persuasion and has shown other flashes of defiance in recent months, including issuing a reportedly personal order to close the Torkham border crossing after two Pakistani soldiers were killed by a NATO helicopter in September.<sup>9</sup>

Notwithstanding Pakistan’s ongoing and serious problems—including rampant domestic militancy, political and economic crises, and deep-seated resentments toward the United States and neighboring India—Obama Administration decision makers appear to see no viable alternative but to continue supporting the country and are ready to “double down” with additional military and economic support. This reportedly was the message Vice President Biden carried with him during a January 2011 visit to Islamabad.<sup>10</sup> While there, the U.S. Vice President reiterated his and President Obama’s view that Pakistan is “absolutely vital” to U.S. interests, and he took the opportunity to correct some key misconceptions held among Pakistanis, including that the United States represents a threat to their sovereignty (“I would respectfully suggest that it’s the extremists who violate Pakistan’s sovereignty and corrupt its good name”), that America disrespects or is an enemy of Islam, that U.S. policies favor India in ways that could lead to Pakistan’s weakening, and that the U.S. will “abandon” Pakistan.<sup>11</sup>

## **The Obama Administration Strategy**

A key aspect of the Obama Administration’s approach to Pakistan has been development of a more coherent policy to include a tripling annual nonmilitary aid to improve the lives of the Pakistani people, with a particular focus on conflict-affected regions, and on focusing increased U.S. military aid to Islamabad on counterinsurgency goals while conditioning such aid on that government’s progress in combating militancy. President Obama, Vice President Biden, and Secretary of State Hillary Clinton all supported the Enhanced Partnership With Pakistan Act of 2008 in the 110<sup>th</sup> Congress (which was never passed), and they strongly encouraged the 111<sup>th</sup> Congress to pass a newer version of that legislation. This Pakistan Enduring Assistance and Cooperation Enhancement Act of 2009 (H.R. 1886) was passed by the full House in June 2009, then reconciled with the Senate bill passed that September. President Obama signed the resulting

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<sup>7</sup> For a broad overview of many of these issues, and recommendations for a more effective U.S. approach, see C. Christine Fair, et al., “Pakistan: Can the United States Secure an Insecure State?,” RAND Project Air Force, May 2010.

<sup>8</sup> See also CRS Report R41416, *American Jihadist Terrorism: Combating a Complex Threat*, by (name redacted) and (name redacted).

<sup>9</sup> “Pakistan the ‘Most Bullied Ally,’” *Dawn* (Karachi), November 30, 2010; “U.S. Courts Pakistan’s Top General, With Little Result,” *Washington Post*, January 1, 2011.

<sup>10</sup> “U.S. to Offer More Support to Pakistan,” *Washington Post*, January 8, 2011.

<sup>11</sup> “Vice President Joseph R. Biden Jr. and Pakistani Prime Minister Yousaf Raza Gilani Deliver Remarks at the Presidential Palace in Islamabad,” CQ Transcriptions, January 12, 2011.

Enhanced Partnership with Pakistan Act (EPPA) of 2009 into P.L. 111-73 on October 15, 2009. The legislation is commonly referred to as the “Kerry-Lugar-Berman bill.”

Even as President-elect, Obama asserted that Afghanistan cannot be “solved” without “solving Pakistan” and working more effectively with that country, saying he believed Pakistan’s democratically-elected government understands the threat and would participate in establishing “the kind of close, effective, working relationship that makes both countries safer.”<sup>12</sup> Pakistani President Asif Ali Zardari said his country looked forward to a “new beginning” in bilateral relations, but repeated his admonition that Pakistan “needs no lectures on our commitment [to fighting terrorism]. This is our war.” His government repeatedly has asked the Obama Administration to strengthen Pakistan’s democracy and economic development in the interest of fighting extremism.<sup>13</sup> Despite Pakistani hopes that President Obama would more energetically engage diplomatic efforts to resolve the Kashmir problem, the Administration has offered no public expressions of support for such a shift. Secretary of State Clinton has recognized the dangers of rising tensions in Kashmir while also deferring calls for greater U.S. involvement there, saying during her confirmation hearing that the U.S. role will continue to be as it was under the previous Administration: settlement facilitation, but no mediation.<sup>14</sup>

In what many observers considered to be a bracing U.S. government wake-up call to Islamabad, Secretary Clinton told a House panel in April 2009 that “the Pakistani government is basically abdicating to the Taliban and to the extremists.” Secretary of Defense Robert Gates followed with his own warning that U.S.-Pakistan relations could suffer if Islamabad did not “take appropriate actions” to deal with the militant threat.<sup>15</sup> Days later, President Obama himself expressed “grave concern” about the situation in Pakistan, offering that the “very fragile” civilian government there did not appear to have the capacity to deliver basic services to the Pakistani people. He did, however, acknowledge that the Pakistani military was showing more seriousness in addressing the threat posed by militants.<sup>16</sup> The Administration’s tone shifted considerably after Pakistani forces launched major offensive operations against Taliban militants in the Swat Valley.

Senior U.S. officials—including President Obama in his December 1, 2009, speech—laud Pakistan’s military operations against indigenous Taliban militants.<sup>17</sup> Yet these officials also want Islamabad to enlarge the scope of such operations to include action against a broader array of extremist threats, including those of the greatest concern to India and Western countries. As articulated by Joint Chiefs Chairman Admiral Mike Mullen, “We must help Pakistan widen its aperture in seeking out and eliminating all forms of extremism and terrorism—those who threaten not only Pakistan, but also Afghanistan, the wider South Asia region, and the globe.”<sup>18</sup> Secretary Gates paid an unannounced visit to Pakistan in early 2010 with a central wish to “relinquish the grievances of the past ... and instead focus on the promise of the future.” In speaking to an audience of Pakistani military officers, he sought to push back against the rumors fuelling anti-

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<sup>12</sup> See the December 7, 2008, “Meet the Press” transcript at <http://www.msnbc.msn.com/id/28097635>.

<sup>13</sup> Asif Ali Zardari, “Partnering With Pakistan” (op-ed), *Washington Post*, January 28, 2009; Asif Ali Zardari, “Democracy is the Greatest Revenge” (op-ed), *Wall Street Journal*, December 27, 2009.

<sup>14</sup> See <http://www.foreignpolicy.com/files/KerryClintonQFRs.pdf>.

<sup>15</sup> Transcript: House Committee on Foreign Affairs Holds a Hearing on “New Beginnings: Foreign Policy Priorities in the Obama Administration,” April 22, 2009; “Pentagon Chief in Taliban Warning,” *BBC News*, April 23, 2009.

<sup>16</sup> “Obama Transcript: First 100 Days,” *CNN.com*, April 29, 2009.

<sup>17</sup> “US Praises Pakistan Progress Vs. Taliban,” *Associated Press*, August 17, 2009.

<sup>18</sup> Statement before the House Foreign Affairs Committee, December 2, 2009.

Americanism there, stating unequivocally that the United States “does not covet a single inch of Pakistani soil [nor] military bases,” nor does it “desire to control Pakistan’s nuclear weapons.”<sup>19</sup>

More intensive diplomacy and U.S. assurances that Pakistan will play a major role in the political future of Afghanistan may have contributed to persuading Pakistani leaders—especially military officers—that they need no longer rely on extremist groups to maintain influence. The U.S. Special Representative for Afghanistan and Pakistan, Richard Holbrooke, who died in December 2010, attributed Pakistan’s early 2010 moves against the Afghan Taliban to the “cumulative effect” of hard work and multiple visits to Pakistan by numerous senior U.S. officials.<sup>20</sup> Yet some in Congress express continuing skepticism about Islamabad’s commitment to resolving the Afghan insurgency and to a genuine partnership with the United States.<sup>21</sup> Meanwhile, many observers in Pakistan complain that U.S. diplomacy remains too skewed toward security issues and overly reliant on military-to-military relations, at some cost to public diplomacy. Reports suggest that even those Pakistanis with traditionally strong ties to the United States have begun seeking alternative destinations for work, education, and travel, a sign of troubled U.S.-Pakistan relations in the new decade.<sup>22</sup>

## **Notable Developments in Obama Administration Engagement**

### **Appointment of a U.S. Special Representative (SRAP)**

Two days after taking office, President Obama announced the appointment of former Clinton Administration diplomat Richard Holbrooke to be Special Representative to Afghanistan and Pakistan (SRAP). The SRAP’s central task is to coordinate across the entire U.S. government to achieve U.S. strategic goals in the region. In accepting the job, Holbrooke called the Pakistan situation “infinitely complex” and noted the need to coordinate what he called a “clearly chaotic foreign assistance program.”<sup>23</sup> Prior to the announcement, there was speculation that the new U.S. President would appoint a special envoy to the region with a wider brief, perhaps to include India and even Kashmir. The State Department insisted that Holbrooke’s mandate is strictly limited to dealing with “the Pakistan-Afghanistan situation.” Given Holbrooke’s reputation as a “bulldozer” with strong and sometimes negative views about South Asia’s circumstances, his appointment caused some consternation in the region.<sup>24</sup> Before his untimely death, Holbrooke made numerous trips to the region and, despite setbacks, contended that U.S.-Pakistan relations were improving.

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<sup>19</sup> Robert Gates, “Our Commitment to Pakistan” (op-ed), *News* (Karachi), January 21, 2010; U.S. Embassy’s January 23, 2010, transcript at <http://islamabad.usembassy.gov/pr-10012303.html>.

<sup>20</sup> Michael Hirsh, “Obama’s Pakistan Successes,” *Newsweek* (online), February 23, 2010; Fareed Zakaria, “A Victory for Obama,” *Newsweek*, March 12, 2010; Holbrooke’s March 2, 2010, comments at <http://www.state.gov/p/sca/rls/rmks/2010/137693.htm>.

<sup>21</sup> “Key Senator Lashes Out at Pakistan Government,” CNN.com, October 1, 2010; “Congress Getting Frustrated With Pakistan as a War Ally,” *Washington Times*, October 5, 2010.

<sup>22</sup> “Shamshad Ahmad, “Where is US Public Diplomacy?” (op-ed), *News* (Karachi), January 13, 2010; “Many Disillusioned Pakistanis Look Beyond U.S. for Work, Education, and Travel,” *Washington Post*, May 24, 2010.

<sup>23</sup> In 2008, Holbrooke penned a *Foreign Affairs* article in which he declared that Afghanistan and Pakistan “now constitute a single theater of war.” Among the major problem areas identified with regard to U.S. efforts in Afghanistan, he called pacifying the “insurgent sanctuaries” in Pakistan’s tribal areas as being the toughest, noting that “Pakistan can destabilize Afghanistan at will—and has” (“Mastering a Daunting Agenda,” *Foreign Affairs*, September/October 2008).

<sup>24</sup> “New Envoy Unnerves South Asia,” *Los Angeles Times*, February 2, 2009; “South Asian Chasm of Mistrust Awaits (continued...)”

## Policy Reviews, Trilateral Summitry, and Ensuing Diplomacy in 2009

### *Afghanistan-Pakistan Policy Review I*

In February 2009, President Obama ordered a policy review bringing together various U.S. government strategy proposals for Afghanistan and Pakistan. A month later, he announced a new strategy conceiving of the two countries as part of “one theater of operations for U.S. diplomacy and one challenge for our overall policy.”<sup>25</sup> The strategy is rooted in the assumption that, “The United States has a vital national security interest in addressing the current and potential security threats posed by extremists in Afghanistan and Pakistan.” All elements of U.S. national power—including diplomatic, informational, military, and economic—are to be brought to bear in attaining the “core goal” of disrupting, dismantling, and defeating Al Qaeda and its safe havens in Pakistan, and in preventing their re-emergence in Pakistan or Afghanistan. To this end, the Administration seeks to overcome the “trust deficit” the United States faces in the region and to “engage the Pakistani people based on our long-term commitment to helping them build a stable economy, a stronger democracy, and a vibrant civil society.”<sup>26</sup>

Early in his tenure, Ambassador Holbrooke asserted that, of the many challenges faced by the Administration in formulating its policy, the most daunting was dealing with western Pakistan and the “red lines” set by Islamabad barring foreign troops from operating there.<sup>27</sup> Holbrooke believed the new approach differed from that of the previous Administration in its aim of better integrating “stove-piped” policies, in its greater resource endowment, and in its proposed effort to more directly counter the propaganda of Islamist radicals in the region. Senate Foreign Relations Committee Chairman Senator John Kerry welcomed the new strategy as “realistic and bold.” Then-House Foreign Affairs Committee Chairman Representative Howard Berman also voiced strong support for the President’s plan to boost civilian assistance efforts in Pakistan and Afghanistan. President Zardari called the strategy “positive change” and welcomed increased U.S. aid as the best way to combat militancy.<sup>28</sup> Even well before the U.S. President announced the

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(...continued)

Obama’s Envoy,” Reuters, February 8, 2009.

<sup>25</sup> “Administration Officials Hold a News [sic] on the Administration’s Interagency Policy Review on Pakistan and Afghanistan,” *CQ Transcriptions*, March 27, 2009.

<sup>26</sup> There are seven key aspects of the Administration’s primary strategy for U.S.-Pakistan relations: (1) bolstering Afghanistan-Pakistan cooperation, (2) engaging and focusing Islamabad on the common threat posed by extremism, (3) assisting Pakistan’s capability to fight the extremists, (4) increasing and broadening assistance in Pakistan, (5) exploring other areas of bilateral economic cooperation, (6) strengthening Pakistani government capacity, and (7) asking for assistance from U.S. allies for both Afghanistan and Pakistan. The Administration thus supports a policy that would significantly increase nonmilitary aid to Pakistan and that sets “benchmarks” for measuring Islamabad’s success in combating extremism. President Obama stated that “we must focus our military assistance on the tools, training, and support that Pakistan needs to root out the terrorists. After years of mixed results, we will not provide a blank check.” See the “White Paper” at [http://www.whitehouse.gov/assets/documents/Afghanistan-Pakistan\\_White\\_Paper.pdf](http://www.whitehouse.gov/assets/documents/Afghanistan-Pakistan_White_Paper.pdf).

<sup>27</sup> “Administration Officials Hold a News [sic] on the Administration’s Interagency Policy Review on Pakistan and Afghanistan,” *CQ Transcriptions*, March 27, 2009.

<sup>28</sup> “President Obama’s Afghanistan- Pakistan (AFPAK) Strategy,” U.S. Department of State Foreign Press Center briefing, March 27, 2009; “Interview with Amb. Holbrooke and Gen. Petraeus,” Jim Lehrer Newshour (PBS) transcript, March 27, 2009; Sen. Kerry’s statement at <http://kerry.senate.gov/cfm/record.cfm?id=310648>; Rep. Berman’s statement at [http://www.internationalrelations.house.gov/press\\_display.asp?id=603](http://www.internationalrelations.house.gov/press_display.asp?id=603); “Pakistan’s President Praises Obama and Offers New Concession to Opposition,” *New York Times*, March 28, 2009.

new regional strategy, Islamabad had expressed support for a regional approach and warned that a past overemphasis on the military dimension had not proven fruitful.<sup>29</sup>

### *May 2009 Trilateral Summit and Ensuing Diplomacy*

Following a February 2009 trilateral meeting of top diplomats from the United States, Pakistan, and Afghanistan, Secretary of State Clinton announced that the format had proved valuable enough to continue on a regular basis.<sup>30</sup> In May 2009, President Obama hosted the Pakistani and Afghan presidents in Washington, DC, where he characterized their meeting as one of “three sovereign nations joined by a common goal”: to permanently defeat Al Qaeda and its extremist allies in Pakistan and Afghanistan. The U.S. President expressed being pleased that his counterparts were serious in addressing the threat posed by such extremists and he stated that such trilateral meetings would continue on a regular basis.<sup>31</sup>

In October 2009, following energetic Pakistani counterinsurgency efforts in the Khyber Pakhtunkhwa province (KPk, formerly the North West Frontier Province or NWFP) and the launching of a ground offensive in South Waziristan, Secretary Clinton paid a visit to Pakistan, where she had meetings with senior political and military leaders, as well as frank and open interactions with civil society members. The lead U.S. diplomat impressed many Pakistanis with her willingness to hear and respond to criticisms of American policy; the three-day visit may have done much to repair still extensive damage in bilateral relations. A former Pakistani Ambassador to the United States lauded the Secretary’s “striking and impressive display of public diplomacy,” contrasting it with what she called the “patronizing style” of Ambassador Holbrooke.<sup>32</sup>

When then-National Security Advisor General James Jones, met with President Zardari in Islamabad in late 2009, he reportedly delivered to the Pakistani leader a personal letter written by President Obama which conveyed an “expectation” that Zardari rally his country’s political and national security institutions in a united campaign against regional extremism. By some accounts, Jones and White House counterterrorism chief John Brennan told their interlocutors that the United States was prepared to take unilateral action in the absence of rapid Pakistani movement. Such action could include expanding drone strikes to Baluchistan and resuming Special Operations missions across the Durand Line. Shortly after, Pakistan’s foreign minister told reporters, “We will not do anything, more or less, at the prodding of others.” Zardari later delivered his own letter to the U.S. President indicating that Pakistan recognized the common threat, but was intent on following its own timeline and operational needs.<sup>33</sup>

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<sup>29</sup> See [http://www.mofa.gov.pk/Press\\_Releases/2009/Feb/PR\\_62\\_09.htm](http://www.mofa.gov.pk/Press_Releases/2009/Feb/PR_62_09.htm).

<sup>30</sup> See <http://www.state.gov/secretary/rm/2009a/02/119864.htm>.

<sup>31</sup> See <http://www.gpoaccess.gov/presdocs/2009/DCPD-200900331.pdf>.

<sup>32</sup> “Clinton Suffers Barbs and Returns Jabs in Pakistan,” *New York Times*, October 30, 2009; “Clinton in Pakistan Encounters Widespread Distrust of U.S.,” *Los Angeles Times*, November 1, 2009; Maleeha Lodhi, “Testing Times for Pakistan-US Relations” (op-ed), *News* (Karachi), November 10, 2009. See also Najamuddin Shaikh, “Did Clinton’s Visit Make a Difference?” (op-ed), *Daily Times* (Lahore), November 13, 2009.

<sup>33</sup> “Pakistan Told to Ratchet Up Fight Against Taliban,” *New York Times*, December 8, 2009; “Pakistan Won’t Be Pushed by Foreign Pressure: Qureshi,” *Dawn* (Karachi), November 16, 2009; “Pakistan’s Zardari Resists U.S. Timeline for Fighting Insurgents,” *Washington Post*, December 16, 2009.

## ***Afghanistan-Pakistan Policy Review II***

The Obama Administration completed a second Afghanistan-Pakistan policy review in late 2009. In apparent recognition that recent U.S. policy toward Pakistan had failed to achieve Washington's main objectives, President Obama announced on December 1, 2009, that he would seek to shift the nature of the bilateral relationship:

In the past, we too often defined our relationship with Pakistan narrowly. Those days are over. Moving forward, we are committed to a partnership with Pakistan that is built on a foundation of mutual interest, mutual respect, and mutual trust. We will strengthen Pakistan's capacity to target those groups that threaten our countries, and have made it clear that we cannot tolerate a safe haven for terrorists whose location is known and whose intentions are clear.<sup>34</sup>

The latter clause on safe havens was perhaps the most categorical high-visibility official statement to date, and the President continued encouraging Pakistan's leaders to sustain their fight against extremists and to eliminate terrorist safe havens in their country.<sup>35</sup> Some in Congress were critical of President Obama's continued dependency on a Pakistani ally they view as unreliable and perhaps insufficiently determined to combat the extremist elements seen as most threatening to the United States.<sup>36</sup>

## **Regional Stabilization Strategy, Strategic Dialogue Sessions, Report to Congress, and Policy Review III in 2010**

### ***January 2010 Regional Stabilization Strategy***

In January 2010, the SRAP's office released its *Afghanistan and Pakistan Regional Stabilization Strategy*. Maintaining a primary focus on disrupting, dismantling, and defeating Al Qaeda forces in the region, the document acknowledges that,

There remains mistrust between our two countries, but we see a critical window of opportunity created by the recent transition to democratic, civilian rule and the broad, sustained political support across Pakistan for military operations against extremists. We seek to lead the international community in helping Pakistan overcome the political, economic, and security challenges that threaten its stability, and in turn undermine regional stability.

The strategy has sought to further mobilize the international community and improve coordination among the 60 countries and international organizations providing assistance to Pakistan, as well as among the 40-odd Special Representatives for Afghanistan and Pakistan.<sup>37</sup>

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<sup>34</sup> See the text of the President's December 1, 2009 speech at <http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan>.

<sup>35</sup> See the December 1, 2009, White House Fact Sheet at <http://www.whitehouse.gov/the-press-office/way-forward-afghanistan>.

<sup>36</sup> "Congress Worries About Obama's Plan for Pakistan," *New York Times*, December 3, 2009.

<sup>37</sup> Key initiatives for Pakistan are four: (1) committing sizeable resources to high-impact economic and development projects, and doing so by increasing the amount of aid channeled directly through Pakistani institutions (such projects focus on energy, agriculture, water, health and education, assistance to displaced persons, and strengthening democratic (continued...))

Despite this document and rhetoric, Pakistani officials continued to express dissatisfaction with the bilateral relationship, especially with regard to U.S. recognition of the perceived threat to Pakistan represented by India. After meeting with Ambassador Holbrooke in January 2010, Foreign Minister Qureshi noted, “A very strong perception in Pakistan that, despite our very good relations, the United States has not paid sufficient attention to Pakistan’s concerns, security concerns vis-à-vis India.”<sup>38</sup>

### *March 2010 Strategic Dialogue Session*

President George W. Bush had launched a “Strategic Dialogue” process with Pakistan that included high-level meetings in 2007 and 2008. The Obama Administration revived this forum in March 2010, when a large delegation of senior Pakistani leaders visited Washington, DC. Although the delegation was officially led by Foreign Minister Qureshi, many observers saw the Army Chief, General Kayani, as being the dominant figure in planning the Islamabad government’s agenda and the dominant participant in ensuing bilateral talks, in some ways overshadowing the foreign minister.<sup>39</sup> In the lead-up to the dialogue, Qureshi issued categorical statements about the need for Washington to “do more” in its relations with Islamabad: “We have already done too much.... Pakistan has done its bit, we have delivered. Now it’s your turn.” Islamabad’s unusual step of presenting a 56-page document containing requests for expanded military and economic aid was seen by some as a signal that Pakistan was willing to more openly align itself with U.S. interests, but with a possible price. Rumors circulated that Pakistan had agreed to roll back its indigenous militant networks in return for guarantees from the United States and other major governments that it would get special consideration in regional political and economic affairs, perhaps even to include civil nuclear cooperation deals.<sup>40</sup>

Obama Administration officials were uniformly positive in their characterizations of the Pakistanis’ visit. A joint statement issued at the close of the two-day Strategic Dialogue session noted the elevation of engagement to the Ministerial level, as well as the creation of a Policy Steering Group “to intensify and expand the sectoral dialogue process.” Secretary Clinton paid tribute “to the courage and resolve of the people of Pakistan to eliminate terrorism and militancy,” and the United States “reaffirmed its resolve to assist Pakistan to overcome socioeconomic challenges.” Pakistan, for its part, expressed its appreciation for U.S. security assistance.<sup>41</sup> Some Pakistani analysts were unhappy with the outcome of the talks, arguing that, beyond the pageantry, little of substance was gained by Islamabad on its key priorities—preferential trade, access to civil nuclear technology, and U.S. assistance in resolving dispute with India.<sup>42</sup>

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(...continued)

institutions); (2) sustaining and expanding Pakistan’s counterinsurgency capabilities, and disrupting illicit financial flows to extremists; (3) assisting with the recovery of displaced persons; and (4) expanding U.S. public diplomacy efforts, and “countering extremist voices.” The strategy also lists extensive “milestones,” or metrics, for determining progress in each of these areas (see <http://www.state.gov/documents/organization/135728.pdf>).

<sup>38</sup> See the U.S. Embassy’s January 14, 2010, transcript at <http://islamabad.usembassy.gov/pr-10011401.html>.

<sup>39</sup> “Army Chief Driving Pakistan’s Agenda for Talks,” *New York Times*, March 21, 2010. S. Khalid Husain, “The Civil-Military Angst” (op-ed), *News* (Karachi), April 21, 2010.

<sup>40</sup> Qureshi quoted in “US Should Also Do More: FM Qureshi,” *Dawn* (Karachi), March 18, 2009; “U.S. Sees Hope in Pakistan Requests for Help,” *Wall Street Journal*, March 23, 2010; “Pakistan, US Agree on New Afghan Set-Up,” *News* (Karachi), March 10, 2010.

<sup>41</sup> See the U.S.-Pakistan March 25, 2010, joint statement at <http://islamabad.usembassy.gov/pr-10032603.html>.

<sup>42</sup> See, for example, Maleeha Lodhi, “How Strategic Was the Washington Dialogue?” (op-ed), *News* (Karachi), March (continued...)

### *The Administration's September 2010 Report to Congress*

Section 1117 of the Supplemental Appropriations Act, 2009 (P.L. 111-32) requires the President to issue biannual reports to Congress on progress toward U.S. policy objectives in Pakistan and Afghanistan. The Administration's delivered a September 30, 2010, report covering the first eight months of 2010, and its unclassified sections contained extensive discussion of three of the five "supporting objectives" directly relevant to Pakistan.<sup>43</sup> The overall tone of the report was considered by most readers to be sober and realistic, pointing out areas of progress while not shying from recognition of significant ongoing obstacles to same.

Discussion on one key objective—efforts to enhance Pakistan's civilian government capacity and stability—found that government remaining stable for the reporting period while also coming under persistent broad-based challenges, especially those posed by a "fragile" economic situation badly exacerbated by the floods, and by continuing battles between the executive and judiciary. The reported offered that, "President Zardari's declining popularity and low support among Pakistani political stakeholders stood out as the most obvious factor impacting" the civilian government's circumstances.

On another key U.S. objective—developing Pakistan's counterinsurgency capabilities—the report noted Pakistan's successful military operations in several FATA and KP regions and the general ability of security forces to hold these areas. Yet it also contended that Pakistan's army had "stopped short of the kind of large-scale operations that would permanently eject extremist groups" from their western Pakistani havens and identified a "fundamental problem" in that organization's "inability to transition to effective hold and build efforts in cleared areas." Perhaps most alarmingly for a Washington audience, the Pakistani military was seen to be continuing to "avoid military engagements that would put it in direct conflict with the Afghan Taliban or Al Qaeda forces in North Waziristan," and the report concluded this avoidance was "as much a political choice as it is a reflection of an under-resourced military prioritizing its targets."

### *October 2010 Strategic Dialogue Session*

The October 2010 Strategic Dialogue session was the unprecedented third of the year and was intended to examine progress in the implementation of agreements related mostly to assistance that had been made during the summer. In the lead-up to the event, the Obama Administration announced its intention to further boost military assistance to Pakistan, at least in part as a means of encouraging more rapid and robust Pakistani military operations in the FATA.<sup>44</sup> In a joint appearance with her Pakistani counterpart, Secretary Clinton lauded progress on the "action plans" created by each of the Dialogue's 13 working groups, formally announced a new Multi-Year Security Assistance Commitment to Pakistan (involving an intention to request from Congress \$400 million in annual foreign Military Financing Funds for FY2012-FY2016, a boost of \$100 million per year from current levels), and again reiterated her contention that reform of Pakistan's tax system was a primary need.<sup>45</sup> President Obama met personally with Pakistani

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(...continued)

30, 2010.

<sup>43</sup> Two other objectives were discussed in classified annex only.

<sup>44</sup> "U.S. Plans Increased Military Aid for Pakistan," *Wall Street Journal*, October 20, 2010.

<sup>45</sup> See the State Department's October 22, 2010, transcript at <http://www.state.gov/secretary/rm/2010/10/149815.htm>.

delegates, underlining the importance of the Dialogue in “moving the relationship toward a true partnership based on mutual respect and common interests.”<sup>46</sup> The resulting Joint Statement expressed mutual satisfaction with progress made since the March and July sessions, noted that the Obama Administration would “redouble its efforts” to win congressional support for ROZ and enterprise fund legislation, and announced President Obama’s plans to visit Pakistan in 2011.<sup>47</sup> Press reports indicated that, in private, U.S. officials warned their Pakistani counterparts that continued inaction against certain militant groups in western Pakistan could jeopardize future U.S. financial largesse, perhaps even to include a cut in coalition support fund reimbursements.<sup>48</sup>

## *Afghanistan-Pakistan Policy Review II*

The Administration’s annual Afghanistan-Pakistan policy review was not released in unclassified form but for a five-page summary. This December 16, 2010, document conveyed an unchanged overarching goal (disrupting, dismantling, and defeating Al Qaeda in the region) and claimed notable gains, most especially what it called unprecedented pressure on Al Qaeda in Pakistan, resulting in their weakening. Recognizing that sustained denial of extremist safe havens is necessary for ultimate success, the Administration remains “relentlessly focused on Pakistan-based Al Qaeda.” It calls for “greater cooperation with Pakistan along the border with Afghanistan” and acknowledges that effective development strategies are required to complement military means.<sup>49</sup>

The December strategy review was described by the Acting SRAP as being a “clear-eyed and realistic” assessment of a “tough foreign policy challenge.” While recognizing ongoing problems, it noted “significant progress” on combating Al Qaeda in Pakistan and “significant activity” by the Pakistani military to shut down sanctuaries used by Islamist militants in the border region.<sup>50</sup> In commenting on the review, senior Pentagon officials lauded what they called substantial improvement in the U.S.-Pakistan relationship during 2010, and a daily and measureable improvement in coordination of counterterrorism efforts.<sup>51</sup>

## **The Passing of SRAP Richard Holbrooke**

Ambassador Holbrooke’s sudden December 14, 2010, death was costly for U.S. diplomacy and could prove to be a lasting setback for efforts to stabilize and realize other U.S. policy goals in the region. Holbrooke was seen to be a champion of increased economic assistance to Pakistan and a bulwark against those in the U.S. government who focus on militarized approaches to the region. His deputy and now Acting Special Representative, Frank Ruggerio, is characterized as a highly competent diplomat, but one without extensive knowledge of Pakistan and, more importantly, without the personal clout that Holbrooke wielded. In this respect, there are concerns among some observers that the influence of U.S. military leaders on U.S. policy in the region could

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<sup>46</sup> See the October 20, 2010, White House release at <http://www.whitehouse.gov/the-press-office/2010/10/20/readout-president-obama-s-meeting-afghanistan-and-pakistan>.

<sup>47</sup> See the October 22, 2010, text at <http://www.state.gov/secretary/rm/2010/10/149815.htm>.

<sup>48</sup> “U.S. Warns Pakistan: Fight Taliban or Lose Funding,” *Wall Street Journal*, October 22, 2010.

<sup>49</sup> See <http://www.whitehouse.gov/the-press-office/2010/12/16/overview-afghanistan-and-pakistan-annual-review>.

<sup>50</sup> See the State Department’s December 16, 2010, transcript at <http://www.state.gov/secretary/rm/2010/12/153039.htm>.

<sup>51</sup> See the Pentagon’s December 16, 2010, transcript at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4742>.

further increase. Secretary Clinton dispatched the Acting SRAP to Islamabad and Kabul in January to reassure leaders in both capitals that U.S. policy toward the region would not change with Holbrooke's passing.<sup>52</sup>

## **Assessment of Current U.S.-Pakistan Relations**

The outlook for progress in Pakistan's political, economic, and security circumstances in 2011 is fairly poor.<sup>53</sup> Because of this, progress toward attainment of U.S. goals in its engagement with Pakistan is likely to remain difficult, and serious mutual distrust persists in the relationship. Pakistani officials often complain that the United States is insufficiently concerned with Islamabad's regional security perspective, and they offer criticism that Washington is not moving to provide greater market access for Pakistani exports.<sup>54</sup> Moreover, Pakistan continues to push for a civil nuclear cooperation deal with the United States. To date, the Obama Administration has flatly rejected any discussions with Pakistan on this issue.<sup>55</sup>

Meanwhile, with the Islamabad government coming under the immense dual pressures of natural disaster and widespread armed insurgency in the autumn of 2010, and concurrent negative developments in U.S.-Pakistan relations, U.S. officials became all the more concerned about political instability in Pakistan. Observers in Washington see in Pakistan an unstable ally that may not have the determination, much less the capacity, to deliver what the United States is seeking.<sup>56</sup> In late September, Ambassador-Designate Cameron Munter conveyed to the Senate Foreign Relations Committee a belief that Pakistan requires a strong civilian government and that common U.S.-Pakistan successes can be achieved only "with a strong partner in Pakistan's democratically-elected government." He vowed to continue to work aggressively to improve the U.S. image in Pakistan.<sup>57</sup>

Some analysts, alarmed by signs that mutual disconnect are increasing, call for urgent reparative action from both Islamabad and Washington. Major tasks facing Pakistan include reforming its political system (especially by completing the transition from a presidential to parliamentary system, and by further improving both interprovincial and center-province relations) and reordering its economic priorities in order to foster greater domestic and foreign investment. The United States, for its part, can move more quickly to reduce tariffs on Pakistani textile exports, relax what some see as overly stringent visa restrictions, speed the flow to Pakistan of military equipment needed for counterinsurgency operations, and, in the longer term, channel its foreign

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<sup>52</sup> "Holbrooke Death Leaves Hole in U.S. 'AfPak' Team," *Reuters*; "Holbrooke's Death Leaves Void in War Strategy," *Washington Post*; "Richard Holbrooke Often Struggled to be Heard on Pakistan and Afghanistan," *Christian Science Monitor*, all December 14, 2010; State Department's January 10, 2011, transcript at <http://www.state.gov/p/sca/rls/rmks/rmks/154599.htm>.

<sup>53</sup> A former Pakistani diplomat warns that political and economic turmoil clouds prospects for greater stability in 2011, seeing the current "lame duck" government as being too preoccupied with its own survival to effect meaningful economic reform (Maleeha Lodhi, "Pakistan: Living on the Edge," Atlantic Council (online), January 11, 2011).

<sup>54</sup> "Pakistan Feels US Has Let It down," *Dawn* (Karachi), October 18, 2010.

<sup>55</sup> See the October 19, 2010, statement of then-Deputy Special Representative for Afghanistan and Pakistan Frank Ruggiero at [http://www.state.gov/s/special\\_rep\\_afghanistan\\_pakistan/2010/149666.htm](http://www.state.gov/s/special_rep_afghanistan_pakistan/2010/149666.htm).

<sup>56</sup> "Worries Grow Over Pakistan Stability," *Washington Post*, October 1, 2010; Yochi Dreazen, "A Wavering Ally," *National Journal*, October 16, 2010.

<sup>57</sup> "Sen. John Kerry Holds a Hearing on the Nomination of Cameron Munter to be Ambassador to Pakistan," CQ Transcriptions, September 23, 2010.

assistance into high-visibility, high-impact infrastructure projects, especially those related to energy and water resources.<sup>58</sup> It may be that the most useful near-term “deliverable” for Pakistan would be increasing U.S. market access for Pakistani exports.<sup>59</sup>

Many American analysts make explicit calls for a tougher U.S. line toward Pakistan by “demanding” more counterterrorism operations, and perhaps offering Islamabad a stark choice between positive incentives and negative consequences. Some call for the creation of more explicit counterterrorism benchmarks, as well as for the United States to shift more emphasis on alternative supply lines into Afghanistan and so remove Pakistan’s ability to “hold the [Western] coalition ransom” by disrupting the supply line that runs from Karachi.<sup>60</sup>

President Obama’s decision to travel to India without any stops in Pakistan created anxiety among Pakistani officials who see signs of Washington’s “pro-India” tilt as destabilizing for the region. By refraining from direct engagement in the Kashmir dispute, moving forward U.S.-India civil nuclear cooperation, and seeming to sympathize with New Delhi’s perspective on the root sources of regional terrorism, the Obama Administration’s policies may continue to make difficult any effective winning of hearts and minds in Pakistan. Islamabad reacted angrily to President Obama’s November endorsement, delivered in New Delhi, of a permanent U.N. Security Council seat for India, calling the position “incomprehensible.”<sup>61</sup>

## Major Recent Developments

### Mid-2010 Floods<sup>62</sup>

Pakistan in mid-2010 experienced a catastrophic natural disaster that precipitated a humanitarian crisis of major proportions. Widespread flooding affected about 20 million Pakistanis and inundated about one-fifth of the country’s total land area. A joint Asian Development Bank-World Bank needs assessment estimated that Pakistan had suffered \$9.7 billion in direct and indirect costs, roughly double the amount of damage caused by Pakistan’s 2005 earthquake.<sup>63</sup> Flood-induced devastation was so extensive that it could take decades to rebuild lost infrastructure.<sup>64</sup>

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<sup>58</sup> See Shuja Nawaz, “Pakistan in the Danger Zone: A Tenuous U.S.-Pakistan Relationship,” Atlantic Council, June 2010.

<sup>59</sup> Bush Administration Deputy Secretary of State Richard Armitage called such an initiative “the single most efficient thing we can do for Pakistan” (“Council on Foreign Relations Holds a Discussion on U.S. Strategy for Pakistan and Afghanistan,” CQ Transcriptions, November 12, 2010).

<sup>60</sup> Zalmay Khalilzad, “Get Tough on Pakistan” (op-ed), *New York Times*, October 19, 2010; Ashley Tellis, “Change the Rules of the Game in Pakistan,” *Foreign Policy*, November 2010.

<sup>61</sup> “Pakistan Officials Concerned About Obama’s Decision to Bypass Nation on Trip,” *Washington Post*, November 4, 2010; “Pakistan Hits at US Stance on India,” *Financial Times* (London), November 10, 2010.

<sup>62</sup> See also CRS Report R41424, *Flooding in Pakistan: Overview and Issues for Congress*, coordinated by (name redacted), (name redacted), and (name redacted), and CRS Report R41358, *Security and the Environment in Pakistan*, by (name redacted) et al.

<sup>63</sup> See the October 14, 2010, release at <http://www.adb.org/Media/Articles/2010/13363-pakistan-flooding-assesments>.

<sup>64</sup> “The Costs of Pakistan’s Floods,” Council on Foreign Relations Analysis Brief, August 10, 2010; “Pakistan Flood Sets Back Infrastructure by Years,” *New York Times*, August 26, 2010.

The floods stemmed from abnormally heavy rains during the monsoon season in July and August. This led to flooding in the Indus River Basin which traverses Pakistan from north to south. Excess water led the Indus River and its tributaries to breach their levees and inundate adjacent and downstream floodplains. Some 2,000 people were killed by the flooding and an estimated eight million Pakistanis were displaced from their homes. The number of people affected was significantly greater than seen in several major disasters around the world since 2000. Little clean drinking water was available for many of those affected and remains a problem to date. Many of those affected, particularly children, have faced potential disease outbreaks, particularly diarrhea and cholera. The catastrophic loss of livestock and crop lands and extensive damage to the country's infrastructure are projected to have long-term negative effects on Pakistan's food security and economic performance.

Pakistani officials organized their emergency response at the federal, provincial and district levels. The Pakistan National Disaster Management Agency (NDMA) is responsible for overall coordination of disaster response efforts by both the government and the international community. The NDMA works closely with federal ministries, government departments, the armed forces, U.N. agencies, and donors to mobilize, receive, and deploy relief goods.<sup>65</sup> Relief activities have also been coordinated by provincial-level and district-level governments. The Pakistani military took the lead in providing emergency relief to affected areas, eventually diverting about 70,000 regular and paramilitary troops to such efforts. As with the 2005 earthquake, the disaster illuminated the extremely limited capacity of Pakistan's government institutions to effectively address crises situations. This is especially so with regard to the country's civilian administration.

The United States has been the leading international contributor to the relief effort, and by November had devoted more than \$571 million in FY2010 and FY2011 funds to this cause.<sup>66</sup> The U.S. military also provide in-kind support, including transport aircraft, helicopters, and crews, distributing some 25 million tons of relief supplies in an effort that formally ended December 1. In September, the full House passed H.Res. 1613, which expressed condolences to and solidarity with the Pakistani people in the aftermath of the floods. The resolution also supported the use of "Kerry-Lugar-Berman" funds for long-term rehabilitation and recovery while urging a "re-examination" of spending priorities for such funds with a view toward ensuring appropriate address of the Pakistani people's needs.

## **Leaked Diplomatic Cables**

In July and again in November 2010, the WikiLeaks website posted thousands of sensitive U.S. diplomatic cables, many of them with content relevant to U.S. foreign relations in South Asia. The cables reportedly illuminated what may be deep fissures in the strategic goals of the United States and Pakistan, especially in the area of Pakistan's support for Taliban-linked groups. They also reportedly revealed efforts by U.S. diplomats to support Islamabad's weak civilian government while at the same time recognizing that the true locus of power on national security and foreign policy is at the military's headquarters in Rawalpindi.<sup>67</sup>

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<sup>65</sup> United Nations, *Pakistan: Floods Relief and Early Recovery Response Plan*, United Nations, November 2010, <http://pakresponse.info/LinkClick.aspx?fileticket=47teGm9PeB8%3d&tabid=93&mid=676>.

<sup>66</sup> See USAID fact sheets at <http://www.usaid.gov/pakistanflooding>.

<sup>67</sup> "Nuclear Fuel Memos Expose Wary Dance With Pakistan," *New York Times*, November 30, 2010.

Islamabad's official response in July was to call the cables "misplaced, skewed and contrary to the factual position on the ground."<sup>68</sup> In November, Islamabad stated that, "We are not in a position to comment on the veracity of U.S. internal documents. We consider the extremely negative reports carried on Pakistan-Saudi relations attributed to WikiLeaks as misleading and contrary to the facts." On a report that the U.S. government had sought to reacquire highly enriched uranium provided to Pakistan decades earlier, the Foreign Ministry commented: "Pakistan is an advanced nuclear technology state. No one can touch Pakistan's nuclear facilities or assets.... The U.S. suggestion to have the [nuclear] fuel transferred was plainly refused by Pakistan. The suggestion that the reactor is producing HEU is completely incorrect."<sup>69</sup> U.S. officials contended that the mid-2010 release of classified documents by WikiLeaks presented an overly simplified and inaccurately negative perspective on U.S.-Pakistan relations, saying they did not reflect a significant deepening of military and civilian ties in recent months and years. The United States later expressed to Islamabad "deep regrets" at the disclosure of communications meant to be confidential and "condemned" it. Senior U.S. officials subsequently sought to play down the importance of "out of context" documents.<sup>70</sup>

There have been concerns that leaked diplomatic cables could further undermine U.S. efforts to build trust with Pakistan. A roundtable of Washington-based experts found the episode could have two concrete effects: (1) The airing of private statements made by Gulf State leaders critical of Pakistan's civilian government could make those leaders more reticent in future meetings with U.S. officials and (2) by exposing both U.S. efforts to reclaim enriched uranium from Pakistan and the (limited) presence of U.S. Special Forces soldiers operating inside Pakistan, the revelations have fueled virulent Pakistani national suspicions that the United States has a covert agenda that fundamentally violates the country's sovereignty.<sup>71</sup> Other observers saw in the cables evidence of Pakistani instability and unreliability as a U.S. ally, with an ineffectual government and security institutions that continued to selectively support Islamist extremist groups there, perhaps including the Al Qaeda-linked Haqqani network. Moreover, suggestions found in some cables that no amount of U.S. assistance to Pakistan would alter that country's strategic orientation reveal the depth of U.S. uncertainty about the alliance.<sup>72</sup> In contrast, some commentators saw in the cables positive news beyond the obvious Pakistani weaknesses: officials from both sides working with determination to increase trust and cooperation in difficult circumstances. With Pakistani news outlets focused solely on the sensational aspects of the cables, "media hysteria" is identified as a negative exacerbating factor.<sup>73</sup>

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<sup>68</sup> See the Foreign Ministry's July 26, 2010, statement at [http://www.mofa.gov.pk/Press\\_Releases/2010/July/PR\\_169.htm](http://www.mofa.gov.pk/Press_Releases/2010/July/PR_169.htm).

<sup>69</sup> See the Foreign Ministry's November 29, 2010, response at [http://www.mofa.gov.pk/Press\\_Releases/2010/Nov/PR\\_294.htm](http://www.mofa.gov.pk/Press_Releases/2010/Nov/PR_294.htm).

<sup>70</sup> "U.S. Says Pakistan Ties Have Strengthened," *Wall Street Journal*, July 28, 2010; "U.S. Officials Try to Minimize Damage in Pakistan," *Washington Post*, December 1, 2010; "Clinton and Zardari Play Down 'Out of Context' Wikileaks," Agence France Presse, December 2, 2010.

<sup>71</sup> See "Will WikiLeaks Hobble U.S. Diplomacy?," Council on Foreign Relations Expert Roundup (online), December 1, 2010.

<sup>72</sup> "Leaks Paint a Picture of an Unreliable Pakistan," BBC News, December 1, 2010; "Cables Reveal U.S. Misgivings About Pakistan," *Los Angeles Times*, December 3, 2010.

<sup>73</sup> Syed Yahya Hussainy, "Wikileaks Actually Shows US-Pakistan Relations Are Strong," *New Pakistan* (online), December 2, 2010. A representative example is one Pakistani commentator's claim that the leaked cables "prove" that "Pakistan has been practically reduced from a sovereign state to an American colony" (Ansar Abbasi, "After the Wikileaks Deluge" (op-ed), News (Karachi), December 2, 2010).

## **The Assassination of Salman Taseer**

On January 4, Salman Taseer, the governor of the Punjab province, was assassinated when one of his own security team shot him 26 times in broad daylight while other bodyguards looked on. A senior figure in the PPP, Taseer was among the country's most liberal politicians, and he had incurred the wrath of Islamists and other conservatives with his vocal criticisms of the country's blasphemy laws. His killer, Malik Mumtaz Qadri, had apparently told other police officers of his plans, but was assigned to guard Taseer anyway. Qadri may have had links with one of the radical Islamist groups leading public resistance to changes in the blasphemy laws.<sup>74</sup> The assassination, strongly condemned by Secretary Clinton, was widely viewed as a major blow to liberal forces in Pakistan. At least one unnamed Obama Administration official says it is "a reminder of how we're still losing ground in Pakistan."<sup>75</sup>

## **An Increasing Pakistani Turn to 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 primary 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. Chinese companies and workers are now pervasive in the Pakistani economy. Most recently, China intends to build two new civilian nuclear reactors in Pakistan in what would be an apparent violation of international guidelines (see the "Nuclear Weapons, Power, and Security" section below).

As U.S.-India ties deepen, many observers see Islamabad becoming more reliant than ever on its friendship with Beijing.<sup>76</sup> President Zardari undertook his fifth trip to China as the head of his government in July 2010, and Islamabad seeks full membership in the Shanghai Cooperation Organization, in which it currently holds observer status. During Chinese Premier Wen Jiabao's December 2010 visit to Islamabad, the two governments signed 12 Memoranda of Understanding (MoUs) covering a broad range of cooperative efforts and designated 2011 as the "Year of China-Pakistan Friendship." Also during the visit, Pakistani and Chinese businesses signed contracts covering cooperation in oil and gas, mining, space technology, heavy machinery, manufacturing, and other areas worth some \$15 billion. This added to the nearly \$20 billion worth of government-to-government agreements reached.<sup>77</sup> Some cynical observers reject claims that China can in any way "replace" the West as a source of significant foreign investment for Pakistan; one leading commentator deemed the MoUs worthless and noted that Beijing has produced only nominal flood relief aid.<sup>78</sup>

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<sup>74</sup> "Pakistan Killer Had Revealed Plans," *Wall Street Journal*, January 6, 2011; "Former Boss Feared Pakistan Suspect's Extremism," Reuters, January 6, 2011.

<sup>75</sup> "Staring Into the Abyss," *Economist* (London), January 6, 2011; official quoted in "A Pakistani Assassin's Long Reach," *New York Times*, January 8, 2011.

<sup>76</sup> "At Odds With the U.S., Pakistan Deepens Ties With China," *Time*, November 1, 2010.

<sup>77</sup> See the December 19, 2010, Pakistan-China Joint Statement at [http://www.mofa.gov.pk/Press\\_Releases/2010/Dec/Pr\\_310.htm](http://www.mofa.gov.pk/Press_Releases/2010/Dec/Pr_310.htm); "Fresh From India, Wen Builds Pakistan Trade Ties," Reuters, December 18, 2010.

<sup>78</sup> See Najam Sethi, "Pak-China Relations: Fact and Friction" (op-ed), *Friday Times* (Lahore), December 24, 2010.

## Other Notable Recent Developments

- In August 2010, a **delegation of Pakistani military officers in the United States for a conference departed the country early** and in protest after saying they had been unjustly removed from a flight to Florida, then interrogated and rudely treated by security officials at Dulles International Airport in Virginia. The Pakistani Army called the treatment “unwarranted” and canceled the visit. A State department spokesman attributed the incident to misunderstanding and miscommunication between the delegation and flight crew, and the Department expressed regret to Islamabad. Yet the events fit well into a Pakistani narrative in which its citizens and even ranking officials meet with discriminatory treatment in the United States.<sup>79</sup>
- When, in December 2010, **the identity of the CIA’s Pakistan station chief became public** and that figure quickly left the country, some U.S. officials were reportedly convinced that his cover had been intentionally blown by Pakistan’s military intelligence agency, possibly in retaliation for civil lawsuit that had recently been filed in a New York court. The suit, brought by relatives of some of the victims of the 11/08 Mumbai terrorist attack, implicated the ISI chief and summoned his testimony. An ISI official angrily denied any Pakistani involvement in the revelation, and Islamabad announced that the summons would not be obeyed.<sup>80</sup>

## Increasing Islamist Militancy

Islamist extremism and militancy has been a menace to Pakistani society throughout the post-2001 period, becoming especially prevalent since 2007, but the rate of attacks and number of victims may have peaked in 2009.<sup>81</sup> The U.S. National Counterterrorism Center reports a major decline in terrorist incidents in 2010 as compared to the previous year, with 687 terrorist incidents in Pakistan in 2010 (down from 1,915 in 2009) resulting in 1,051 fatalities (down from 2,670). Despite the declined rate, the figures again placed the country third in the world on both measures, after Afghanistan and Iraq. Suicide bombing is a relatively new scourge in Pakistan. Only two such bombings were recorded there in 2002; that number grew to 59 in 2008 and 84 in 2009, before dropping to 29 in 2010 (the lowest level since 2005). Still, Pakistan was last year the site of far more deaths caused by suicide bombing (556) than any other country and accounted for about one-quarter of all the world’s such bombings.<sup>82</sup>

A particularly alarming development in recent years is the significantly increased incidence of militants making direct attacks on Pakistani security institutions.<sup>83</sup> There have also been more

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<sup>79</sup> “Pakistan Army Cancels US Talks Over Security Checks,” Reuters, September 1, 2010; State Department’s September 1, 2010, statements at <http://www.state.gov/r/pa/prs/dpb/2010/09/146601.htm>; “A Serious Blow to Pak-US Military Relationship,” *Business Recorder* (Karachi), September 3, 2010.

<sup>80</sup> “Pakistani Role Suspected in Revealing U.S. Spy’s Name,” *New York Times*, December 17, 2010; “Pakistan Says It Didn’t Tell Spy’s Identity,” *New York Times*, December 19, 2010.

<sup>81</sup> Pakistan suffered its worst spate of terrorism ever in the final three months of 2009, when the country suffered 29 major attacks, or an average of roughly one every three days.

<sup>82</sup> See <http://www.nctc.gov/wits/witsnextgen.html>.

<sup>83</sup> For example, a March 2010 suicide car bombing of the facilities of a special counterterrorism investigate unit in (continued...)

attacks on foreign-based charitable organizations, such as the March assault of the KPK offices of the American Christian group World Vision by about a dozen masked gunmen, which left six Pakistani employees dead.

According to the State Department's most recent *Country Reports on Terrorism* (August 2010),

Foreign terrorist organizations, including Al Qaeda and its affiliates, continued to operate and carry out attacks in Pakistan. Violence stemming from Sunni-Shia sectarian strife and ethnic tensions, limited to certain geographical areas, claimed civilian lives. Similar to last year, attacks occurred with greatest frequency in the regions bordering Afghanistan, including Baluchistan, the Federally Administered Tribal Areas (FATA), and the North-West Frontier Province (NWFP). Attacks targeting the country's major urban centers, including Lahore, Islamabad, Peshawar, Karachi, and Rawalpindi, continued to increase. The coordination, sophistication, and frequency of suicide bombings continued to climb in 2009.<sup>84</sup>

The myriad and sometimes disparate Islamist militant groups operating in Pakistan, many of which have displayed mutual animosity in the past, appear to have become more intermingled and mutually supportive since 2009 (see "Islamist Militant Groups in Pakistan," below).<sup>85</sup> According to U.S. Joint Chiefs Chairman Admiral Mullen, speaking in December 2009,

It's very clear to me, over the last 12 to 24 months, that these organizations are all much closer than they used to be, whether it's Pakistan Taliban and Al Qaida, or Al Qaida/Afghan Taliban, [Lashkar-e-Taiba, Jamaat-ud-Dawa, Jaish-e-Mohammed]—they're all working much more closely together. So I think it doesn't accurately reflect the need or the strategy to single out one group or another. They're very much all in this in ways, together, that they weren't as recently as 12 months ago.<sup>86</sup>

This developing "syndicate" of armed Islamist extremist in Pakistan even incorporates the apparently tactical joining of TTP and LeT forces.<sup>87</sup>

An extensive 2010 study found that Pakistan-based militant groups continue to present a significant threat to Pakistan, the United States, and other countries. This threat persists, according to the report, due mainly to Islamabad's lack of an effective "population-centric" strategy, the government's refusal to make a systematic break with all militant groups, and the inability of Pakistan's army and paramilitary forces to clear and meaningfully hold territory. The study determined that Pakistan will continue to be unsuccessful in addressing its indigenous militant threat over the long term unless its government undertakes two major changes. First, Islamabad is urged to take a "population-centric" approach to counterinsurgency that makes civilian security the central goal. Reforming and strengthening local police forces would be central to this effort. Second, Pakistan must conclusively relinquish militancy as a policy tool.

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Lahore killed at least 15 people and destroyed the entire building. Days later, twin suicide attacks on other army targets in the same city killed dozens more ("Suicide Car Bombers Strikes Pakistani Intelligence Unit," *Los Angeles Times*, March 8, 2010; "Twin Suicide Attacks Hit Military Sites in Pakistan," *New York Times*, March 12, 2010).

<sup>84</sup> See <http://www.state.gov/s/ct/rls/crt/2009/140887.htm>.

<sup>85</sup> See Brian Fishman, "The Battle for Pakistan: Militancy and Conflict Across the FATA and NWFP," New America Foundation, April 2010.

<sup>86</sup> See the Pentagon's December 16, 2009, release at <http://www.jcs.mil/speech.aspx?ID=1298>.

<sup>87</sup> "Insurgents Set Aside Rivalries on Afghan Border," *New York Times*, December 28, 2010.

This process could be facilitated by a U.S. policy that focuses on altering Pakistan's strategic calculus. For its part, Washington is urged to reduce its reliance on Pakistan, especially through development of alternative supply lines to Afghanistan, and to be more willing to use foreign policy "sticks" such as withholding of aid in the absence of measureable progress, while also seeking means of offering the strategic "carrots" most valued by Islamabad.<sup>88</sup>

### **Islamist Militant Groups in Pakistan**

Islamist militant groups operating in and from Pakistani territory are of five broad types:

- *Globally-oriented* militants, especially Al Qaeda and its primarily Uzbek affiliates, operating out of the FATA and in the megacity of Karachi;
- *Afghanistan-oriented* militants, including the "Quetta shura" of Afghan Taliban leader Mullah Omar, believed to operate from the Baluchistan provincial capital of Quetta, as well as Karachi; the organization run by Jalaluddin Haqqani and his son Sirajuddin, in the North Waziristan tribal agency; and the Hizb-l Islami party led by Gulbuddin Hekmatyar (HiG), operating further north from the Bajaur tribal agency and Dir district;
- *India- and Kashmir-oriented* militants, especially the Lashkar-e-Taiba (LeT), Jaish-e-Mohammed (JeM), and Harakat ul-Mujahadeen (HuM), based in both the Punjab province and in Pakistan-held Kashmir;
- *Sectarian* militants, in particular the anti-Shia Sipah-e-Sahaba Pakistan (SSP) and its offshoot, Lashkar-e-Jhangvi (LeJ), the latter closely associated with Al Qaeda, operating mainly in Punjab; and
- *Domestically-oriented*, largely Pashtun militants that in 2007 unified under the leadership of now-deceased Baitullah Mehsud as the Tehrik-i-Taliban Pakistan (TTP), then based in the South Waziristan tribal agency, with representatives from each of Pakistan's seven FATA agencies, later to incorporate the Tehreek-e-Nafaz-e-Shariat-e-Mohammadi (TNSM) led by Maulana Sufi Mohammed in the northwestern Malakand and Swat districts of the former North West Frontier Province (NWFP).

## **Official U.S. Designation of Pakistan-Based Terrorists**

In 2010, the U.S. government accelerated its official designation of terrorists and terrorist groups, as well as their financial support networks operating in Pakistan. In June, five U.S. Senators sponsored legislation to instruct the Secretary of State to designate the TTP as a Foreign Terrorist Organization (FTO). This "Combating the Pakistani Taliban Act of 2010 (S. 3560) did not move out of committee. However, during a July nomination hearing for the newly named Commander of U.S. Central Command, the Chairman of the Senate Armed Services Committee and Gen. James Mattis both agreed that the Haqqani network and Quetta Shura should be designated as FTOs.<sup>89</sup> In August, Secretary Clinton ordered that, under Executive Order 13224, the TTP be named an FTO, and that TTP leaders Hakimullah Mehsud and Wali ur Rehman be named a Specially Designated Global Terrorist. The announcement was made in September, when the Justice Department unsealed criminal charges against Mehsud, accusing him of conspiring in the deadly suicide bomb attack on the CIA outpost in Khost, Afghanistan, and senior counterterrorism official Daniel Benjamin also noted that the U.S. government was offering \$5 million reward for information leading to the arrest of either of the two militant leaders.<sup>90</sup> In

<sup>88</sup> Seth Jones and Christine Fair, "Counterinsurgency in Pakistan," RAND, June 2010.

<sup>89</sup> "Senate Armed Services Committee Holds Hearing on the Nomination of Gen. James Mattis to U.S. Central Command," CQ Transcripts, July 27, 2010.

<sup>90</sup> Federal Register 75, 169, p. 53732, September 1, 2010; State Department's September 1, 2010, transcript at (continued...)

November, the State Department also designated Jundallah, an Iran-oriented militant group operating in Baluchistan near the Iranian border, as an FTO.<sup>91</sup> The Treasury Department is continuing its efforts to isolate terrorist figures and curtail terrorist financing in the region. In November, it targeted the financial support networks of both the LeT and JeM.<sup>92</sup>

## **Al Qaeda in Pakistan<sup>93</sup>**

U.S. leaders remain concerned that Al Qaeda terrorists operate with impunity on Pakistani territory, and that the group appears to have increased its influence among the myriad Islamist militant groups operating along the Pakistan-Afghanistan border, as well as in the densely populated Punjab province and in the megacity of Karachi. In early 2009, the Obama Administration declared that the “core goal” of the United States should be to “disrupt, dismantle, and defeat Al Qaeda and its safe havens in Pakistan, and to prevent their return to Pakistan or Afghanistan.”<sup>94</sup> The President continues to assert that Al Qaeda represents the top-most threat to U.S. security, and the State Department’s most recent *Country Reports on Terrorism* flatly stated that “In 2009, Al Qaeda’s core in Pakistan remained the most formidable terrorist organization targeting the U.S. homeland.”<sup>95</sup> Recent unclassified assessments place more than 300 Al Qaeda operatives in Pakistan’s tribal areas.<sup>96</sup>

While taking questions from senior Pakistani journalists during an October 2009 visit to Pakistan, Secretary of State Clinton offered a pointed expression of U.S. concerns that some elements of official Pakistan maintain sympathy for most-wanted Islamist terrorists:

Al Qaeda has had safe haven in Pakistan since 2002. I find it hard to believe that nobody in [the Pakistani] government knows where they are and couldn’t get them if they really wanted to. And maybe that’s the case. Maybe they’re not gettable.... I don’t know what the reasons are that Al Qaeda has safe haven in your country, but let’s explore it and let’s try to be honest about it and figure out what we can do.<sup>97</sup>

Pakistani officials are resentful of such suggestions, and the Islamabad government claims that Al Qaeda chief bin Laden is not in Pakistan.<sup>98</sup>

A 2010 analysis calculated that more than one-third of all “serious terrorist plots” in the West since 2004 were operationally linked to Al Qaeda or its allies inside Pakistan.<sup>99</sup> Evidence suggests

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<http://www.state.gov/r/pa/prs/ps/2010/09/146545.htm>.

<sup>91</sup> See the November 3, 2010, release at <http://www.state.gov/r/pa/prs/ps/2010/11/150332.htm>.

<sup>92</sup> See the November and December 2010 releases at <http://www.treasury.gov/press-center/press-releases/Pages/tg944.aspx>; <http://www.treasury.gov/press-center/press-releases/Pages/tg980.aspx>; and <http://www.treasury.gov/press-center/press-releases/Pages/tg991.aspx>.

<sup>93</sup> See also CRS Report R41070, *Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for U.S. Policy*, coordinated by John Rollins.

<sup>94</sup> See [http://www.whitehouse.gov/assets/documents/afghanistan\\_pakistan\\_white\\_paper\\_final.pdf](http://www.whitehouse.gov/assets/documents/afghanistan_pakistan_white_paper_final.pdf).

<sup>95</sup> See the State Department report at <http://www.state.gov/s/ct/rls/crt/2009/index.htm>.

<sup>96</sup> “New Estimate of Strength of Al Qaeda is Offered,” *New York Times*, July 1, 2010.

<sup>97</sup> State Department Press Release, “Roundtable With Senior Pakistani Editors,” October 30, 2009.

<sup>98</sup> “Bin Laden Not in Pakistan, Prime Minister Says,” *New York Times*, December 4, 2009.

<sup>99</sup> Paul Cruickshank, “The Militant Pipeline,” New American Foundation Counterterrorism Strategy Initiative Policy (continued...)

that some of the 9/11 hijackers were themselves based in western Pakistan in early 2001, and a former British Prime Minister has estimated that three-quarters of the most serious terrorism plots investigated in Britain had links to Al Qaeda in Pakistan.<sup>100</sup> Moreover, as tensions between Pakistan and India remain tense more than two years after the November 2008 terrorist attack on Mumbai, Secretary Gates warned that groups under Al Qaeda's Pakistan "syndicate" are actively seeking to destabilize the entire South Asia region, perhaps through another successful major terrorist attack in India that could provoke all-out war between the region's two largest and nuclear-armed states.<sup>101</sup>

Al Qaeda apparently was weakened in Pakistan in 2009 and 2010 through the loss of key leaders and experienced operatives. Drone strikes, Pakistani military operations, and internal rifts all combine to degrade the group's capabilities. Pakistan's late 2009 offensive in South Waziristan appears to have pushed Al Qaeda operatives from that region, and some reporting suggests that Taliban fighters in western Pakistan have become wary of assisting Al Qaeda elements.<sup>102</sup> The CIA Director claims that improved coordination with the Pakistani government and "the most aggressive operation that CIA has been involved in in our history" have forced top Al Qaeda figures even deeper into hiding while disrupting their ability to plan future attacks.<sup>103</sup> Yet some U.S. officials saw the group and its allies rebuilding their damaged infrastructure in 2010. Moreover, while the strategic goals of Al Qaeda and the Quetta Shura Taliban diverged following the former's relocation into the FATA after 2001, Al Qaeda continues to function as a "force multiplier" for myriad militant groups in western Pakistan, providing manpower, specialized knowledge, propaganda, and general advice.<sup>104</sup>

## Threats to Punjab and Sindh

### Lahore and Southern Punjab

Lahore—the provincial capital of Punjab and so-called cultural heart of Pakistan—was for many years mostly unaffected by spiraling violence elsewhere in the country. This conclusively ended with three major terrorist attacks in less than three months in early 2009.<sup>105</sup> Militants from

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Paper, February 2010.

<sup>100</sup> "In Military Campaign, Pakistan Finds Hint of 9/11," *New York Times*, October 30, 2009; "Brown Offers Pakistan Anti-Terror Aid," *Washington Post*, December 15, 2008.

<sup>101</sup> "Al Qaeda Could Provoke New India-Pakistan War: Gates," Agence France Presse, January 20, 2010.

<sup>102</sup> "Al Qaeda Weakened as Key Leaders Are Slain in Recent Attacks," Associated Press, September 19, 2009; "Setbacks Weaken Al Qaeda's Ability to Mount Attacks, Terrorism Officials Say," *Los Angeles Times*, October 17, 2009; "US Intelligence Shows Al Qaeda Fleeing South Waziristan - Gates," Reuters, December 11, 2009; "Some U.S. Officials See a Growing Taliban-Al Qaeda Rift," *Los Angeles Times*, March 12, 2010.

<sup>103</sup> "CIA Director Says Attacks Have Hobbled Al Qaeda," *Washington Post*, March 18, 2010.

<sup>104</sup> "FBI Director: Al Qaeda Spreading, Rebuilding," Associated Press, January 20, 2010; Anne Stenersen, "Al Qaeda's Allies," New American Foundation, April 2010.

<sup>105</sup> On March 3, 2009, terrorists attacked the Sri Lankan cricket team as it was being driven through central Lahore. Six players were wounded, and six policemen in another vehicle were killed along with two by-standers. Most or all of the assailants escaped, and the security lapses were a major international embarrassment for the Pakistani state. Then, on March 30, TTP militants attacked a police academy in Manawan—near the Indian border and only a few miles from central Lahore—killing eight cadets and wounding scores more before elite commandos secured the facility in a day-long siege. Finally, on May 27, terrorists tried to attack the Punjabi headquarters of the ISI. Suicide bombers were prevented from reaching the target, but their explosives leveled a neighboring building and the assault left 27 people (continued...)

western Pakistan have appeared intent on attacking Lahore to demonstrate the extent of their capabilities and to threaten the government's writ throughout the country.<sup>106</sup> More bomb attacks on Sufi shrines, including some notable ones in Punjab, have demonstrated that militants are specifically targeting more moderate Pakistani Muslims.<sup>107</sup>

Islamist militants have in recent years been increasing their influence in southern Punjab, where most anti-India groups have originated and where a number of Taliban cells have already been discovered. A 2009 report from the Brussels-based International Crisis Group urged Islamabad to end its effort to differentiate between militant networks and instead move toward a "zero-tolerance" policy, especially with regard to Punjab-based Sunni extremist organizations.<sup>108</sup> The somewhat misnamed "Punjabi Taliban," a loose conglomeration of banned militant groups in the Pakistani heartland, are comparatively better educated and better equipped than their Pashtun countrymen to the west, and are notable for having in many cases enjoyed state patronage in the recent past.<sup>109</sup>

In June 2010, Interior Minister Malik offered a rare public admission that extremist groups were well-entrenched in southern Punjab. He also conceded that Punjabi groups such as the LeJ, SSP, and JeM were close allies of both the Taliban and Al Qaeda.<sup>110</sup> According to several Pakistani experts, Punjab has become a major recruiting ground and planning hub for terrorists, and also provides a source of many militants fighting in Afghanistan. Some analysts hold the provincial ruling (Pakistan Muslim League – Nawaz) party responsible for fostering extremism there by taking religiously conservative and strongly right-wing positions while failing to openly criticize militancy. There has even been evidence that officials from the Sharif brothers' PML-N use militant groups to drum up political support, even to the extent of funding institutions linked to the Jamaat-u-Dawa, a front group for the LeT.<sup>111</sup>

## **Karachi**

The megacity of Karachi is among the world's largest, and is also Pakistan's leading business and finance hub. The Sindh provincial capital generates two-thirds of all government revenue and one-quarter of the country's GDP.<sup>112</sup> Extremists also appear to be moving from the FATA to the Sindh capital of Karachi in large numbers in recent months and years, exacerbating preexisting

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dead, including an ISI agent, 12 policemen, and several civilian bystanders.

<sup>106</sup> "Sense of Crisis Deepens in Pakistan After Lahore Attack," Reuters, March 3, 2009; "Why Attack Lahore?," BBC News, March 30, 2009; "Insurgent Threat Shifts in Pakistan," *Washington Post*, March 31, 2009.

<sup>107</sup> "Attacks on Sufi Islamic Shrines Complicate War on Militants," *Washington Post*, October 30, 2010.

<sup>108</sup> International Crisis Group, "Pakistan: The Militant Jihadi Challenge," Asia Report No. 164, March 13, 2009.

<sup>109</sup> "The Rising Phoenix of Punjabi Taliban," *Weekly Pulse* (Islamabad), November 5, 2010; Hasan Abbas, "Defining the Punjabi Taliban Network," *CTC Sentinel* 2:4, April 2009.

<sup>110</sup> "Official Admits Militancy Has Deep Roots in Pakistan," *New York Times*, June 3, 2010. See also "Pakistani Militancy Spreads to Country's Heartland," Associated Press, June 16, 2010. A crackdown came in July 2010, when up to 78 suspected militants were detained, but such actions have no apparent lasting mitigating effect ("Police Widen Operation Against Banned Groups in Southern Punjab," *Express Tribune* (online), July 13, 2010).

<sup>111</sup> Hasan Askari Rizvi, "Attacks and Beyond" (op-ed), *Friday Times* (Lahore), June 4, 2010; "Pakistan's Punjab 'in Denial' Over Local Militants," Reuters, June 8, 2010; "Hafiz Saeed Rubs Shoulders With Party Chiefs in Lahore," *Dawn* (Karachi), June 14, 2010; "Pakistan 'Gave Funds' to Group on UN Terror Blacklist," BBC News, June 16, 2010.

<sup>112</sup> "Volatile Mix of Politics and Crime Plagues Karachi," Reuters, November 15, 2010.

ethnic tensions and perhaps forming a new Taliban safe haven in Pakistan's largest city.<sup>113</sup> Taliban fighters are increasingly present in Karachi, and reports indicate that the megacity has become a favored destination for numerous international jihadis.<sup>114</sup> Militants fleeing from battles in Swat and the FATA have sought refuge in Karachi, where some 2,800 have been arrested in government anti-terrorism sweeps. Hundreds of thousands of flood refugees only added to ethnic tensions in the summer of 2010.<sup>115</sup> Under threat of expanded U.S. drone strikes on Quetta, senior Afghan Taliban leadership, including Mullah Omar himself, may have moved to Karachi, perhaps even with the support of ISI elements.<sup>116</sup> The megacity's sprawling ethnic Pashtun neighborhoods provide ideal hideouts for both Afghan and Pakistani Taliban fighters. The disproportionate political representation enjoyed by the city's Muhajir community engenders ethnic grudges among Pashtuns.<sup>117</sup> These Pashtun militants are said to have established "mafia-like" criminal syndicates in Karachi to raise millions of dollars to sustain their insurgencies through kidnaping, bank robberies, and extortion.<sup>118</sup>

## The Swat Valley

Pakistan has since 2007 faced a "neo-Taliban" insurgency in the scenic Swat Valley of the KPK's Malakand district, just 100 miles northwest of the capital, where radical Islamic cleric Maulana Fazlullah and some 5,000 of his armed followers sought to impose *Sharia* law. This rebellion against the state was notable as the only with geographic reach beyond the "tribal belt" and in part of Pakistan's "settled areas" nearer the Indus river plains. 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 commanders in South Waziristan. Some 2,500 Frontier Corps soldiers were deployed to the valley, and the army soon took charge of the counterinsurgency effort at the request of the provincial governor, massing about 15,000 regular troops. By the close of 2007, militant elements in the area were reported to be in retreat, and the Pakistani government claimed victory. Yet, in 2008, with militants still active in Swat, government officials reportedly struck a peace deal. That deal collapsed by mid-year, with sporadic and sometimes heavy fighting in Swat continuing throughout the year. By all accounts, Islamist insurgents greatly expanded their influence in Swat in 2008, and many observers asserted that, by 2009, the state's writ had completely vanished from the valley.<sup>119</sup>

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<sup>113</sup> "Taliban Find Safe Haven in Pakistan's Karachi," Reuters, May 14, 2010. Long-standing tensions between ethnopolitical rivals roiled Karachi in 2010, with assassinations and spates of political killings leaving hundreds of people dead in targeted attacks.

<sup>114</sup> "Karachi Faces Growing Taliban Menace," BBC News, June 19, 2010; "International Jihadists Use Karachi as Hub," *Spiegel* (Berlin), November 25, 2010.

<sup>115</sup> "Crush of Refugees Inflames Karachi," *Wall Street Journal*, August 26, 2010.

<sup>116</sup> "Terrorists From Swat, FATA Active in Karachi: Malik," *Daily Times* (Lahore), February 10, 2010; "Sheltered in Karachi," *Newsweek*, December 7, 2009; "In Violent Karachi, Pakistani Insurgency Finds a Haven and a Forge," *New York Times*, May 22, 2010.

<sup>117</sup> Only 4 of Karachi's 178 boroughs are controlled by Pashtun politicians. Of the Sindh provincial assembly's 168 seats, the Pashtun ANP party holds only 2 ("Karachi Turns Deadly Amid Pakistan's Rivalries," *New York Times*, November 18, 2010).

<sup>118</sup> "Taliban Militants Find Breathing Rooms in Slums of Karachi, Pakistan," *Los Angeles Times*, February 28, 2010; "Taliban Use Pakistani City as Hub for Lucrative Organized Crime," *New York Times*, August 29, 2009.

<sup>119</sup> "In Pakistan, Radio Amplifies Terror of Taliban," *New York Times*, January 25, 2009; Kamila Hyat, "Debacle in Swat" (op-ed), *News* (Karachi), January 22, 2009.

## The 2009 Swat Accord and Reactions

By early 2009, the KPK chief minister was calling the Swat problem a full-blown rebellion against the state, and President Zardari himself conceded that militant forces had established a “huge” presence in his country. Shortly after, Zardari reportedly agreed in principle to restore *Sharia* law in the Swat region in a bid to undercut any popular support for the uprising there.<sup>120</sup> In addition to bringing Islamic law to the entire Malakand division of the KPK (including Swat), the accord, announced in February of that year, included requirements that the Taliban recognize the writ of the state, give up their heavy weapons and refrain from displaying personal weapons in public, denounce suicide attacks, and cooperate with local police forces. In return for such gestures, the government agreed to gradually withdraw the army from the region. Pakistanis appeared to strongly support the government’s move.<sup>121</sup> In April, Zardari signed a regulation imposing Islamic law after Parliament passed a resolution recommending such a move.

A White House official was critical of the *Sharia* deal in Swat, saying that solutions to Pakistan’s security problems “don’t include less democracy and less human rights.” A State Department spokesman emphasized that the United States was “very concerned” and maintained a view that “violent extremists need to be confronted.”<sup>122</sup> Pakistan’s lead diplomat in Washington sought to assure a skeptical American audience that his government was not offering any concessions or ceding any ground to the Taliban, but rather was “attempting to drive a wedge” between Al Qaeda and Taliban militants on the one hand, and an indigenous Swati movement on the other, as part of a “pragmatic” strategy “to turn our native populations against the terrorists.”<sup>123</sup>

Still, most observers saw the deal as a blatant capitulation and unprecedented surrender of territory to a militant minority beyond the FATA, and as part of a disturbing broader trend.<sup>124</sup> The Human Rights Commission of Pakistan marked it as a day of “humiliating submission” by the government.<sup>125</sup> A senior independent Pakistani analyst and former army general said the government “has yielded under compulsion at a time when Talibanization is sweeping the country and overwhelming the state.” Even a senior Pakistani Islamist politician, told Parliament that the Taliban were threatening the Pakistani capital. The peace deal was particularly alarming for India, where officials feared it would further exacerbate the existing Islamist militant threat they face.<sup>126</sup>

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<sup>120</sup> “Pakistani Violence Intensifies As Policy Wobbles,” Reuters, February 10, 2009; “Taliban is in ‘Huge’ Amounts of Pakistan: Zardari,” Reuters, February 13, 2009; “Pakistan Restores Islamic Law to Pacify Swat Valley,” Reuters, February 16, 2009.

<sup>121</sup> “Secret Details of Swat Peace Accord,” *News* (Karachi), April 11, 2009. According to one opinion survey taken in March 2009, an impressive 80% of Pakistani respondents supported the government’s decision to sign the Swat accord, with nearly that percentage believing the deal would bring peace to the region. More alarmingly, however, a majority (56%) also expressed support for potential future Taliban demands to impose *Sharia* law in major Pakistani cities (see <http://www.iri.org/newsreleases/2009-05-11-Pakistan.asp>).

<sup>122</sup> “US Criticizes Islamic Law Deal in Pakistan,” Associated Press, April 14, 2009; State Department’s April 12, 2009, release at <http://www.state.gov/r/pa/prs/dpb/2009/04/121748.htm>.

<sup>123</sup> Husain Haqqani, “We’re Not Ceding Ground” (op-ed), *USA Today*, February 19, 2009.

<sup>124</sup> See, for example, Shuja Nawaz, “Wariness in Pakistan” (op-ed), *Boston Globe*, February 22, 2009; Ahmed Rashid, “Pakistan’s Deal With the Devil” (op-ed), *Los Angeles Times*, February 24, 2009.

<sup>125</sup> HRCP press release, April 14, 2009. London-based Amnesty International warned that the deal could legitimize human rights abuses that have taken place as Taliban influence increases. New York-based Human Rights Watch called the move a “grave threat” to the rights of women, especially (AI press release, February 16, 2009; HRW press release, April 15, 2009).

<sup>126</sup> Talat Masood, “Implications of the Deal” (op-ed), *News* (Karachi), April 20, 2009; “Taliban Nearing Capital, Warns Fazl,” *News* (Karachi), April 23, 2009; “Pakistan’s Swat Offensive Leaves India Skeptical,” Reuters, May 18, 2009.

## **Accord Fails, Army Moves In**

As with past iterations of truce deals in the nearby FATA, the Swat accord was seen to give militants breathing space and an ability to consolidate their gains. Reports immediately arose that Taliban forces were moving into the valley by the thousands to establish training camps in the forests around Mingora, Swat's largest town.<sup>127</sup> Fears that, rather than being placated by the truce, militants would use their Swat positions as a springboard from which to launch further forays were quickly confirmed. In April 2009, Taliban forces moved into the neighboring Buner district, now only 60 miles from the Pakistani capital. Local tribal militias put up resistance, but were quickly overwhelmed, and the Pakistani army had no local presence. Within two weeks Taliban forces were said to have taken full control of Buner.<sup>128</sup>

In response, Pakistani paramilitary troops supported by helicopter gunships engaged militants in Buner and Lower Dir. At the same time, the army accused the militants of "gross violations" of the accord.<sup>129</sup> Pakistani commandos were airdropped into Buner's main town and regained control, but heavy fighting forced many hundreds of civilians to flee. The fighting pitted about 15,000 government troops against an estimated 4,000-5,000 militants.

As militants appeared to consolidate their hold on large swaths of the KP, alarm grew in Washington that the Pakistani government may have lacked the will to sustain the fight. Joint Chiefs Chairman Admiral Mullen expressed being "gravely concerned" about the progress made by militants, and he identified Pakistan's simultaneous pursuit of peace deals and military operations as "strategic moves" that were, from an American perspective, "at cross purposes."<sup>130</sup> Secretary of Defense Gates concluded that the Swat agreement's "failure," followed by militant movements into neighboring Buner, was a "real wakeup call for the Pakistani government."<sup>131</sup>

Heavy combat raged in May 2009, with militants putting up strong resistance. When Taliban forces returned in large numbers to Mingora, Swat's main city, army leaders reportedly resolved to finally abandon negotiations and press ahead with a larger offensive, this time with greater support from the Pakistani public.<sup>132</sup> By the close of June 2009, the army was claiming to have cleared the last remaining Taliban stronghold in Swat. By November, police patrols were a common sight in Mingora, signaling a return of relative normality to the Valley, and TSNM leader Maulana Fazlullah reportedly fled to Afghanistan.<sup>133</sup>

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<sup>127</sup> "Truce in Pakistan May Mean Leeway for Taliban," *New York Times*, March 6, 2009.

<sup>128</sup> "Pakistani Taliban Begin Imposing Rule in New Area," Reuters, April 13, 2009; "Buner Falls to Swat Taliban," *Dawn* (Karachi), April 22, 2009.

<sup>129</sup> Inter-Services Public Relations press release, May 2, 2009, at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2009/5/2](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2009/5/2).

<sup>130</sup> "Taliban Advance, Pakistan's Wavering Worry Obama Team," *Washington Post*; "U.S. Questions Pakistan's Will to Stop Taliban," *New York Times*, both April 24, 2009; "DoD News Briefing With Adm. Mullen From the Pentagon Briefing Room, Arlington, Va.," May 4, 2009.

<sup>131</sup> "Interview With Secretary Gates," CNN.com, May 3, 2009.

<sup>132</sup> "The Taliban Tightens Hold in Pakistan's Swat Region," *Washington Post*, May 5, 2009; "Pakistani Army Posed for New Push Into Swat," *New York Times*, May 6, 2009.

<sup>133</sup> See the June 4, 2009, press release at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2009/6/4](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2009/6/4); "Pakistani Troops Clear Taliban Stronghold in Swat," Reuters, July 1, 2009; "Police Return to Former Taliban Haven," BBC News, November 15, 2009.

A senior Pakistani official reportedly claimed the two-month-long Swat offensive left more than 3,500 militants dead, but Islamabad's official body count stood at roughly half that number. No top Taliban commanders are known to have been killed or captured and, by many accounts, the military succeeded only in establishing control of Malakand's urban centers and main roadways. Particularly skeptical observers suspect that the Pakistani military has vastly over-reported Taliban casualties in a possible effort to impress an American audience and so continue to receive large assistance packages.<sup>134</sup> Swat residents apparently continue to rely on the military to maintain order and continue to feel insecure in the face of a lingering threat from pro-Taliban militants that the still struggling police forces have found difficult to neutralize. Moreover, efforts to repair the shattered regional economy have yielded limited results and could require at least \$1 billion in state funding. As of late 2010, more than one year after most displaced citizens returned home, government services remain almost entirely absent.<sup>135</sup>

## **Pakistan and the Afghan Insurgency<sup>136</sup>**

An ongoing Taliban insurgency in Afghanistan and its connection to developments in Pakistan remain matters of serious concern to U.S. policy makers. 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. In late 2008, Joint Chiefs Chairman Admiral Mullen said he viewed Pakistan and Afghanistan as "inextricably linked in a common insurgency" and had directed that maps of the Afghan "battle space" be redrawn to include the tribal areas of western Pakistan.<sup>137</sup> As President-elect, Barack Obama asserted that Afghanistan cannot be "solved" without "solving Pakistan" and working more effectively with that country.<sup>138</sup> Numerous other senior U.S. officials—both civilian and military—share the view that Pakistan and Afghanistan are best considered as a single "problem set" in the context of U.S. interests.<sup>139</sup> This conceptual mating of the two countries was not well received in Pakistan; President Zardari was himself openly critical of a strategy linking "AfPak," saying the two countries were too distinct from one another to be "lumped together for any reason." Pakistani military officials echoed the sentiment.<sup>140</sup>

Still, most independent analysts agree that, so long as Taliban forces enjoy "sanctuary" in Pakistan, their Afghan insurgency will persist (see **Figure 2**). Obama Administration intelligence officials continue to inform Congress of a crucial Pakistani link to the Afghan insurgency. According to former U.S. Director of National Intelligence Dennis Blair, testifying before a House panel in early 2010, "The safe haven that Afghanistan insurgents have in Pakistan is the group's most important outside support. Disrupting that safe haven won't be sufficient by itself to

<sup>134</sup> "Pakistan's Victories Over the Taliban: Less Than Meets the Eye," *Time*, June 1, 2009; "Taliban Losses Are No Sure Gain for Pakistanis," *New York Times*, June 28, 2009.

<sup>135</sup> "Pakistan Faces Tough Task Rejuvenating Battered Swat," Reuters, March 25, 2010; "Taliban 'Reappear' in Swat Valley," BBC News, April 29, 2010; "Pakistan Slow to Rebuild Swat Valley a Year After Offensive," *New York Times*, November 13, 2010.

<sup>136</sup> See also CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*.

<sup>137</sup> Statement before the House Armed Services Committee, September 10, 2008.

<sup>138</sup> See the December 7, 2008, "Meet the Press" transcript at <http://www.msnbc.msn.com/id/28097635>.

<sup>139</sup> "Petraeus: Afghan, Pakistan Problems Are Really One," Associated Press, January 9, 2009; "National Security Advisor Say Pakistan is Top U.S. Challenge," *Wall Street Journal*, January 7, 2009.

<sup>140</sup> "Zardari Rejects Obama's AfPak Strategy," *Financial Times* (London), September 10, 2009; "Army Expresses Reservation Over Af-Pak Policy," *Dawn* (Karachi), September 16, 2009.

defeat the insurgency, but disrupting insurgent presence in Pakistan is a necessary condition for making substantial progress.<sup>141</sup>

National Intelligence Estimates on Pakistan and Afghanistan issued in early December 2010 reportedly took a bleak view of the situation and suggested that U.S. success in Afghanistan was not possible so long as insurgents continued to find safe haven in western Pakistan.<sup>142</sup> As recently as January 2011, Joint Chiefs Chairman Admiral Mullen said, “It is absolutely critical that the safe havens in Pakistan get shut down. We cannot succeed in Afghanistan without that.”<sup>143</sup> Some independent analysts echo the claim that targeting Afghan Taliban leaders in Baluchistan is a requirement for curbing the Afghan insurgency.<sup>144</sup>

Afghan officials openly accuse Pakistani officials of aiding and abetting terrorism inside Afghanistan. Pakistan’s mixed record on battling Islamist extremism includes an ongoing apparent tolerance of Afghan 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.<sup>145</sup> Many analysts believe that Pakistan’s intelligence services have long known 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. Some reports 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).<sup>146</sup>

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. Yet, despite efforts by both the Islamabad and Kabul governments to secure it, the shared border remains highly porous, with corrupt border guards allowing more-or-less free movement of militants and smugglers.<sup>147</sup> Pakistan has contributed about \$330 million to Afghan development and reconstruction since 2001.

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<sup>141</sup> Transcript: “Senate Select Intelligence Committee Holds Hearing on Current and Projected Threats to the United States,” February 2, 2010.

<sup>142</sup> “Afghan, Pakistan Intelligence Reports Bleak,” Associated Press, December 11, 2010.

<sup>143</sup> See the Pentagon’s January 12, 2011, transcript at <http://www.jcs.mil/speech.aspx?ID=1518>.

<sup>144</sup> See, for example, Seth Jones, “Take the War to Pakistan” (op-ed), *New York Times*, December 4, 2009.

<sup>145</sup> Mukhtar Khan, “Quetta: The Headquarters of the Afghan Taliban,” *CTC Sentinel* 2,5, May 2009.

<sup>146</sup> See, for example, “Killing Ourselves in Afghanistan,” *Salon.com*, March 10, 2008. One U.S. military officer claimed that Pakistani military forces flew multiple helicopter missions to resupply Taliban fighters inside Afghanistan’s Nangarhar province in 2007. The Islamabad government angrily denied the claims and a former top U.S. military commander in Afghanistan cast doubt on their veracity. In another example, an October 2008 press report claimed that British officials covered up evidence that a Taliban commander killed in Afghanistan in 2007 was in fact a Pakistani military officer (“Pakistani Forces Helped Taliban in 2007: U.S. Lt. Col.,” *Defense News*, September 22, 2008; “Taliban Leader Killed by SAS Was Pakistan Officer,” *London Sunday Times*, October 12, 2008).

<sup>147</sup> See [http://www.mofa.gov.pk/Press\\_Releases/2008/July/PR\\_208\\_08.htm](http://www.mofa.gov.pk/Press_Releases/2008/July/PR_208_08.htm); “Even Where Pakistani Law Exists, Taliban Find a Porous Border,” *New York Times*, February 5, 2010.

## **Pakistani Views on U.S. Strategy in Afghanistan**

Given Pakistan's pivotal role in attaining U.S. regional goals, President Obama's December 1, 2009, policy announcement on Afghanistan had major ramifications for Pakistan. The extent to which the Pakistani government was consulted on this issue is not clear, but the key concern in both Washington and Islamabad appears to have been that any new strategy in Afghanistan does nothing to further destabilize Pakistan. In a cautious response to President Obama's speech, Pakistan's Foreign Ministry reaffirmed Islamabad's commitment to uproot regional terrorism and further stabilize Afghanistan, and also expressed a desire to ensure that the new U.S. strategy would cause "no adverse fallout on Pakistan."<sup>148</sup> The Pakistani Army Chief did welcome the mis-2010 appointment of General David Petraeus to lead the U.S. military effort in Afghanistan, calling him a known quantity who "has a full understanding of Pakistan's perspective and [who] is acutely appreciative of Pakistan's sacrifices."<sup>149</sup>

Many independent analysts identify problems with the U.S. Afghanistan strategy. Primary among these has been a perception that, with the announcement of a July 2011 starting date for U.S. withdrawal, the United States was confounding its allies in the region and perhaps preparing to leave them to their own devices.<sup>150</sup> Pakistanis are also concerned that any expansion of the war to include more operations inside Pakistan could further destabilize an already shaky political and economic climate, and even undermine already thin public support for Pakistan's role. The U.S. government maintains pressure on Pakistan to expand its military efforts against Islamist militants in western Pakistan on the assumption that such action is needed to ensure the strategy's effectiveness. Islamabad has consistently rejected such external prodding, while also undertaking more energetic military operations. The Pakistani government has been deeply skeptical about the expansion of U.S. combat operations in Afghanistan, fearing that these would push militants across the border into Pakistan's Baluchistan province and put untenable pressure on its already taxed security forces. There is little persuasive evidence that this has occurred.<sup>151</sup> Nevertheless, fears of a spillover of conflict, a possible shift of U.S.-launched drone attacks to include Pakistan's southwestern regions, and other signs of expanded U.S. operations in Pakistan leave many Pakistani observers deeply wary of U.S. policy.<sup>152</sup>

At the same time, Islamabad is discomfited by signs that the U.S. presence in Afghanistan is not long-term and that the international community may "abandon" the region in ways damaging to

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<sup>148</sup> See the Foreign Ministry's December 2, 2009, release at [http://www.mofa.gov.pk/Press\\_Releases/2009/Dec/PR\\_440\\_09.htm](http://www.mofa.gov.pk/Press_Releases/2009/Dec/PR_440_09.htm). See also "Pakistanis Voice Concerns About Obama's New Afghanistan Plan," *Washington Post*, December 3, 2009.

<sup>149</sup> See the June 30, 2010, Inter-Services Public Relations release at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2010/6/30](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2010/6/30).

<sup>150</sup> See the comments of several senior experts at "Coming Up Short on Pakistan," Council on Foreign Relations, December 14, 2009, at [http://www.cfr.org/publication/20967/coming\\_up\\_short\\_on\\_pakistan.html](http://www.cfr.org/publication/20967/coming_up_short_on_pakistan.html).

<sup>151</sup> In December, Joint Chiefs Chairman Adm. Mullen said, "[I]n fact, there really hasn't been a significant migration or push, if you will, into Baluchistan" (see the December 8, 2009, Pentagon transcript at <http://www.jcs.mil/speech.aspx?ID=1286>).

<sup>152</sup> "Pakistan to US: Don't Surge in Afghanistan, Talk to Taliban," *Christian Science Monitor*, November 22, 2009; "C.I.A. Authorized to Expand Use of Drones in Pakistan," *New York Times*, December 4, 2009; "Between the Lines, an Expansion in Pakistan," *New York Times*, December 2, 2009. Even some Western analysts see the NATO mission in Afghanistan as the single greatest cause of radicalization among Pakistanis, arguing that the United States is viewed by many there as an occupying force and urging reduced U.S. presence in the region as a necessary step in preventing the outright collapse of the Pakistani state (see, for example, Anatol Lieven, "How the Afghan Counterinsurgency Threatens Pakistan," *Nation*, December 16, 2010).

Pakistani interests, as was seen to be the case during the 1990s. Many analysts see President Obama's explicit call for U.S. troop withdrawals to begin in July 2011 as a signal to the Pakistani (and Afghan) government and Taliban elements, alike, that the United States was most concerned with an exit strategy and may not make a long-term commitment to stabilizing the region. This could even allow the Afghan Taliban to retreat into Pakistan and wait out the American "surge." According to the Pakistani foreign minister himself, "The Administration's withdrawal date was music to the ears of the militants and terrorists."<sup>153</sup>

The Obama Administration at least partially addressed these concerns by offering an "expanded strategic partnership" with Pakistan to include additional military, economic, and intelligence cooperation, along with assurances that the United States would remain engaged in Afghanistan and was planning no early withdrawal from that country. The Administration vows to assist Pakistan in the political, economic, and security realms, with the latter to include helping Pakistan to shift its military from a conventional posture to one oriented toward counterinsurgency.<sup>154</sup>

For Islamabad, another key issue is the role the Washington plays in triangular relations between Pakistan, India, and the United States. India's presence in Afghanistan exacerbates Pakistani fears of encirclement.<sup>155</sup> Some analysts insist that resolution of outstanding Pakistan-India disputes, especially that over Kashmir, is a prerequisite for gaining Pakistan's full cooperation in efforts to stabilize Afghanistan. Islamabad remains wary of India's diplomatic and reconstruction presence in Afghanistan, viewing it as a strategic threat to Pakistan, and is concerned that progress in the U.S.-India "strategic partnership" may come at serious geostrategic cost for Pakistan. President Obama did not mention India in his December 2009 speech, but the next day the U.S. Ambassador to India issued a statement saying that the core U.S. goal in Afghanistan and Pakistan is an "aspiration we share with India," and declared that the United States values "the positive role India continues to play in the region, including its significant humanitarian aid to Afghanistan."<sup>156</sup> According to many Indian analysts, official Pakistan's unstated aims with regard to Afghanistan are to maintain a Taliban sanctuary in western Pakistan, keep Afghanistan's security forces small in size, and curtail "natural" India-Afghanistan links.<sup>157</sup>

## **The January 2010 London Conference**

When leaders from 60 countries met in London in late January 2010 to discuss Afghanistan stabilization efforts, Pakistani officials expressed a keen and largely unexpected interest in promoting Afghan peace through a mediator role in any anticipated negotiations. In fact, Islamabad had for some time been pressing the U.S. government to seek negotiation with Taliban figures. Pakistani leaders believe they could serve as effective brokers in such potential contacts. Even some Pakistani analysts contend that, until the United States develops a strategy that recognizes Pakistan's "preeminent role" in Afghanistan, tensions between Washington and

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<sup>153</sup> "Pakistan Fears It May Pay Price of U.S. Surge," Reuters, December 3, 2009; Trudy Rubin, "How Players View Obama Plan" (op-ed), *Philadelphia Inquirer*, December 6, 2009; Qureshi quoted in "Pakistani Minister: Obama's Plan Emboldens Terrorists," *Washington Examiner*, March 12, 2010.

<sup>154</sup> "Press Briefing by Senior Administration Officials on the President's West Point Speech," White House Press Release, December 1, 2009, at <http://www.whitehouse.gov/the-press-office/press-briefing-senior-administration-officials-presidents-west-point-speech>.

<sup>155</sup> "India Befriends Afghanistan, Irking Pakistan," *Wall Street Journal*, August 19, 2009.

<sup>156</sup> U.S. Embassy Press Release, December 2, 2009, at <http://newdelhi.usembassy.gov/pr120209.html>.

<sup>157</sup> See, for example, "Cornered in Kabul," *India Today* (Delhi), March 15, 2010.

Islamabad will persist.<sup>158</sup> The Pakistani offer to mediate is controversial, given Afghans' longstanding mistrust of their eastern neighbors, yet could also prove fruitful due to Islamabad's historical links with the Taliban. Some analysts attributed the Pakistani shift to "a combination of self-interest and fear," with Islamabad hoping that a future power-sharing arrangement in Kabul that includes the Taliban would be friendlier to Pakistani interests. Still, some U.S. officials responded favorably, with then-Central Command chief General Petraeus welcoming Pakistan's "constructive involvement" in reaching out to Afghan Taliban elements open to reconciliation.<sup>159</sup>

## **Pakistani Moves Against the Afghan Taliban and Potential Role in Negotiations**

Many independent analysts believe that no sustainable political settlement can be reached in Afghanistan without the participation of Pakistan. The Islamabad government considers itself to be indispensable to successful peace talks in Afghanistan.<sup>160</sup> In the opening months of 2010, the Afghan Taliban's top military commander and key aide to Mullah Omar, Mullah Abdul Ghani Baradar, was captured in a joint ISI-CIA operation in Karachi. Baradar's arrest, which at first appears to have been the result of happenstance rather than design, may have signaled a change in Pakistani strategy, a new willingness to pursue Afghan Taliban leaders long believed to find sanctuary on Pakistani soil, and newly intensive bilateral intelligence collaboration between the United States and Pakistan.<sup>161</sup> Within days, two other Taliban "shadow governors" of northern Afghan provinces were captured in Pakistani cities, and a fourth senior Taliban figure arrested in the NWFP, bolstering the perception that a new Pakistani strategy was at hand. By one accounting, Pakistani authorities arrested seven of the Afghan Taliban's top fifteen leaders during the month of February.<sup>162</sup> The developments served to confirm the Afghan Taliban's presence in Karachi, where a fifth notable figure—the finance minister under Taliban rule—was reported captured in March, and the new pressure may be forcing other Taliban leaders to spread out into cities across Pakistan in an effort to evade capture.<sup>163</sup>

Skeptical observers have contended that U.S. officials should not view the ISI's new moves against Afghan Taliban elements as indicative of a major strategic shift in Pakistan; they consider Pakistan's geopolitical incentives to preserve the Taliban remaining unaltered. By some accounts, Pakistani elements "orchestrated" the Baradar arrest to facilitate talks with "willing" Taliban commanders so as to pave the way for reconciliation negotiations. Cynics contend that the ISI's

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<sup>158</sup> "Despite U.S. Pressures, Pakistan Continues to Follow Its Own Road," McClatchy News, October 22, 2009; Ejaz Haider, "Turn the Page," *Friday Times* (Lahore), October 30, 2009.

<sup>159</sup> "Pakistan Seeks Role as Mediator in Possible Taliban-Afghanistan Peace Talks," *Washington Post*, January 28, 2010 (Pakistan later expanded its offer to include assisting in the training of Afghan security forces); "Petraeus Lauds Pakistan Appeal to Afghan Taliban," Reuters, February 3, 2010.

<sup>160</sup> "Pakistan Says It Is Key to Taliban Peace Talks," Associated Press, October 12, 2010.

<sup>161</sup> "Holbrooke Hails Pakistan-U.S. Collaboration on Taliban," *New York Times*, February 18, 2010. A reported CIA request to take custody of Baradar was rejected by Pakistani authorities, who did not allow U.S. interrogators access to the Taliban leader for some two weeks. Pakistani officials later said they would hand Baradar over to Afghan authorities, but did not provide a timeframe for the move ("CIA Said to Seek Custody of a Seized Taliban Chief," *Los Angeles Times*, February 20, 2010; "Pakistan to Hand Taliban Chief to Kabul," *Financial Times* (London), February 24, 2010).

<sup>162</sup> "Captured Taliban Chief Saying Little," Associated Press, February 18, 2010; "Pakistan Arrests More Afghan Taliban—Why the About-Face?," *Christian Science Monitor*, February 18, 2010; "Half of Afghanistan Taliban Leadership Arrested in Pakistan," *Christian Science Monitor*, February 24, 2010.

<sup>163</sup> "Arrests Force Taliban Flight," *Wall Street Journal*, March 11, 2010.

motives may simply have been to thwart any anticipated negotiations.<sup>164</sup> Unnamed Pakistani officials even later changed their story, saying that Baradar's capture had been intentional as a means of shutting down secret peace talks he had been conducting with Kabul, talks that excluded Pakistan.<sup>165</sup> Analysts also point to continuing Pakistani inaction against the Haqqani group, the LeT, and other militant anti-India elements as evidence that Pakistan's security services are continuing to manipulate and make use of Islamist extremists as part of their regional strategy.<sup>166</sup> There are conflicting reports on whether or not direct access to and interrogations of Baradar have produced useful intelligence for U.S. officials.<sup>167</sup>

In June 2010, Pakistan launched an effort to broker a reconciliation between the Kabul government and the Haqqanis, perhaps the most active and dangerous of Afghan insurgent groups. This initiative sparked concerns that Islamabad will seek to exploit the political situation—both in the region and in Washington—to create a political settlement giving Pakistan maximal influence in a post-conflict Kabul. Warming relations between Pakistan and Afghanistan are seen by some to heighten the risk that the United States will be largely omitted from a settlement arranged by Islamabad and Kabul. Senior U.S. officials have expressed skepticism about pursuit of any settlement that included a future role for Taliban elements. The British government more clearly sees Pakistan having a key role to play in brokering talks between Afghan militants and the Kabul government.<sup>168</sup>

In October, NATO facilitated the secret travel of at least three Quetta Shura Taliban figures and a representative of the Haqqani network from Pakistan to Kabul for meetings with senior Afghan government officials. It is unclear whether Pakistani officials were included in this process; some reports indicated they were not, but others described ISI officials participating directly. Yet, in a sign that Pakistan's "double game" was continuing, there also were reports that the ISI was simultaneously pressuring Taliban field commanders to step up their fight against NATO forces.<sup>169</sup> A State Department spokesman acknowledged that talks were taking place as part of an Afghan-led process and asserted that Pakistan "does have a legitimate role to play in supporting this process."<sup>170</sup>

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<sup>164</sup> "How Significant is Mullah Baradar's Arrest?," BBC News, February 16, 2010 "Pakistan's Arrest of Top Taliban Undermines Afghanistan," *Time* (online), March 22, 2010.

<sup>165</sup> "Pakistanis Tell of Motive in Taliban Leader's Arrest," *New York Times*, August 22, 2010.

<sup>166</sup> See, for example, Ashley Tellis, "Baradar, Pakistan, and the Afghan Taliban: What Gives?," Carnegie Endowment for International Peace Policy Outlook, March 2010; Steve Coll, "Don't Look Back," *New Yorker*, February 22, 2010; David Kenner, "Three Huge Ways Pakistan Still Isn't Cooperating," *Foreign Policy* (online), February 18, 2010. See also "U.S. Doubts Islamabad's Will to Pursue Militants," *Financial Times* (London), March 10, 2010.

<sup>167</sup> "Taliban No. 2 Interrogations Yield Useful Intel: U.S.," Reuters, April 20, 2010; "Pakistan Seen Restricting Data Obtained From Mullah," *Washington Times*, May 18, 2010.

<sup>168</sup> "Persuading Key Taliban Faction is a Tough Sell," *Washington Post*, June 30, 2010; "Pakistan is Said to Pursue an Afghanistan Foothold," *New York Times*, June 25, 2010; "Pakistan's Plans on Afghan Peace Leave U.S. Wary," *New York Times*, June 28, 2010; "Pakistan Can Help Broker Afghan Talks – Hague," Reuters, June 23, 2010.

<sup>169</sup> "Taliban Elite, Aided by NATO, Join Talks for Afghan Peace," *New York Times*, October 19, 2010; "Pakistan Left Out of Afghan-Taliban Talks, Official Says," *Los Angeles Times*, October 21, 2010; "U.S. Backs Afghan Reconciliation, No Comment on Talks," Reuters, October 6, 2010; "Pakistan Urges On Taliban," *Wall Street Journal*, October 7, 2010. Some Afghan officials have been explicit in blaming Pakistan for allowing the insurgency to continue as a means of expanding Islamabad's "sphere of influence" in Afghanistan (see, for example, Rangin Dadfar Spanta, "Pakistan is the Afghan War's Real Aggressor" (op-ed), *Washington Post*, August 23, 2010).

<sup>170</sup> See the October 20, 2010, transcript at <http://www.state.gov/r/pa/prs/dpb/2010/10/149796.htm>.

## U.S./NATO Supply Routes

With roughly three-quarters of supplies for U.S. troops in Afghanistan moving either through or over Pakistan, insurgents in 2008 began more focused attempts to interdict NATO supply lines, especially near the historic Khyber Pass connecting Peshawar with Jalalabad, Afghanistan, but also to include the route from Karachi to Kandahar, which runs through Quetta and the Chaman border crossing. Such efforts have left thousands of transport and fuel trucks destroyed, and numerous Pakistani drivers dead.<sup>171</sup> Near the end of 2008, the Pakistani military reported launching a major offensive in the Khyber agency aimed at securing the supply route, which was temporarily closed during the height of the fighting. Despite the Pakistani effort to secure the gateway to the Khyber Pass, sporadic interdiction attacks continue to date.<sup>172</sup>

U.S. military officials claim that attacks on supply routes have had a negligible effect on combat operations in Afghanistan, with less than 2% of the cargo moving from the Karachi port into Afghanistan being lost to “pilferage,” and with stockpiled supplies that could last 60-90 days in the event of a severing of the supply chain.<sup>173</sup> Nevertheless, in the latter half of 2008 the U.S. military began testing alternative routes, concentrating especially on lines from Central Asia and Russia. Moscow at first would allow only non-lethal NATO supplies to Afghanistan to cross Russian territory, and later agreed to allow U.S. troops and weapons to fly into Afghanistan through Russian airspace as sought by NATO.<sup>174</sup> By mid-2010, this “northern distribution network” was carrying well over half of NATO’s total supplies (not including all military equipment).<sup>175</sup> Attacks on NATO trucks have caused transportation fee rates to more than double since 2006, but using the northern distribution network is still said to cost 2.5 times as much as the Pakistan route.<sup>176</sup>

Corruption is a major factor in moving cargo through Pakistan. A June 2010 report from a House subcommittee’s majority staff found extensive evidence of extortion and corruption along the supply line, especially with regard to the Chaman crossing near Quetta, where a “Colonel Abdul Razziq,” a local tribal chief, is said to wield “near total control” and demand a major share of all

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<sup>171</sup> An official from a Pakistani transportation association has claimed that as many as 6,000 trucks and oil tankers have been lost to insurgent attacks since 2002 (“Pakistan Pays Price for Afghan War Cargo Amid Taliban Attacks,” Bloomberg, July 7, 2010).

<sup>172</sup> The Torkham crossing was closed by Pakistani authorities after late September 2010 attacks on Pakistani territory by NATO helicopters. Officially, the closure sparked by security concerns, but most observers concluded the Pakistani government was acting in protest and to demonstrate its ability to restrict NATO’s Afghan supply lines. By early October, scores of trucks and oil tankers had been destroyed by apparent militant attacks. Pakistan reopened the Torkham crossing after ten days.

<sup>173</sup> “US Plays Down Impact of Convoy Attacks in Pakistan,” Reuters, December 8, 2008. In April 2009, Centcom Commander Gen. Petraeus told a House panel that between February 15 and March 15 of that year roughly 3,600 NATO cargo containers went through the Khyber Pass and only about 1% of these was damaged or destroyed in transit (“House Armed Services Committees Holds Hearing on the New Strategy for Afghanistan and Pakistan,” CQ Transcripts, April 2, 2009).

<sup>174</sup> “Pentagon Seeks New Afghan Supply Routes,” *Financial Times* (London), September 23, 2008; “U.S. Secures New Supply Routes to Afghanistan,” *New York Times*, January 21, 2009; “Russia Lets U.S. Fly Troops, Weapons to Afghanistan,” Reuters, July 6, 2009.

<sup>175</sup> Statement of Gen. David Petraeus, “Senate Armed Services Committee Holds Hearing on the Situation in Afghanistan,” CQ Transcripts, June 16, 2010.

<sup>176</sup> “Pakistan Pays Price for Afghan War Cargo Amid Taliban Attacks,” Bloomberg, July 7, 2010.

cargo that transits the border.<sup>177</sup> Moreover, there have been suspicions that corrupt trucking contractors have actually destroyed their own vehicles.<sup>178</sup>

## **Improvised Explosive Devices (IEDs) in Afghanistan**

Ammonium nitrate (AN) is widely-used fertilizer that also has commercial uses as an explosives precursor. The great majority of improvised explosive devices (IEDs) used by Islamist insurgents fighting in Afghanistan employ AN and, since the Kabul government's January 2010 ban on the substance, nearly all AN in Afghanistan is believed to arrive through illicit transshipments from neighboring Pakistan. The U.S. government is urging Islamabad to adjust Pakistani national laws to restrict access to AN there or, short of that, to encourage Pakistani law enforcement and border security agencies to be more active and effective in efforts to prevent its movement into Afghanistan. The U.S. government's efforts to counter the growing threat of IEDs in Afghanistan fall into three main categories: (1) diplomatic initiatives; (2) law enforcement initiatives; and (3) science and technology efforts. Washington's efforts are led by the Pentagon's Joint Improvised Explosive Device Defeat Organization (JIEDDO), staff of the State Department's Special Representative for Afghanistan and Pakistan (SRAP), and staff of the Department of Homeland Security's Immigration and Customs Enforcement office.<sup>179</sup>

## **Other Recent Developments in Pakistan-Afghanistan Relations**

Over the course of 2010, Pakistan-Afghanistan relations showed multiple signs of improvement. In a public show of friendship, Prime Minister Gilani hosted Afghan President Karzai in Islamabad in March, but it is not clear if Karzai's widely suspected mission—to solicit Pakistani help in pursuing conciliatory gestures toward the Taliban—was successful, and serious policy differences appeared to remain.<sup>180</sup> Bilateral relations appeared to improve following a series of mid-2010 discussions on ending the Afghan insurgency that included Pakistan's ISI chief making an unprecedented visit to Kabul. General Kayani himself also met with President Karzai in the Afghan capital.<sup>181</sup> In July, the two countries inked a cross-border trade agreement after decades of on-and-off negotiations. A concrete and unprecedented sign of a changed bilateral dynamic came with news that Karzai had agreed to send a small group of Afghan military officers to train in Pakistan. By opening numerous new border crossings and providing Afghans with access to major Pakistani ports, the pact could boost bilateral trade and facilitate regional peace. Yet it does not allow Afghan truckers to transit through Pakistan to India. Still, it was warmly welcomed by Washington, where a State Department spokesman called it “one of the most important, concrete achievements between the two countries in 45 years.”<sup>182</sup>

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<sup>177</sup> “Warlord, Inc.: Extortion and Corruption Along the U.S. Supply Chain in Afghanistan,” Report of the Majority Staff of the House Oversight and Government Reform Subcommittee on National Security and Foreign Affairs, June 2010.

<sup>178</sup> “Nato Contractors ‘Attacking Own Vehicles’ in Pakistan,” BBC News, October 6, 2010.

<sup>179</sup> Author interviews with State Department officials, November 2010; “U.S. Presses to Stop Flow of Bomb Item to Afghanistan,” *New York Times*, November 15, 2010.

<sup>180</sup> “Afghanistan and Pakistan Pledge Cooperation,” *New York Times*, March 11, 2010.

<sup>181</sup> “New Turn in Afghan, Pakistani Relations,” *Washington Post*, June 19, 2010.

<sup>182</sup> “Some Afghan Officers to Get Training in Pakistan,” *Washington Post*, July 1, 2010; “Pakistan, Afghanistan Sign New Pact,” *Wall Street Journal*, July 19, 2010; State Department's July 19, 2010, transcript at <http://www.state.gov/r/pa/prs/dpb/2010/07/144840.htm>.

In September, President Karzai again visited Islamabad, where he and President Zardari agreed to strengthen the bilateral “partnership” through increased institutional engagement; greater security cooperation; expanded transit, trade and investment; and mutual infrastructure and energy development, among others. Prime Minister Gilani was in Kabul in December, at which time he and the Afghan leader reiterated their mutual intentions to further accelerate bilateral initiatives in a range of issue-areas.<sup>183</sup> A resulting Joint Statement included agreement to further increase counterterrorism economic cooperation.<sup>184</sup> In January 2011, the Karzai government sent a high-level “peace delegation” to Islamabad led by former Afghan President Burahuddin Rabbani, reportedly in an effort to reassure Pakistani leaders, including General Kayani, that the current Kabul government is friendly toward Pakistan and is ready to negotiate with the Taliban.<sup>185</sup> Warming Pakistan-Afghanistan ties tend to elicit anxiety in other regional capitals, especially New Delhi and Tehran, where there are significant fears of a future Afghanistan heavily influenced by Islamabad and with Taliban elements in possession of a governance role.<sup>186</sup>

## **Pro-Taliban Militants in the Tribal Agencies**

Fighting between Pakistani government security forces and religious militants intensified in 2008. Shortly after former Prime Minister Benazir Bhutto’s December 2007 assassination, the Pakistan army undertook a major operation against militants in the South Waziristan agency assumed loyal to Baitullah Mehsud, who was named as a suspect in that killing. Occasionally fierce fighting continued in that area throughout 2008 and into 2009, when a full-blown ground operation was launched to take control of the region. The apparent impunity with which Mehsud was able to act caused serious alarm in Washington, where officials worried that the power and influence of his loyalists were only growing.<sup>187</sup> Mehsud was killed in a mid-2009 drone attack, but his “Pakistani Taliban” has fought on under new leadership, while also threatening to take their fight to American shores. Analysts also continue to view Pakistan’s tribal areas as being a crucial safe haven for continued Al Qaeda plotting and training.<sup>188</sup> An April 2009 assessment by the FATA Secretariat calculated that conflict in the tribal areas alone has cost the Pakistani government more than \$2 billion.<sup>189</sup>

## **The Pakistani Taliban**

The Tehrik-i-Taliban Pakistan (TTP) emerged as a coherent grouping in late 2007 under 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. There appears to be no reliable evidence that the TTP receives funding from external states. The group’s principal aims are threefold: (1) to unite disparate pro-Taliban groups active in the FATA

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<sup>183</sup> See the September 16, 2010, Joint Statement at [http://www.mofa.gov.pk/Press\\_Releases/2010/Sept/js\\_16.htm](http://www.mofa.gov.pk/Press_Releases/2010/Sept/js_16.htm); December 5, 2010, Joint Statement at [http://www.mofa.gov.pk/Press\\_Releases/2010/Dec/PR\\_299.htm](http://www.mofa.gov.pk/Press_Releases/2010/Dec/PR_299.htm).

<sup>184</sup> See the December 5, 2010, Statement text at [http://www.mofa.gov.pk/Press\\_Releases/2010/Dec/PR\\_299.htm](http://www.mofa.gov.pk/Press_Releases/2010/Dec/PR_299.htm).

<sup>185</sup> “Afghanistan Looks to Pakistan for Help With Taliban,” *Christian Science Monitor*, January 5, 2011.

<sup>186</sup> “India, Iran Distrustful of Renewed Afghan-Pakistan Ties,” *Washington Post*, July 23, 2010.

<sup>187</sup> “Taliban Leader Flaunts Power Inside Pakistan,” *New York Times*, June 2, 2008.

<sup>188</sup> See, for example, Barbara Sude, “Al Qaeda Central,” New American Foundation Counterterrorism Strategy Initiative Policy Paper, February 2010.

<sup>189</sup> “Cost of Conflict in FATA,” FATA Secretariat Planning and Development Department, April 2009, at <http://www.fata.gov.pk/downloads/costconflict.pdf>.

and KPk; (2) to assist the Afghan Taliban in its conflict across the Durand Line; and (3) to establish a Taliban-style Islamic state in Pakistan and perhaps beyond. As an umbrella group, the TTP is home to tribes and sub-tribes, some with long-held mutual antagonism. It thus suffers from factionalism. In 2008, the Islamabad government formally banned the TTP due to its involvement in a series of suicide attacks in Pakistan. After the August 2009 death of Baitullah, leadership passed to Hakimullah Mehsud (no relation). Upon the October 2009 launch of major Pakistani military operation against the TTP's South Waziristan bases, this new Mehsud was believed to directly command 5,000-10,000 militants, with the total TTP force comprised of up to 35,000 armed militants.<sup>190</sup>

Militancy in western Pakistan is not coherent, and Taliban forces there are riven by deep-seated tribal rivalries that may prevent the TTP from ever becoming a truly unified force. Some analysts believe that, by pursuing sometimes contradictory military strategies in the region, the United States and Pakistan have missed a chance to exploit such divisions. According to this argument, U.S.-launched missile strikes have a unifying effect on the militants and so undermine the Pakistani strategy of driving a wedge between various Islamist factions.<sup>191</sup> In 2009, U.S. intelligence agencies reportedly launched a major effort to examine potential fault lines within the Islamist militant groups of western Pakistan with an eye toward exploiting rifts with diplomatic and economic initiatives, a strategy associated with General Petraeus that realized successes in Iraq.<sup>192</sup> Some scholars argue, however, that the Taliban is not nearly as fragmented as many believe, but rather is a decentralized organization, and that distinctions between Pakistani and Afghan networks are largely arbitrary.<sup>193</sup>

## **The Demise of Baitullah Mehsud**

Founding TTP chief Baitullah Mehsud was apparently killed in a U.S.-launched missile strike on August 5, 2009. Later that month, militants declared that Hakimullah Mehsud, a 28-year-old with a reputation for brutality and risk-taking, would be the new TTP chief.<sup>194</sup> Baitullah's elimination was seen as a major victory for both Pakistani and U.S. interests, and a psychological blow to the Pakistani Taliban. Yet it did not lead to any reduction of militancy in Pakistan, given that leading operational commanders remained active and attacks on government and civilian targets became even more common.

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<sup>190</sup> "Tehrik-e-Taliban Pakistan (TTP)," *Jane's World Insurgency and Terrorism*, April 29, 2010; Hassan Abbas, "A Profile of the Tehrik-i-Taliban Pakistan," *CTC Sentinel*, January 2008.

<sup>191</sup> "Tribal Tribulations—The Pakistani Taliban in Waziristan," *Jane's Intelligence Review*, January 13, 2009; Mona Kanwal Sheikh, "Disaggregating the Pakistani Taliban," DIIS Brief, September 2009, at [http://www.diis.dk/graphics/Publications/Briefs2009/Disaggregating\\_Pakistani\\_Taliban.pdf](http://www.diis.dk/graphics/Publications/Briefs2009/Disaggregating_Pakistani_Taliban.pdf).

<sup>192</sup> "US Probes Divisions Within Taliban," *Boston Globe*, May 24, 2009.

<sup>193</sup> See, for example, Antonio Giustozzi, "One or Many? The Issue of the Taliban's Unity and Disunity," Pakistan Security Research Unit Brief No. 48, April 23, 2009.

<sup>194</sup> "Doubts Cast on Taliban Leadership," BBC News, August 23, 2009; "New Baitullah on the Bloc," *Jane's Terrorism and Security Monitor*, September 3, 2009. Press reports indicated that a violent power struggle followed Baitullah's death, with an apparent exchange of gunfire between Hakimullah and rival commander Waliur Rehman. For some time after, many observers mistakenly believed Hakimullah had been killed. In January 2010, Hakimullah was believed to have been killed in a drone strike on a militant compound in South Waziristan. He later appeared in a video, thus confirming his escape ("Pakistani Taliban Confirm Leader's Death," *Los Angeles Times*, February 10, 2010; "Video Shows Taliban Boss Alive," Associated Press, May 3, 2010).

By successfully targeting the primarily anti-Pakistani government Baitullah, U.S. officials may have sought greater Pakistani action against Pakistan-based, Afghan-oriented militants such as Mullah Omar and Sirajuddin Haqqani. Baitullah's death was seen by some as presenting an opportune time to apply maximum pressure on TTP militants, but Pakistani military officials continued to defer, saying they suffered from serious equipment shortages and needed "months" to create the right conditions for a FATA offensive. Some U.S. officials became concerned that vital momentum was lost in the interim.<sup>195</sup>

## **Pakistani Military Operations in the Tribal Agencies**

The Pakistan army has deployed up to 150,000 regular and paramilitary troops to western Pakistan in response to the surge in militancy there. Their militant foes have employed heavy weapons in more aggressive tactics, making frontal attacks on army outposts instead of the hit-and-run skirmishes of the past. Pakistan has sent major regular army units to replace Frontier Corps soldiers in some areas near the Afghan border and has deployed elite, U.S.-trained and equipped commandos to the tribal areas.

Major battles with militants have concentrated on three fronts: the Swat valley (see above), and the Bajaur and South Waziristan tribal agencies. Yet all seven tribal agencies and adjacent regions have been affected by conflict. By early 2009, Taliban forces had spread their activities into the relatively peaceful Orakzai agency, the only in the FATA that does not border Afghanistan. Moreover, an unprecedented January 2009 attack on a Frontier Corps outpost in the Mohmand agency by some 600 Taliban militants represented an unusual reversal in that the militants had crossed into Pakistan from Afghanistan, signaling increased coordination by Taliban units spanning the border.<sup>196</sup>

Sporadic, but sometimes major military operations in the FATA have been ongoing since 2008, with Pakistani authorities sometimes reporting significant militant casualties, although these claims cannot be corroborated. Civilians are often killed in the fighting, and millions have been forced from their homes. Nevertheless, the Pakistani military reports that many FATA tribal leaders are fully supportive of the army's efforts there.<sup>197</sup> Analysts warned that the FATA would present a battlefield very different from that found in the Swat Valley. The oftentimes treacherous mountain terrain replete with caves was seen to favor the Taliban's guerilla tactics over a conventional force such as the Pakistan military.

Some counterinsurgency experts cast doubt on the Pakistan army's ability to hold ground seized in offensive operations and predicted that militants would quickly re-infiltrate into "cleared" areas of the FATA.<sup>198</sup> Such warnings have since appeared prescient: By mid-2010, it was apparent that

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<sup>195</sup> "Strike on Mehsud Could Spur Stronger US-Pakistan Cooperation," *Christian Science Monitor*, August 7, 2009; "Pakistan Taliban Leader's Purported Death Opens Window of Opportunity," *Los Angeles Times*, August 17, 2009; Ahmed Rashid, "Now Pakistan Must Strike While the Iron is Hot" (op-ed), *Evening Standard* (London), August 24, 2009; "Pakistan Needs 'Months' for Waziristan Push: General," Reuters, August 18, 2009.

<sup>196</sup> "Orakzai Becomes New Haven for Taliban," *Daily Times* (Lahore), February 4, 2009; "46 Die in Taliban Attack on Pakistani Troops," *New York Times*, January 12, 2009.

<sup>197</sup> See for example, the Inter-Services Public Relations' February 7, 2009, press release at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2009/2/7](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2009/2/7).

<sup>198</sup> "Waziristan a Tough Nut for Pakistani Forces," *Los Angeles Times*, July 22, 2009; David Kilcullen, "For Answers to the Afghan-Pakistan Conflict, Ask: What Would Curzon Do?" (op-ed), *Spectator* (London), July 18, 2009.

Pakistani forces were facing further combat on nearly all fronts previously thought secured, as an absence of effective civilian political authority had precluded a consolidation of military gains. Pakistani military operations appear to have succeeded only in pushing militants from one agency to another while their leadership remains intact.<sup>199</sup> Some American observers contend that, if Pakistan is genuinely unable to eradicate the militant safe havens there, the United States and its allies should not be prevented from doing so.<sup>200</sup>

## **Bajaur**

“Operation Sher Dil,” launched in Bajaur in September 2008, reportedly caused the deaths of more than 1,500 militants and some 100 soldiers before Pakistani officials declared it successfully completed five months later. Still, pessimistic analysts viewed the gains from such operations as temporary and predicted that widespread militant presence in Bajaur and neighboring regions was apt to continue in the future. On this account, the pessimists were proven right.

A new peace agreement was signed with Bajaur’s tribal elders, but it appears that the bulk of militant forces repositioned themselves, and the army’s heavy bombardments may have alienated large segments of the local population. Some 8,000 Pakistani troops were backed in Bajaur by helicopter gunships and ground attack jets. The Frontier Corps’ top officer estimated that militant forces in the agency numbered about 2,000, including foreigners. The fighting apparently attracted militants from neighboring regions and these reinforced insurgents were able to put up surprisingly strong resistance, complete with sophisticated tactics, weapons, and communications systems, and reportedly made use of an elaborate network of tunnels in which they stockpiled weapons and ammunition.<sup>201</sup> Although sporadic fighting continues in Bajaur to date, there are indications that most militant strongholds in the agency have fallen into government hands, with the strategic town of Damadola reclaimed in February 2010 and official Pakistani claims of victory in the agency a month later. Still, mid-2010 saw the TTP has issued warnings to local security forces in Bajaur to halt operation or face further attacks.<sup>202</sup>

## **South Waziristan**

In May 2009, President Zardari told an interviewer “We’re going to go into Waziristan ... with army operations.”<sup>203</sup> Weeks later, Pakistani security forces apparently opened a new front for offensive operations in the northwest. In mid-month, some 800 militants reportedly moved into the Bannu region abutting the two Waziristan tribal agencies, only 90 miles southwest of Peshawar. The army responded with artillery and helicopter gunship assaults on Taliban positions. Operations were then expanded into South Waziristan with multiple strikes by fixed-wing aircraft in direct response to Taliban-launched suicide attacks in Pakistani cities.

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<sup>199</sup> “Pakistan Army Finds Taliban Tough to Root Out,” *New York Times*, July 5, 2010; “Pakistan Army Struggles in Tribal Belt,” *Financial Times* (London), November 9, 2010.

<sup>200</sup> See, for example, “Can the Obama Administration Avoid a Split With Pakistan?” (editorial), *Washington Post*, October 5, 2010.

<sup>201</sup> “28-Point Bajaur Peace Accord Signed,” *News* (Karachi), March 10, 2009; “Pakistan Regains Control of Remote Area, For Now,” *New York Times*, March 9, 2009.

<sup>202</sup> Mukhtar Khan, “Bajaur Agency: The New Landscape of Insurgency in FATA,” *CTC Terrorism Monitor*, 8, 5, February 4, 2010; “Security Forces Declare Final Victory in Bajaur,” *Daily Times* (Lahore), March 3, 2010; “Taliban ‘Reappear’ in Bajaur,” *Daily Times* (Lahore), June 16, 2010.

<sup>203</sup> “Pakistan to Attack Taliban in Bin Laden’s Lair,” *Sunday Times* (London), May 17, 2009.

The KPK governor announced that the federal government was preparing to begin military operations targeting Baitullah Mehsud and his loyalists in South Waziristan, with army troops massing in surrounding areas. Within days, the troops were reported to have virtually surrounded Mehsud-controlled areas (on the Pakistani side of the international border). Islamabad ramped up pressure by posting large monetary rewards for information leading to the death or capture of Mehsud and his deputies. A military blockade of Mehsud's strongholds and weeks of near-constant airstrikes against his fighters' positions weakened Taliban forces in South Waziristan, yet the assassination of a key pro-government tribal leader there demonstrated that Mehsud remained a potent enemy able to violently suppress local opposition.<sup>204</sup>

Still, more than four months after Zardari's vow, no offensive ground operation was underway. Islamabad officials pointed to the unexpectedly large internally displaced person (IDP) problem in the region as causing the delay, but independent observers again began to doubt Pakistani determination. At the same time, the interim months also saw the Pakistan air force increasing its combat missions over the FATA, employing better surveillance to more effectively target militants while avoiding excessive civilian casualties. America-supplied F-16 aircraft figured prominently in this campaign. By early October, Pakistani officials issued statements that sufficient troops and equipment were in place for a now imminent offensive operation.<sup>205</sup>

On October 16, 2009, after being briefed by top military officials, Pakistan's civilian leadership gave the go-ahead for about 30,000-40,000 security forces to launch their long-awaited ground offensive—code-named “Operation Rah-e-Nijat” or “Path of Salvation”—on three fronts in South Waziristan. The early days of fighting saw Pakistani forces facing heavy resistance and even some reversals. After one week, less than 100 militants were reported to have been killed.<sup>206</sup> By early November, however, Pakistani troops took control of Kaniguram, a town believed to be a stronghold of Uzbek militants, as well as the Ladha Fort that had been captured by TTP forces in August 2008. About one month after the operation's start, officials were reporting that all major militant bases in South Waziristan had been cleared, although they acknowledged that thousands of militants had been able to escape into the remote surrounding terrain. Indeed, only 548 militants were said to have been killed, and another 17 captured, only a small percentage of the 8,000 or more in the region at the battle's onset. Moreover, all notable Taliban commanders appear to have escaped.<sup>207</sup>

These militant leaders vowed to sustain a long-term guerrilla war and responded with new attacks on Pakistani cities, thus significantly eroding perceived gains by the government and military. Nevertheless, by January 2010's end, Pakistani military leaders were declaring that their forces had “broken the back of terrorists in South Waziristan.” While the Waziristan offensive reportedly

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<sup>204</sup> “Pakistan Treads Warily as New Fight Looms,” *Washington Post*, June 29, 2009.

<sup>205</sup> “Delayed Offensive Wears at Pakistan's Antiterror Credibility,” *Christian Science Monitor*, July 24, 2009; “Pakistan's Air War More Against Taliban Grows More Precise,” *New York Times*, July 30, 2009; “Officials: Pakistan Army to Take on S. Waziristan,” *Associated Press*, October 2, 2009.

<sup>206</sup> “Kayani, Pasha Brief Top Politicians on Security,” *Daily Times* (Lahore), October 17, 2009; “Hope Fades for Quick Victory Over Taliban,” *Financial Times* (London), October 23, 2009.

<sup>207</sup> “Pakistan Army Eager to Show Progress in Fight Against Taliban,” *Washington Post*, November 17, 2009; “Pakistan Makes Gains in South Waziristan,” *Financial Times* (London), November 19, 2009; “Pakistan Taliban Regroups,” *Los Angeles Times*, November 26, 2009; “Big Pakistan Offensive Has Failed to Nab Any Taliban Leaders,” *McClatchy News*, November 24, 2009. Some of the fleeing militants may have crossed into Afghanistan to fight U.S.-led coalition forces there, although this was discounted by U.S. commanders (“Pakistani Taliban Claims an Influx,” *Associated Press*, December 24, 2009).

left numerous militants and Pakistani soldiers dead, and the army in control of all of the region's main towns, the bulk of the insurgent forces appear to have retreated into other havens unscathed. Indeed, reports indicate that the Pakistani victory is not so clear cut as portrayed by military spokesmen, and that most of the militants are likely to have escaped to North Waziristan. Pakistan's army denies reports that Taliban forces have reentered previously cleared areas of South Waziristan.<sup>208</sup>

## **North Waziristan**

By many accounts the North Waziristan tribal agency—home to the Al Qaeda- and Taliban-allied Haqqani network and the TTP forces of Hafiz Gul Bahadar, among others—is currently the most important haven for both Afghan- and Pakistan-oriented militants. It may also represent a more threatening haven for global jihadists than did pre-2001 Afghanistan.<sup>209</sup> U.S. pressure on Pakistan to clear the region of militants has been fairly consistent for at least one year.<sup>210</sup> In October 2010, Joint Chiefs Chairman Admiral Mullen told an interviewer that General Kayani had “committed to me to go into North Waziristan and to root out these terrorists.” Days later, Secretary Clinton told an interviewer that the U.S. government was “pressing very hard that [Pakistan] do more with their military forces, their intelligence forces” to go after Taliban forces linked with Al Qaeda and that it is “going to keep pressing because we think there’s no way to divide this threat.” This pressure again became evident during Admiral Mullen’s December visit to Pakistan, where he expressed what he called a strong sense of “strategic impatience” with the Pakistani leadership.<sup>211</sup>

Pakistani officials have continued to demur on requests that their military move into what many consider the “final” militant haven of North Waziristan, saying they need to consolidate the areas newly under their control.<sup>212</sup> Pakistani military officials say a ground assault on militant positions in North Waziristan will come only after other tribal areas are secured, a process that they say will not be completed until May 2011, at the earliest. They report having some 34,000 troops in North Waziristan and suffering more than 500 combat deaths in this area alone.<sup>213</sup>

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<sup>208</sup> “Pakistani Army’s Victories Fail to Halt Taliban Blows,” *New York Times*, December 16, 2009; “Army Has Broken Terrorists’ Back in Swat, Waziristan,” *Daily Times* (Lahore), January 29, 2010; “Pakistani Offensive Turns into a Test of Wills,” *New York Times*, March 12, 2010; “Pakistan Army Says Taliban Not Back in South Waziristan,” BBC News, June 24, 2010.

<sup>209</sup> See Anand Gopal, Mansur Khan Mahsud, and Brian Fishman, “The Battle for Pakistan: Militancy and Conflict in North Waziristan,” New America Foundation, April 2010; “On the Run, Pakistan Militants Find New Haven,” *Associated Press*, April 21, 2010; Ahmed Rashid, “Terrorism’s New Hub in Pakistan” (op-ed), *Washington Post*, May 5, 2010.

<sup>210</sup> In mid-2010, the U.S. military temporarily stopped lobbying Pakistan to undertake operations in North Waziristan, reportedly finding that such pressure was counterproductive (“Pakistan Fight Stalls for U.S.,” *Wall Street Journal*, August 13, 2010).

<sup>211</sup> See the Pentagon’s October 12, 2010, transcript at <http://www.jcs.mil/speech.aspx?ID=1473>; State Department’s October 14, 2010, transcript at <http://www.state.gov/secretary/rm/2010/10/149419.htm>; “Mullen Expresses Impatience With Pakistan on Visit,” *New York Times*, December 14, 2010.

<sup>212</sup> “Pakistan Resists Call to Squeeze Taliban,” *Financial Times* (London), March 17, 2010; “Pakistan Push in N. Waziristan Needs Time—General,” Reuters, May 10, 2010.

<sup>213</sup> “Pakistan Says Time Not Right for Anti-Taliban Assault,” Reuters, October 26, 2010; Foreign Ministry’s October 15, 2010, release at [http://www.mofa.gov.pk/Press\\_Releases/2010/Oct/PR\\_257.htm](http://www.mofa.gov.pk/Press_Releases/2010/Oct/PR_257.htm).

The Pakistani army is seen by the Pentagon as unlikely to launch the kind of “steamroller” operation there as was undertaken in South Waziristan. In the spring of 2010, Secretary Gates described the situation as analogous to the United States being in the passenger seat and Pakistan being “behind the wheel”; Pakistani officials are the ones who will “determine the direction and the speed of their operations.”<sup>214</sup> Some reports suggest that a “clear” operation has been underway since March. It is widely assumed that any eventual ground offensive into North Waziristan will be of limited scope, involving occasional forays from heavily fortified Pakistani army positions in the main town of Miranshah. There are concerns that a major push could again scatter militants across Pakistan and cause another backlash in the form of increased terrorism in Pakistani cities.<sup>215</sup>

In late 2010, reports indicated that the Haqqani network was relocating to the neighboring Kurram agency, perhaps with active Pakistani government support. This movement was apparently facilitated by a deal struck with Shiite militias, who granted access to Haqqani fighters in return for their help in making peace with local Sunni tribes. Some tribal leaders in Kurram are actively resisting Haqqani group incursions into their region.<sup>216</sup>

## **Other Agencies**

As noted above, Islamist militant groups are active in all seven of the FATA agencies, and notable Pakistani ground operations have been undertaken against them in six (all but North Waziristan). Government forces have engaged a sporadic, but sometimes deadly campaign against Khyber agency militants; the Frontier Corp’s September 2009 effort to secure the area near the strategic Khyber Pass reportedly left more than 100 militants dead.<sup>217</sup> In mid-April, at least 73 civilians were killed when a Pakistani jet targeting insurgents bombed their village in a remote regional of the Khyber agency; the army issued a formal apology. Moreover, heavy militants losses have been reported in Orakzai, where pitched battles and government air strikes continue. Government troops reportedly took control of Lower Orakzai in April 2010. In June, Pakistan’s army declared a “successful conclusions of operations” in Orakzai, where more than 700 pro-Taliban militants were reported killed in battle in May alone. Yet it appears that the army successfully cleared only limited parts of the agency, and reports indicated that the “victory” was a fleeting one, at best. Other areas previously declared cleared, including parts of the Mohmand agency, likewise have seen a quiet return of Taliban insurgents.<sup>218</sup>

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<sup>214</sup> “DOD Background Briefing With a Senior Military Official from the Pentagon,” March 29, 2010, at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4594>; analogy in the Defense Department’s May 6, 2010, transcript at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4620>.

<sup>215</sup> “Pakistani General: Al Qaeda-Taliban Haven to Be Cleared by June,” McClatchy News, March 31, 2010; “How Will Pakistan Handle North Waziristan?,” *Reuters*, May 11, 2010; “Pakistan Push Could Spark Firestorm, Some Warn,” *McClatchy News*, May 23, 2010.

<sup>216</sup> “Threat Stirs on Afghan Border,” *Los Angeles Times*, November 8, 2010; Mohanmmmed Taqi, “Kurram: The Forsaken FATA” (op-ed), *Daily Times* (Lahore), November 4, 2010; “Shiite Deal Gives Militants New Afghan Access,” Associated Press, November 27, 2010; “Tribe Trying to Keep Out Al Qaeda Allies,” McClatchy News, December 25, 2010.

<sup>217</sup> “Pakistani Military Kills 22 Militants in Helicopter Attack,” *Financial Times* (London), September 12, 2009.

<sup>218</sup> “Pakistan Seizes Second Tribal Zone in Anti-Taliban Offensive,” Bloomberg News, April 15, 2010; see the June 1, 2010, Inter-Services Public Relations release at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2010/6/1](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2010/6/1); “719 Killed in Orakzai Operation Since May 1,” *Daily Times* (Lahore), June 3, 2010; “No Pakistan Victory in Orakzai Despite Hue and Cry,” *Reuters*, June 14, 2010; “Insurgents Regrouping in Pakistan Areas Thought Secure,” *Washington Times*, June 23, 2010.

## **Analysis of Pakistani Military Operations**

The Pakistani military's large-scale domestic air and ground operations are unprecedented in the country's history and, for many observers, reflect a new recognition among Islamabad's civilian and military leaders, alike, that pro-Taliban militants had become a dire threat to Pakistan's security and stability. With the military successes in Malakand and Swat, a meaningful shift in public opinion supporting government counterinsurgency efforts, and the killing of Baitullah Mehsud and several other Taliban leaders, some saw reason for cautious optimism about trends in Pakistan in 2009 and 2010. Indeed, the ground offensives launched that year garnered much praise from U.S. and other Western observers; U.S. Central Command chief General David Petraeus called the counterinsurgency operations in Swat and South Waziristan "quite impressive" and said the tactics used would be studied for years to come. More recently, General Petraeus called Pakistan's 2010 counterinsurgency operations "impressive" and said he hopes to see more "hammer and anvil" coordination on the border.<sup>219</sup>

Pakistan's security services have made tremendous sacrifices in post-2001 efforts to combat Islamist extremism. According to Pakistani military sources, the country has lost more soldiers fighting militants since 2004 (more than 2,400) than has the entire U.S.-led coalition fighting in Afghanistan since 2001. Pakistan also has deployed more troops to these operations (about 150,000) than has that coalition.<sup>220</sup> Western Pakistan presents an extremely daunting landscape in which to conduct offensive military operations. Mountain warfare gives huge advantages to the defense, constraining attack and mobility options, limiting the role of artillery and air power, and obstructing resupply and reinforcement, among many other challenges. Along with this treacherous geography, the constantly morphing stew of militant groups in the region cannot be tackled without a large body of government-friendly informants, a cadre badly diminished by a relentless militant campaign to root out and execute "spies."<sup>221</sup>

Concerns about the capacity of Pakistani institutions and authorities to sustain and consolidate gains persist and are centered on questions about military effectiveness and political reform. Moreover, from a U.S. perspective, there remain reasons to be skeptical about the regional strategy being pursued by Pakistani leaders. With regard to military capacity, observers note that, from the perspective of "textbook counterinsurgency doctrine," Pakistan may not be able to bring to bear sufficient security forces to secure the FATA and KPK in the long term. One assessment finds a shortfall of perhaps 400,000 troops to meet the minimum force-to-population ratio called for by the doctrine. Even in the most optimistic scenario, with a major redeployment of some 250,000 troops away from the Indian border, this assessment concludes that Pakistan still has insufficient manpower to meet the standard of 20-25 troops for every 1,000 inhabitants.<sup>222</sup>

Pakistan's security forces appear to remain heavily reliant on overwhelming conventional force to fight insurgents and have yet to demonstrate a meaningful ability to administer cleared areas long enough to restore normal civil governance. The Swat Valley offers an important test case of

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<sup>219</sup> "In Pakistan, Cautious Optimism for the Future," Associated Press, September 21, 2009; "U.S. Commander Lauds Pakistani Efforts on Militants," Reuters, February 23, 2010; "Gen. Petraeus Praises Pakistan's War Effort," *USA Today*, December 27, 2010.

<sup>220</sup> "Pakistan Army Pays Heavy Price in Taliban War," *New York Times*, May 20, 2010.

<sup>221</sup> "Challenges of Mountain Warfare in Pakistan," Reuters, May 10, 2010; "Pakistan Tribal Region No Simple Target," *Los Angeles Times*, May 24, 2010.

<sup>222</sup> Sameer Lalwani, "Pakistani Capabilities for a Counterinsurgency Campaign: A Net Assessment," New American Foundation, September 2009, at <http://www.newamerica.net/files/NAFPakistanSept09.pdf>.

Islamabad's counterinsurgency strategy in this regard, and many experts fear that in the absence of a comprehensive, "population-centered" approach, the army's tactical gains in 2009 may realize little long-term benefit. There are, however, signs that the army's efforts in the Bajaur tribal agency have employed "smarter" counterinsurgency (COIN) strategies.<sup>223</sup>

Some analysts remain convinced that, in the absence of meaningful political reforms in conflict-affected areas, the spread of Islamist militancy in the FATA will not be halted, with one report contending that, "the military's resort to indiscriminate force, economic blockade, and appeasement deals is only helping the Taliban cause."<sup>224</sup> In August 2009, President Zardari announced that his government would lift a long-standing ban on political party activity in the FATA with the intention of normalizing the region's administrative structures and integrating them into Pakistan's mainstream. It would also amend the controversial Frontier Crimes Regulation. Yet, more than one year later, no meaningful action had been taken; Zardari's spokesman has said that announced reforms would only come "when the situation improves."<sup>225</sup> In January 2010, Islamabad announced a relief package for conflict-affected areas of the FATA, including tax concessions, rebates on duties, and utility bill waivers. The package also called for a 1% boost in the share of federal funds allocated for the KPK. The Pakistani army has attempted to undertake its own development projects in the FATA, including major road- and dam-building projects. Meanwhile, the central government announced that it would transfer administrative responsibility in South Waziristan to a group of more than 500 Mehsud tribe elders who unanimously agreed with a government proposal.<sup>226</sup>

Perhaps most importantly for U.S. interests, Pakistan's regional strategy may not yet be fully compatible with that of the U.S. or neighboring governments. As the Pakistani military continued its summer-long build-up in South Waziristan, some analysts became concerned that its commanders were setting what were, in Washington's view, overly narrow objectives in targeting Baitullah while leaving untouched other Taliban groups operating in the FATA. The army's strategy appeared to seek isolation of the Mehsud faction of the TTP by keeping other regional militant commanders on the sidelines of the battle. These primarily are Wazir tribesmen, traditional South Waziristan rivals of the Mehsuds, led by Maulvi Wazir, the North Waziristan faction under Hafiz Gul Bahadar, and the Haqqani group, also in North Waziristan, and are in some accounts considered to be "pro-government Taliban."<sup>227</sup> Indeed, to the extent that the Pakistani military's motives were limited to ending the Mehsud faction's ability to launch attacks inside Pakistan, they may not have sufficiently coincided with the U.S. aim of ending the region's

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<sup>223</sup> See Stephen Cohen and Shuja Nawaz, "Mastering Counterinsurgency: A Workshop Report," Brookings Institution, July 7, 2009, at [http://www.brookings.edu/papers/2009/0707\\_counterinsurgency\\_cohen.aspx](http://www.brookings.edu/papers/2009/0707_counterinsurgency_cohen.aspx); "Haider Ali Hussein Mullik, "Lions and Jackals," *Foreign Affairs* (online), July 15, 2009, at <http://www.foreignaffairs.com/articles/65200/haider-ali-hussein-mullik/lions-and-jackals>.

<sup>224</sup> "Pakistan: Countering Militancy in FATA," International Crisis Group Asia Report No. 178, October 21, 2009, at <http://www.crisisgroup.org/home/index.cfm?id=6356>.

<sup>225</sup> "FATA Reforms to Be Implemented When Situation Improves," *Daily Times* (Lahore), January 28, 2010.

<sup>226</sup> "Gilani Announces relief Package for KPK, FATA," *Daily Times* (Lahore), January 8, 2010; "Pakistan Sets Security Deal With Tribesmen in Taliban War Zone," Bloomberg News, January 21, 2010.

<sup>227</sup> "Analysis: Waziristan Operation to Focus on Baitullah Mehsud," *Long War Journal*, June 17, 2009; "Pakistan Taliban Unity," *Jane's Terrorism and Security Monitor*, July 3, 2009. Although the North Waziristan Taliban faction led by Bahadur had abandoned a truce with the government in June 2009 and then ambushed an army convoy killing more than two dozen soldiers, the Pakistan military declined to take any major action against it. In the Khyber agency, Islamist militants of the banned Lashkar-e-Islam group led by Mangal Bagh do not align themselves with the TTP, but did later come under threat by Pakistani officials ("You Are Next Mangal Bagh": Rehman Malik," *Dawn* (Karachi), September 13, 2009).

status as an Al Qaeda safe haven from which attacks inside Afghanistan and potentially on Western/U.S. targets can be plotted and launched. Because Pakistani forces were targeting domestically-focused militants, analysts did not foresee the offensive as being likely to benefit the U.S.-led effort in Afghanistan.<sup>228</sup>

## **Internally Displaced Persons (IDPs)**

Violence between Pakistani security forces and religious militants in northwestern Pakistan beginning in the first half of 2008 and continuing to date has driven millions of civilians from their homes and caused a humanitarian crisis of major proportions. Estimates of the total number of Internally Displaced Persons (IDPs) ranged from 1.9 million to 3.5 million at the May 2009 peak, a significant discrepancy that in part reflects the difficulty of identifying and reaching a population that is scattered in villages, remote areas, and urban environments.<sup>229</sup> A U.N. report showed Pakistan having the highest number of IDPs in the world in 2009 at nearly 3.5 million, three times as many as second-place Congo.<sup>230</sup> About half of the displaced have been children.

Less than 10% of the IDPs were reported to be staying in U.N.-run camps; the remainder found haven with friends, relatives, or in “spontaneous shelters.” Those in camps faced extremely difficult conditions.<sup>231</sup> In mid-2009, Islamabad announced that safe return to the Malakand district was possible and that the military would remain in the area to provide security until local police forces could reassemble. Some aid officials argued that returning the displaced while the security situation remained fluid could present new problems. Despite such warnings, by the end of August 2009 up to 1.6 million IDPs were reported to have returned home in the region.<sup>232</sup>

The U.S. emergency response to Pakistan’s IDP crisis was significant. In May 2009, Secretary of State Clinton announced that some \$110 million in urgent U.S. humanitarian aid would flow into Pakistan, to include relief kits, tents, radios, and generators to provide light and water, along with many thousands of tons of wheat and other basic foodstuffs. Ambassador Holbrooke later vowed an additional \$200 million in urgent assistance to address the problem. As of April 2010, USAID had provided about \$430 million in related humanitarian relief funds in FY2008-FY2010 to date, much of this in the form of emergency food aid channeled through the World Food Program.<sup>233</sup>

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<sup>228</sup> “Why South Waziristan Offensive Won’t Help US in Afghanistan,” *Christian Science Monitor*, October 18, 2009.

<sup>229</sup> According to one report, nearly half of the estimated 450,000 residents of the Mehsud territories of South Waziristan were driven from their homes by conflict in early 2008. The Pakistani military effort in Bajaur ran from mid-2008 to early 2009; some 300,000 refugees reportedly fled the region (“Pakistan Lifts Veil on Not-So-Secret Waziristan War,” *Reuters*, May 20, 2008; “War on Taliban Sparks Refugee Crisis,” *Sunday Times* (London), November 16, 2008).

<sup>230</sup> “Pakistanis Suffered Most Displacement in 2009—Report,” *Reuters*, May 17, 2010.

<sup>231</sup> “Pakistan: More Than Two Million People Living Outside Displacement Camps Face Appalling Conditions,” Amnesty International press release, July 2, 2009. The “invisible refugees” sheltered outside official camps placed a crushing burden on the country’s already insufficient infrastructure (“Pakistan’s ‘Invisible Refugees’ Burden Cities and Families’ Hospitality,” *New York Times*, June 18, 2009).

<sup>232</sup> “Refugees From Fighting Can Return, Pakistan Says,” *New York Times*, July 10, 2009; “Over 80 Pct of Pakistan’s War-Displaced Return Home,” *Reuters*, August 27, 2009.

<sup>233</sup> See the State Department’s press release at <http://www.state.gov/secretary/rm/2009a/05/123640.htm> and a June 3, 2009, press release at <http://islamabad.usembassy.gov/pr-09060301.html>; April 9, 2010, USAID fact sheet at [http://www.usaid.gov/our\\_work/humanitarian\\_assistance/disaster\\_assistance/countries/pakistan/template/fs\\_sr/fy2010/pakistan\\_ce\\_fs07\\_04-09-2010.pdf](http://www.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/countries/pakistan/template/fs_sr/fy2010/pakistan_ce_fs07_04-09-2010.pdf).

Despite this American largesse, the United Nations has warned that a severe lack of funds is hampering regional relief programs.<sup>234</sup>

Pakistan's IDP refugee crisis provided the U.S. government with an opportunity to demonstrate its professed humanitarian concerns for the Pakistani people and so perhaps reverse widespread public hostility toward the United States. Yet Islamist charities have been active in the relief effort and by some accounts are using the opportunity to forward an anti-Western agenda, potentially turning public sentiment against Islamabad's cooperation with the United States. Such a tack is facilitated by the near-total absence of an overt U.S. "footprint" due to still-pervasive anti-American sentiments, despite America's status as the leading contributor of international relief funds. Sensitive to being too closely associated with an unpopular ally, Pakistani authorities reportedly have not allowed American aid workers or aircraft to distribute humanitarian aid at IDP camps, thus denying potential public diplomacy gains and leaving open a space in which extremist groups such as the banned Jamaat-ud-Dawa (JuD, now operating as Falah-i-Insaniat) could influence opinion without "competition."<sup>235</sup>

Joint Chiefs Chairman Admiral Mullen lauded the Pakistani army for learning from previous failed campaigns against the Taliban and for dealing effectively with the problem of IDPs. Yet poor civil-military coordination appears to have hindered humanitarian relief efforts. Numerous independent analysts strongly urged the Islamabad government and the international community to ensure that relief and reconstruction efforts are overseen by civilian authorities so as to best empower displaced communities in determining their own needs and priorities.<sup>236</sup>

## Questions About Pakistan's Main Intelligence Agency

The Inter-Services Intelligence Directorate (ISI) is Pakistan's main 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 2008, long-standing doubts about the activities and aims of the ISI compounded.<sup>237</sup> 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 most 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.<sup>238</sup>

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<sup>234</sup> "U.N. Sounds Alarm on Pakistan Aid Funding," Reuters, April 30, 2010.

<sup>235</sup> "In Pakistani Relief Camps, Charities Press Anti-U.S. View," *New York Times*, July 2, 2009. The JuD—a nominally charitable organization—is identified as a continuation of the banned Lashkar-e-Taiba (LeT) with a new name. The LeT, a U.S.-designated terrorist organization, has been held responsible for numerous deadly attacks inside both Pakistan and India, including the November 2008 gun and bomb assault on Mumbai that left some 173 people dead.

<sup>236</sup> See, for example, Maleeha Lodhi, "Winning the Peace" (op-ed), *News* (Karachi), June 2, 2009; Rasul Bakhsh Rais, "Securing Victory" (op-ed), *Daily Times* (Lahore), June 2, 2009; Sherry Rehman, "Malakand: The Next Test" (op-ed), *News* (Karachi), June 6, 2009.

<sup>237</sup> "When Spies Don't Play Well with Their Allies," *New York Times*, July 20, 2008. By some accounts, the two agencies engage in double-dealing as Pakistan runs double agents against the CIA and the Americans try to penetrate Pakistan's nuclear program ("CIA and Pakistan Locked in Aggressive Spy Battles," *Washington Post*, July 6, 2010).

<sup>238</sup> See, for example, "The ISI and Terrorism: Beyond the Accusations," Council on Foreign Relations Backgrounder, July 9, 2008. In an episode that only brought embarrassment for Pakistan's civilian government, a July 2008 effort to bring the ISI under the formal control of the Interior Ministry was reversed only hours after its announcement, fueling speculation that the Pakistani military does not intend to relinquish its traditionally primary role in foreign and national (continued...)

U.S. officials repeatedly have fingered the ISI for actively supporting the Afghan Taliban with money, supplies, and planning guidance. There appears to be an ongoing conviction among U.S. officials that the Afghan Taliban's sanctuaries in Pakistan have allowed them to sustain their insurgency and that elements of the ISI have continued to support them.<sup>239</sup> Accusations of ongoing ISI links with and potentially active support of Islamist militant groups are abundant and include the following:

- A 2002 statement by the then-British foreign secretary noted the British government's acceptance of "a clear link" between the ISI and Pakistan-based terrorist groups including the LeT, JeM, and Harakat Mujahideen.<sup>240</sup>
- A former French counterterrorism judge has claimed that the Pakistani government once ran training camps for the LeT with the CIA's knowledge. He contends the two intelligence agencies had an agreement that Pakistan would not allow foreign militants to train at an LeT camp "run by the Pakistani military."<sup>241</sup>
- The Afghan government claims to have evidence of ISI complicity in both an April 2008 assassination attempt on President Karzai and in the July 2008 bombing of India's Kabul Embassy. New Delhi joined Kabul in accusing the ISI of involvement in the latter attack.<sup>242</sup>
- The top Afghan intelligence official reported to his government in 2009 that the ISI provides material support to Taliban commanders based in Quetta.<sup>243</sup>
- A book by a senior *New York Times* reporter cited a May 2008 U.S. signals intelligence intercept in which Pakistan's Army Chief allegedly referred to terrorist leader Jalaluddin Haqqani as a "strategic asset."<sup>244</sup>
- In early 2009, Secretary of Defense Gates told an Afghan interviewer that "the ISI's contacts with some of these extremist groups [such as those led by Hekmatyar, Haqqani, and others] are a real concern for us." During the same period, coinciding with the public release of the newly seated Obama Administration's regional strategy, senior U.S. military officers issued other accusations of ongoing ISI support the regional militants.<sup>245</sup>

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security policy making ("Spy Agency Confusion in Pakistan," *BBC News*, July 27, 2008; "Pakistan Puts Move to Rein in Spies on Ice," *Reuters*, August 5, 2008).

<sup>239</sup> "Taliban Widen Afghan Attacks From Base in Pakistan," *New York Times*, September 24, 2009.

<sup>240</sup> See the June 2002 British Foreign Office press release at [http://www.fco.gov.uk/resources/en/news/2003/10/fco\\_nst\\_100602\\_strawindpak](http://www.fco.gov.uk/resources/en/news/2003/10/fco_nst_100602_strawindpak).

<sup>241</sup> "French Magistrate Details Lashkar's Global Role," *Reuters*, November 13, 2009; "Famed French Judge Bruguiere Tells of Troubled Pakistan," *Los Angeles Times*, November 4, 2009.

<sup>242</sup> "Pakistan 'Behind Afghan Attacks,'" *BBC News*, July 14, 2008; "India Blames Pakistan in Embassy Bombing," *Associated Press*, July 21, 2008. Islamabad countered that, despite repeated demands, neither neighbor provided evidence supporting the "unsubstantiated allegations" ([http://www.mofa.gov.pk/Spokesperson/2008/Aug/Spokes\\_13\\_08\\_08.html](http://www.mofa.gov.pk/Spokesperson/2008/Aug/Spokes_13_08_08.html)).

<sup>243</sup> "Afghan Official: Pakistan Spy Agency Aided Taliban Militants," *Associated Press*, March 27, 2009.

<sup>244</sup> David Sanger, *The Inheritance* (Harmony Books, 2009).

<sup>245</sup> See the April 2009 Pentagon transcript at <http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4392>; "American Leverage in South Asia," *BBC News*, March 30, 2009; "Afghan Strikes by Taliban Get Pakistan Help, U.S. Aides Say," *New York Times*, March 26, 2009. A Pakistan Foreign Ministry spokesman said the relevant press report conveyed "flawed" assumptions about Pakistan's intent (<http://www.mofa.gov.pk/Spokesperson/2009/March/> (continued...))

- In September 2009, the then-top U.S. commander in Afghanistan, General Stanley McChrystal, accused ISI elements of materially aiding insurgent groups that attack coalition forces in Afghanistan.<sup>246</sup>
- A 2010 book by investigative journalist Bob Woodward makes the unsourced claim that the CIA “received reliable intelligence that the ISI was involved in the training for [the November 2008 terrorist attack on] Mumbai.”<sup>247</sup>
- A retired senior Canadian diplomat who spent six years working in Afghanistan, testifying before an Ottawa parliamentary committee in 2010, stated that the Taliban would already have been conclusively defeated if not for ongoing support from Pakistan’s intelligence agencies.<sup>248</sup>
- A 2010 report based on extensive interviews with current and former Taliban commanders concluded that the ISI “orchestrates, sustains, and strongly influences the [Taliban] movement,” and that ISI officials are at times physically present, as participants or observers, at the Taliban’s supreme leadership council sessions.<sup>249</sup>
- In October 2010, a Pentagon spokesman expressed U.S. concerns about the ISI’s “strategic focus,” saying some of its interaction with insurgents “may be seen as supporting terrorist groups.”<sup>250</sup>

Even some retired, U.S.-trained Pakistani military officers are suspected of continuing to recruit, train, and finance Islamist insurgents. One, known as “Colonel Imam,” was among those believed to have served as a “quasi-official bridge” to Taliban leaders.<sup>251</sup>

In 2008, a top U.S. intelligence official reportedly presented evidence to Pakistani officials 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 the FATA and named as responsible the Kabul embassy bombing. U.S. counterterrorism officials do not appear to believe that senior Pakistani leaders have sanctioned aid to the Haqqani network, but suspect that local and retired ISI operatives are complicit.<sup>252</sup> Islamabad angrily rejected such reports as “baseless and malicious,” but the federal information minister did concede that some individuals within ISI “probably” remain “ideologically sympathetic to the Taliban” and act out of synch with government policy.<sup>253</sup> In

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<sup>246</sup> “U.S. Says Pakistan, Iran Helping Taliban,” *Los Angeles Times*, September 22, 2009.

<sup>247</sup> Bob Woodward, *Obama’s Wars* (New York, 2010), p. 46.

<sup>248</sup> “Pakistan Support Keeps Taliban Alive: Former Diplomat,” *Toronto Sun*, June 14, 2010.

<sup>249</sup> Matt Waldman, “The Sun in the Sky: The Relationship Between Pakistan’s ISI and Afghan Insurgents,” Crisis Center Research Center Discussion Paper 18, June 2010. Islamabad angrily rejected the report’s findings, calling them “hearsay” (“Pakistan Denounces Report Saying Its Intelligence Agency Assists Afghan Taliban,” *Washington Post*, June 15, 2010).

<sup>250</sup> “Pakistan Spy Agency’s Militant Links Worrying: U.S.,” Reuters, October 7, 2010.

<sup>251</sup> “Former Pakistani Officer Embodies a Policy Puzzle,” *New York Times*, March 3, 2010.

<sup>252</sup> “C.I.A. Outlines Pakistan Links With Militants,” *New York Times*, July 30, 2008; “Pakistan’s Dangerous Double Game,” *Newsweek*, September 22, 2008.

<sup>253</sup> “Pakistan Denies ‘Malicious’ Report on CIA Confrontation,” *Agence France Presse*, July 30, 2008; Sherry Rehman quoted in “Pakistan Concedes Some ISI Spies Sympathetic to Taliban,” *Los Angeles Times*, August 2, 2008.

2010, Afghan officials were again accusing the ISI of lethal malfeasance inside their country, this time involving a May suicide bombing in Kabul that killed six NATO soldiers.<sup>254</sup>

In September 2008, the Islamabad government named a new ISI chief, Lieutenant General Ahmed Shuja Pasha, who had served as director general of military operations since 2005. Pasha, said to be close with General Kayani, is identified as a professional soldier who takes the threat of Islamist extremism seriously. Although little is known about this intelligence chief, his appointment was met with cautious optimism by the Bush Administration.<sup>255</sup> Later that year, the civilian government disbanded the ISI's political wing, which was widely suspected of manipulating domestic political outcomes over a period of decades. Foreign Minister Qureshi said the move would free the ISI to concentrate on counterterrorism efforts.<sup>256</sup> In March 2010, General Kayani granted an unusual one-year extension to General Pasha's term under "compulsory retainment."

Pakistani officials repeatedly provide assurances that no elements of the ISI are cooperating with militants or extremists. In May 2009, a State Department spokesman indicated that the United States takes such officials "at their word," but U.S. suspicions about the ISI have not receded.<sup>257</sup> A late 2009 *Los Angeles Times* report indicated that the ISI's cooperation with U.S. intelligence agencies has been instrumental in the capture or killing of numerous militant fugitives, and that covert U.S. rewards for such assistance is valued in the hundreds of millions of dollars, accounting for as much as one-third of the entire ISI budget. According to this report, despite holding deep misgivings about the ISI, U.S. intelligence officials recognize no alternative but to work with them.<sup>258</sup>

## Shifts in Pakistani Public Attitudes

Over the past one or two years, Pakistani public sentiments toward both Islamist militancy and the United States appear to have grown measurably less favorable. During the first several months of 2009, the FATA-based Taliban launched numerous suicide bombings and other terrorist attacks across Pakistan in retaliation for the army operations against their allies in Swat. They took responsibility for multiple bomb explosions and warned people to evacuate several large cities, saying major attacks would be forthcoming. Taliban militants and their allies had been terrorizing the people of western Pakistan for some time before 2009, but they may have gone one step too far by quickly violating the Swat accord with incursions into neighboring districts. Moreover, in April 2009, video footage of Taliban militants in Swat flogging a teenaged girl accused of having an affair was widely viewed on television and the internet, and contributed to turning public sentiment against the extremists. Available evidence now strongly indicates a major shift in Pakistani public attitudes toward religious militancy and extremism has occurred, with a majority of citizens now supporting military operations that were only recently and for many years seen to have come only at the behest and in the interests of the United States.

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<sup>254</sup> "Afghan Spy Agency Accuses Pakistan," *New York Times*, May 24, 2010.

<sup>255</sup> "The Mystery Spymaster," *Newsweek*, October 13, 2008; "Pakistan Picks New Chief for Intelligence Agency," *Washington Post*, September 29, 2008.

<sup>256</sup> "Pakistan Disbands Political Wing of Spy Agency," Reuters, November 23, 2008.

<sup>257</sup> See <http://www.state.gov/r/pa/prs/dpb/2009/05/122798.htm>.

<sup>258</sup> "CIA Says It Gets Its Money's Worth From Pakistani Spy Agency," *Los Angeles Times*, November 15, 2009.

Anti-American sentiments and xenophobic conspiracy theories remain rife among ordinary Pakistanis, however. A Pew Research Center survey released in June 2010 showed only 17% of Pakistanis holding a favorable opinion of the United States, as low a percentage as in any of the 22 countries surveyed, and roughly the same as in the three previous years.<sup>259</sup> 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, Afghanistan, and Iraq). Some popular, mainstream Pakistani TV talk-show hosts routinely promote anti-American conspiracy theories, call for more Islamist-influenced governance, and bash religious and ethnic minorities.<sup>260</sup> Pakistan's Urdu-language press is much more widely read than are English-language sources, and the Urdu press is much more willing to convey exaggerated and/or distorted views on both the United States and India, including conspiracy theories only tenuously linked to facts.<sup>261</sup> In late 2009, the U.S. Embassy in Islamabad began issuing statements to immediately and directly counter false or misleading information about American foreign policy in the Pakistani media.<sup>262</sup>

Allegations of U.S. malfeasance inside Pakistan abound. The alleged presence of thousands of American security contractors in Pakistan is a key focal point of the paranoia.<sup>263</sup> Fears that private contractors were pouring into Pakistan has added to the growing sense that a larger American footprint has potentially sinister aspects. U.S. plans to significantly expand its embassy compound in Islamabad only fuel theories among Pakistanis convinced that Americans are seeking to dominate their country.<sup>264</sup> A November 2009 U.S. press report claimed that employees of the private security contractor Blackwater—now called Xe Services—work closely with U.S. Special Operations anti-terrorism missions on Pakistani soil, by at least one account in a Pentagon effort to bypass congressional oversight. While in Pakistan in January 2010, Secretary of Defense Gates made a statement inadvertently fueling rumors of Blackwater's presence there; Pentagon clarifications did not fully repair the damage. Pakistan's Islamist politicians commonly blame Blackwater—as a representation of covert U.S. operations inside Pakistan—as actively fomenting terrorism in their country.<sup>265</sup>

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<sup>259</sup> See the survey results at <http://www2.lse.ac.uk/IDEAS/programmes/transatlanticProgramme/pdf/pewGlobal.pdf>.

<sup>260</sup> "What's On Pakistan TV Talk Shows? Extremists," *Christian Science Monitor*, June 23, 2010.

<sup>261</sup> See Hijab Shah, "The Inside Pages" An Analysis of the Pakistani Press," Center for Strategic and International Studies South Asia Monitor Number 148, December 9, 2010; "Misinforming Pakistan," Jinnah Institute Policy Brief., December 24, 2010.

<sup>262</sup> "U.S. Sets Its Truth Squad on Pakistan's Lively Press," *Washington Post*, June 27, 2010.

<sup>263</sup> "Pakistan: Conspiracy Talk Stokes Anti-American Sentiment," *Time*, February 16, 2010; "U.S. is a Top Villain in Pakistan's Conspiracy Talk," *New York Times*, May 25, 2010; "Blackwater Major US Operative in NWFP: Mehmood," *Nation* (Lahore), February 7, 2010; "9,000 Blackwater Personnel in Islamabad: Fazl," *Daily Times* (Lahore), February 8, 2010.

<sup>264</sup> "U.S. Push to Expand in Pakistan Meets Resistance," *New York Times*, October 6, 2009; "Hysteria Over New US Embassy" (editorial), *News* (Karachi), August 18, 2009; "Pakistanis Looks on U.S. Embassy Plans With Suspicion," *Los Angeles Times*, September 25, 2009. See also "Anti-Americanism Rises in Pakistan Over U.S. Motives," McClatchy News, September 7, 2009.

<sup>265</sup> Jemery Scahill, "Blackwater's Secret War in Pakistan," *Nation*, November 23, 2009; "Gates Confronts Pakistani Reports of U.S. Plots, and Fuels a Rumor," *Wall Street Journal*, January 23, 2010; "Gates Faux Pas Opens the Door to Criticism," *Dawn* (Karachi), January 24, 2010; "When Things Go Boom in the Night, Pakistanis Blame Blackwater," *Christian Science Monitor*, February 19, 2010; "Qazi Sees Blackwater Agents Behind Terrorism," *News* (Karachi), April 22, 2010.

## **Pakistan, Terrorism, and U.S. Nationals<sup>266</sup>**

### **Attempted Times Square Bombing**

Long-standing worries that American citizens were being recruited and employed in Islamist terrorism by Pakistan-based elements have become more concrete in recent months. In May 2010, a naturalized U.S. citizen of Pakistani origin, Faisal Shahzad, was arrested on charges related to the attempted detonation of a large, but crudely-constructed car bomb in New York City on May 1. The Pakistani Taliban claimed responsibility for the attempted bombing, calling it an act of vengeance for the killing of two Iraqi Al Qaeda leaders in April, but later withdrew the claim and denied even knowing the suspect. Shahzad himself confessed to having received bomb-making training in “Waziristan,” although later reports indicate the training took place in the nearby Mohmand tribal agency.<sup>267</sup> He also told investigators he drew inspiration from radical Muslim cleric Anwar al-Awlaki, a Yemeni-American fugitive believed hiding in Yemen. Eight days after Shahzad’s arrest, Attorney General Eric Holder Jr. said investigators had “developed evidence that shows the Pakistani Taliban was behind the attack.”<sup>268</sup> Shahzad was indicted by a federal grand jury in June, then four days later pled guilty to ten criminal charges related to the bombing attempt. In October, he received a mandatory life sentence.<sup>269</sup>

Pakistani authorities made numerous arrests and detentions in connection with the Times Square case. These include an unnamed man believed connected with the TTP who claims to have aided Shahzad in traveling to the FATA; the owner of an Islamabad catering company that organized events for American diplomats; an Islamabad computer business owner suspected of providing Shahzad with up to \$15,000 to finance the attack; and a Pakistan army major said to have had cellphone contact with Shahzad just before the attempted bombing.<sup>270</sup> A senior Pakistani official said another among those detained in Pakistan was Mohammed Rehan, identified as head of the Peshawar branch of the Pakistan-based Jaish-e-Mohammed (JeM) terrorist group, who allegedly traveled to Peshawar with Shahzad in July 2009.<sup>271</sup> Pakistani authorities claim to have received confessions from three Pakistani businessmen admitting to providing financial and other

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<sup>266</sup> See also CRS Report R41416, *American Jihadist Terrorism: Combating a Complex Threat*, by (name redacted) and (name redacted).

<sup>267</sup> “Pakistani Taliban Claim Failed New York Bomb Attack,” Reuters, May 2, 2010; “NY Bomb Suspect Said to Admit Plot, Pakistan Training,” Reuters, May 4, 2010; “Times Sq. Suspect is Linked to Militant Cleric,” *New York Times*, May 7, 2010. It is not clear if Shahzad was in South Waziristan, which has been mostly cleared by the Pakistani military, or North Waziristan, a terrorist haven not yet taken on by official Pakistan.

<sup>268</sup> “Pakistani Taliban Linked to Times Square Bomb,” *Washington Post*, May 10, 2010. Shahzad was in direct contact with TTP operatives immediately before and after the failed attack (“Call to Taliban After Bomb Try in Times Sq.,” *New York Times*, September 30, 2010).

<sup>269</sup> See the June 21, 2010, Justice Department release at <http://www.justice.gov/opa/pr/2010/June/10-ag-721.html>.

<sup>270</sup> “Man Claims He Aided times Square Suspect,” *Washington Post*, May 14, 2010; “Embassy Caterer Arrested in Times Sq. Bombing,” *New York Times*, May 21, 2010. The army major, said to have been forced to retire due to his ties to banned extremist groups, was later released and cleared of allegations (“Pakistan Frees Man Once Tied to N.Y. Bomb Plot,” *Chicago Tribune*, May 31, 2010).

<sup>271</sup> “U.S. to Seek Pakistan’s Aid in N.Y. Probe,” *Washington Post*, May 6, 2010. Shahzad comes from a respected Peshawar family; his father is a retired Pakistan Air Force Vice Marshal who may have personally known Baitullah Mehsud (“Times Square Bomb Suspect Had Ties to Key Pakistani Militants,” *Los Angeles Times*, May 8, 2010).

assistance to Shahzad.<sup>272</sup> Meanwhile, the FBI has pursued leads that individuals in Massachusetts and Maine may have helped Shahzad with financing.

## **David Headley and Other Notable Cases**

In December 2009, federal prosecutors charged David Coleman Headley, a Chicagoan convert to Islam, with traveling to Mumbai five times from 2006 to 2008 as scout for the 2008 Mumbai terrorist attack by the Pakistan-based Lashkar-e-Taiba (LeT) terrorist group; he subsequently pleaded guilty to the charges.<sup>273</sup> Headley's case is perhaps the first in which a former Pakistani military officer has been directly linked to terrorism suspects in the United States. Headley and another Pakistan-born Chicagoan, Tahawwur Rana, are suspected of having reported to Abdur Rehman, a retired Pakistani major suspected of being an LeT contact. Headley also interacted with Ilayas Kashmiri, a possible former Pakistani special forces commando with close ties to Al Qaeda. Kashmiri was subsequently indicted by a federal court for abetting a plot to attack the offices of a Danish newspaper that had published cartoon depictions of the Prophet Mohammed.<sup>274</sup> The Indian government energetically petitioned Washington for direct access to Headley as part of its own investigative efforts. Such access was granted with an extensive interrogation in June; afterward Indian officials said the information gleaned established an official Pakistani role in the attack.<sup>275</sup>

Just days after Headley was charged, Pakistani authorities arrested five young American men reported missing from their homes in northern Virginia. The men's families had contacted the FBI, fearing they were intent on joining jihadi groups inside Pakistan. The Muslim men are believed to have had extensive coded email contacts with a Taliban recruiter and with the chief of an Al Qaeda-linked Pakistani terrorist group, the Harakat-ul-Jihad-al-Islami (HuJI). A Pakistani judge barred their deportation back to the United States, and the police chief in Sargodha, the city of their arrest, stated that the Taliban intended to use the men to carry out attacks inside Pakistan. The men deny this and claimed to only be seeking to "help the helpless Muslims." In March, the court charged the five with financing and plotting terrorist attacks. In June 2010, the so-called Virginia Five were sentenced to ten years of labor in prison by a Sargodha court for conspiring against the Pakistani state and helping to finance a militant organization. The conviction came surprisingly quickly for Pakistan's weak and slow-moving criminal justice system.<sup>276</sup>

The case of would-be terrorist bomber Najibullah Zazi—an Afghan national and legal U.S. resident arrested in September 2009 after months of FBI surveillance—seemed to demonstrate that terrorist training camps continue to operate in the FATA, where Zazi is said to have learned bomb-making skills at an Al Qaeda-run compound. In July 2010, the Justice Department unsealed new terrorism-related charges against Zazi and four other men who allegedly had plans to bomb

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<sup>272</sup> "Pakistan to Charge Three Men in Times Square Plot," Reuters, September 8, 2010.

<sup>273</sup> Extensive descriptions of the planning for the Mumbai attack and Headley's role are in "On the Trail of a Terrorist," *Washington Post*, November 14, 2010, and "An Intricate Plot Unleashed," *Washington Post*, November 15, 2010.

<sup>274</sup> "Terror Probe Leads FBI to India, Pakistan," *Los Angeles Times*, December 13, 2009.

<sup>275</sup> "Indian Probe of Mumbai Suspect Headley Exposed Official Role, Menon Says," Bloomberg, July 20, 2010. U.S. Ambassador to India Tim Roemer identified the development as "historic in the nature of security cooperation (see the Ambassador's June 10, 2010, statement at <http://newdelhi.usembassy.gov/pr061110.html>).

<sup>276</sup> "Five From Northern Virginia Had Months of Contact With Taliban, Officials Say," *Washington Post*, December 12, 2009; "Pakistan: 5 Va. Men Dealt With Top Militant," Associated Press, April 18, 2010; "Pakistan Sentences Five Americans in Terror Case," *New York Times*, June 24, 2010.

the New York subways under the direction of Al Qaeda leaders based in Pakistan. Among the others was Tariq ur Rehman, a Pakistani-American.<sup>277</sup>

Other Americans have received terrorist training in western Pakistan, including Bryant Neal Vinas, who was in the region in 2008 and later confessed to plotting a bomb attack against the Long Island Railroad in New York. After traveling to Lahore, Mohmand, North Waziristan, and Peshawar, Vinas reportedly became a full-fledged member of Al Qaeda. In 2009, he pleaded guilty to all charges against him, including receiving military-type training from a foreign terrorist organization.<sup>278</sup> In June 2010, a Pakistani-American man was sentenced to 15 years in prison by a New York court for conspiring to provide material support to terrorists. Syed Hashmi, who loaned money to an Al Qaeda operative in London in 2004-2006, was found by the judge to have been a “knowing and willing Al Qaeda supporter.”<sup>279</sup> Most recently, in October 2010, federal law enforcement agents arrested a Pakistani-American Virginia man on charges that he was plotting a series of bomb attacks on the Washington Metro system.<sup>280</sup>

## **U.S. Government Response**

Senior U.S. government officials have recognized increasing evidence of links between Pakistan, terrorism, and U.S. nationals. In the period immediately after the failed car bomb attack in Times Square, President Obama allegedly determined that militant safe havens would no longer be tolerated, telling his lieutenants that “We need to make clear to people that the cancer is in Pakistan.”<sup>281</sup> When asked in May if, even in light of the Times Square bombing attempt, she was “comfortable with the cooperation” from Pakistan, Secretary Clinton replied,

Well, no, I didn't say that. I said that we've gotten more cooperation and it's been a real sea change in the commitment we've seen from the Pakistani government. We want more. We expect more. We've made it very clear that if, heaven forbid, an attack like this that we can trace back to Pakistan were to have been successful, there would be very severe consequences.<sup>282</sup>

Such stern warnings from senior U.S. officials in the wake of the Times Square incident are considered a departure from the more gentle prodding Pakistani leaders received from the Administration in the past, and the episode has served to highlight persistent mistrust that clouds the bilateral relationship. Also in May, President Obama dispatched his national security advisor and CIA director to Pakistan, reportedly to press officials there for more aggressive military action in the tribal areas.<sup>283</sup> Centcom commander General Petraeus has opined that, by further illuminating the extremist threat, the failed Times Square bombing attempt could actually serve to strengthen the U.S.-Pakistan relationship.<sup>284</sup>

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<sup>277</sup> “Zazi-Pakistan Link,” *Christian Science Monitor*, September 25, 2009; “U.S. Unseals New Charges Against 5 in New York Plot,” Reuters, July 7, 2010.

<sup>278</sup> “From Long Island to Lahore: The Plot to Bomb New York,” CNN.com, May 15, 2010.

<sup>279</sup> “US-Pakistani Man Sentenced for Helping Al Qaeda,” BBC News, June 10, 2010.

<sup>280</sup> “Feds Arrest N. Va. Man in D.C. Metro Bomb Plot,” *Washington Post*, October 27, 2010.

<sup>281</sup> Bob Woodward, *Obama's Wars* (New York, 2010).

<sup>282</sup> See the May 9, 2010, State Department transcript at <http://www.state.gov/secretary/rm/2010/05/141659.htm>.

<sup>283</sup> “A Key Partnership, Marked By Mistrust,” *Washington Post*, May 10, 2010; “Top U.S. Officials Traveling to Pakistan,” *Washington Post*, May 18, 2010.

<sup>284</sup> Cited in “Shared Goals for Pakistan's Militants” (interview), Council on Foreign Relations, May 6, 2010.

A successful terrorist strike inside the United States that is traced back to Pakistani sources is apt to lead to more direct U.S. military intervention in that country. The Pentagon reportedly has stepped up reviews of options for a unilateral strike in Pakistan under “extreme circumstances” such as a catastrophic attack. Such an effort would likely rely on air and missile strikes, but could also involve small Special Forces units already positioned near the border in Afghanistan.<sup>285</sup>

## **U.S.-Pakistan Counterterrorism Cooperation**

The spread of Islamist militancy in Pakistan has elicited acute U.S. government attention, multiple high-level visits, and increasingly large amounts of security-related assistance. The *New York Times* reported that, during President G.W. Bush’s second term, the U.S. military used secret authority to carry out covert attacks against Al Qaeda and other militants in several countries, including Pakistan.<sup>286</sup> Then-President Musharraf rejected suggestions that U.S. troops could be more effective than Pakistanis in battling militants, saying a direct U.S. military presence in Pakistan was neither necessary nor acceptable. Upon assuming the presidency, Asif Zardari warned that Pakistan “will not tolerate the violation of [its] sovereignty and territorial integrity by any power in the name of combating terrorism.” He, too, insisted that, with the provision of U.S. intelligence, Pakistani forces are better suited to combating terrorists in the border region.<sup>287</sup> In mid-2009, it was reported that the CIA had recently halted a program to insert Special Forces teams into Pakistan (and other countries) to capture or kill top Al Qaeda leaders. The plans, which were never operational, reportedly had been kept secret from Congress for nearly eight years on the orders of former Vice President Dick Cheney.<sup>288</sup>

Past U.S. military incursions into Pakistan (see below) put tremendous pressure on both Islamabad’s civilian government and on the country’s military. Pakistan’s Ambassador to the United States warned that such attacks are counterproductive to the extent that they turn Pakistani public opinion against the counterterrorism effort.<sup>289</sup> A line of argument exists that U.S. efforts to strengthen the civilian government in Islamabad and improve the U.S. image in Pakistan suffer major setbacks with even one occurrence of Western airstrikes on Pakistani territory, and may ultimately be rendered futile by continued drone strikes on Pakistani territory.<sup>290</sup>

### **Joint Security Initiatives/Programs**

In the face of “red lines” precluding direct U.S. military operations inside Pakistan, American policy has concentrated on improving intelligence collection and sharing among U.S., Pakistani, and Afghan services, and on bolstering the Pakistani military’s own counterinsurgency capabilities. Forums for these efforts include an institutionalized defense consultative body and a

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<sup>285</sup> “Options Studied for a Possible Pakistan Strike,” *Washington Post*, May 29, 2010.

<sup>286</sup> “Secret Order Lets U.S. Raid Al Qaeda in Many Countries,” *New York Times*, November 10, 2008.

<sup>287</sup> “Special Ops Chief Sees Opportunities to Assist Pakistani Military,” *Inside the Pentagon*, February 7, 2008; “Pakistan’s Musharraf Says No to US Troops,” *Associated Press*, January 24, 2008; <http://www.pid.gov.pk/Final%20Speech%20of%20President.doc>; “Zardari to U.S.: Let Pakistan Go After Terrorists” (interview), *MSNBC.com*, September 22, 2008.

<sup>288</sup> “CIA Planned Assault Teams,” *Los Angeles Times*, July 14, 2009.

<sup>289</sup> “U.S. Raids Hurt Cause By Angering Pakistanis - Envoy,” *Reuters*, September 5, 2008.

<sup>290</sup> “NATO Airstrike Undermines U.S. Goals in Pakistan,” *Washington Post*, October 6, 2010.

formal defense working group, a dedicated U.S. counterinsurgency assistance fund, border coordination centers near the Pakistan-Afghanistan border, U.S.-provided training for Pakistani security forces, and joint intelligence operations. The U.S. government also apparently has funded covert “Counterterrorism Pursuit Teams,” a 3,000-man Afghan paramilitary force reportedly designed as an “elite” unit to pursue highly sensitive covert operations into Pakistan.” Islamabad denies the existence of such a force.<sup>291</sup>

In 2003, a U.S.-Pakistan-Afghanistan Tripartite Commission was established to bring together military commanders for regular discussions on Afghan stability and border security. Officers from NATO’s International Security Assistance Force in Afghanistan have since joined the body, which met for the 32<sup>nd</sup> time in December 2010. The United States has built coordination and intelligence-sharing centers on the Afghan side of the shared border. Three such Border Coordination Centers (BCCs) are operating and more are being considered. In October 2010, Pakistan for the first time provided senior officers at the BCCs to join those from Afghanistan and the United States.<sup>292</sup>

Hundreds of millions of dollars of U.S. aid has been devoted to training and equipping thousands of paramilitary Frontier Corps (FC) troops who operate in Pakistan’s two western provinces. A task force of U.S. military advisors and technical specialists has been working in Pakistan since the summer of 2008; by mid-2010, their numbers had grown to about 200. The American soldiers are reported to be joining their Pakistani trainees in the field for the “hold and build” phases of their domestic counterinsurgency operations. Other reports say that U.S. Special Operations Forces join Pakistani troops on aid projects.<sup>293</sup> Plans to establish new training centers near the Afghan border suggest that the number of U.S. Special Forces trainers is likely to increase.<sup>294</sup>

Joint CIA-ISI operations reportedly became more common in 2010, even as the two organizations continue to have sometimes conflicting goals; one report had the lead American and Pakistani intelligence agencies carrying out 63 joint operations for the year ending in mid-April 2010.<sup>295</sup> Moreover, in 2009, the Obama Administration reportedly launched a clandestine effort in Pakistan and Afghanistan to prevent Taliban forces from using FM radio transmissions and the internet to intimidate civilians and plan attacks, by jamming or otherwise blocking such communication channels.<sup>296</sup>

U.S. and Pakistani military forces continue to improve their coordination and intelligence sharing efforts, perhaps reflecting a greater willingness by Pakistan to combat militants on its territory. Pakistani officers are now allowed to view video feeds from unmanned American drones and to access U.S. intercepts of militants’ communications.<sup>297</sup> Yet some reporting has been less encouraging and suggests that progress on cooperation and coordination is hampered by language

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<sup>291</sup> “US Runs Afghan Force to Hunt Militants in Pakistan: Official,” Agence France Presse, September 23, 2010.

<sup>292</sup> See the Pentagon’s October 13, 2010, transcript at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4703>.

<sup>293</sup> “U.S. Forces Step Up Pakistan Presence,” *Wall Street Journal*, July 21, 2010.

<sup>294</sup> “U.S. Military Playing Expanded Role in Pakistan,” Reuters, April 12, 2010; “Defense Source: US to Spread Training in Pakistan,” Associated Press, February 11, 2010.

<sup>295</sup> “C.I.A. and Pakistan Work Together, But Do So Warily,” *New York Times*, February 24, 2010; “Pakistan Released Insurgents, Officials Say,” *Washington Post*, April 11, 2010.

<sup>296</sup> “Pentagon Jams Web, Radio Links of Taliban,” *Wall Street Journal*, April 18, 2009.

<sup>297</sup> “Pakistan and U.S. Rebuild Strained Military Ties,” *Wall Street Journal*, January 5, 2009.

barriers, tensions between Pakistani and Afghan officials, and pervasive mistrust among the U.S., Pakistani, and Afghan militaries. For example, the \$3 million BCC at Torkham opened in March 2008, but operations were long delayed by logistical problems and political wrangling. During the period, the number of insurgent attacks in the region increased sharply, reportedly delaying construction of a second BCC to the southeast.<sup>298</sup>

## **2008 Frontier Corps Deaths and U.S. Special Forces Raid**

In June 2008, Pakistani paramilitary troops were caught in a firefight between Taliban militants and U.S.-led coalition forces at the Pakistan-Afghanistan border in the Mohmand tribal agency. U.S. air assets, apparently targeting insurgents, delivered 12 gravity bombs on Pakistani territory, killing 11 Frontier Corps soldiers. Islamabad strongly condemned the airstrike, calling it “unprovoked” and “a gross violation of the international border.” A Pakistani military statement called the airstrike “cowardly,” and some in Pakistan believed the country’s troops were intentionally targeted. The Bush Administration expressed regret for the deaths of Pakistani soldiers, but the incident served to inflame already sensitive bilateral ties.<sup>299</sup>

Two months later, U.S. special forces troops staged a helicopter raid in a South Waziristan village; at least 20 people were reported killed, women and children among them. The Pakistani government condemned the “completely unprovoked act of killing” and lodged formal protests with the U.S. Embassy for the “gross violation of Pakistan’s territory.” Both chambers of Parliament issued unanimous resolutions condemning the “cowardly” attack.<sup>300</sup> In a strongly-worded statement, Pakistan’s army chief, “The sovereignty and territorial integrity of the country will be defended at all cost and no external force is allowed to conduct operations inside Pakistan.... There is no question of any agreement or understanding with the Coalition Forces whereby they are allowed to conduct operations on our side of the border.”<sup>301</sup> Plans for further U.S. ground incursions reportedly were suspended to allow the Pakistani military to press its own attacks, although some observers say the Pentagon had underestimated the strength of the Pakistani response to cross-border raids. The backlash may have caused U.S. officials to focus on an intensified missile strike campaign.<sup>302</sup>

## **2010 Cross-Border NATO Raids and Frontier Corps Deaths**

In September 2010, NATO helicopters reportedly entered Pakistani airspace after a NATO outpost near the border came under attack from militants on the Pakistani side. In ensuing combat, some 55 suspected Haqqani network insurgents were reported killed inside Pakistan. Islamabad reacted angrily, calling the incident “a clear violation and breach of the UN mandate.” Pentagon officials attributed the incident to “communication breakdowns” that prevented local commanders from

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<sup>298</sup> “U.S.-Funded Intelligence Center Struggles in Khyber Region,” *Washington Post*, January 12, 2009.

<sup>299</sup> See [http://www.mofa.gov.pk/Press\\_Releases/2008/June/PR\\_164\\_08.htm](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; [http://www.mofa.gov.pk/Press\\_Releases/2008/June/PR\\_173\\_08.htm](http://www.mofa.gov.pk/Press_Releases/2008/June/PR_173_08.htm); “US Strikes Undercut Efforts on Pakistan-Afghan Border,” *Associated Press*, June 11, 2008.

<sup>300</sup> See <http://www.ispr.gov.pk/Archive&Press/Sep2008/3-sep-2008.htm>; [http://www.mofa.gov.pk/Press\\_Releases/Printer\\_Friendly/Sep/PR\\_Print\\_264\\_08.htm](http://www.mofa.gov.pk/Press_Releases/Printer_Friendly/Sep/PR_Print_264_08.htm).

<sup>301</sup> See <http://www.ispr.gov.pk/Archive&Press/Sep2008/10-Sep-2008.htm>.

<sup>302</sup> “U.S. Stops Spec Ops Raids Into Pakistani Tribal Areas,” *Army Times*, October 6, 2008; “United States Takes to Air to Hit Militants Inside Pakistan,” *New York Times*, October 27, 2008.

contacting their Pakistani counterparts until after the combat had ended.<sup>303</sup> Only two days later, the Pakistan army reported that two NATO helicopters crossed into Kurram agency airspace and attacked a Frontier Corps outpost 200 meters from the border, killing at least two Pakistanis. A NATO spokesman said the helicopters were dispatched after ground troops in Afghanistan's Paktia province determined that a mortar attack from the Pakistani side was imminent. U.S. officials later extended a "deepest apology" over the incident, saying that warning shots had been mistaken for hostile fire.<sup>304</sup> Within hours of the incident, Pakistan ordered the Torkham border crossing closed and, despite U.S. expressions of regret, it remained closed for ten days.

## Unmanned Aerial Vehicle (UAV) Attacks

### U.S. Policy

Missile strikes in Pakistan launched by armed American Predator and Reaper unmanned aerial vehicles (UAVs) have been a controversial, but sometimes effective tactic against Islamist militants in remote regions of western Pakistan. Pakistani press reports suggest that such drones "violate Pakistani airspace" on a daily basis, and there appear to have been 169 separate U.S.-launched drone attacks on Pakistani territory since President Obama took office through December 2010. The year 2010 alone saw more such strikes (118) than were reported for the previous six years combined (96), for an average of more than two attacks each week.<sup>305</sup> More than 90% of the strikes have taken place in the two Waziristan agencies, with more than half in North Waziristan alone. Attacks on Haqqani network targets in that region were accelerated in the latter half of 2010.<sup>306</sup> According to one extensive assessment, the strikes have caused roughly 1,750 deaths since 2004, including perhaps 1,325 militants among these, for a civilian fatality rate of approximately one-quarter.<sup>307</sup> However, internal U.S. intelligence estimates reportedly claim a civilian death rate of only 5%, and other estimates vary widely.<sup>308</sup> New levels of coordination and common strategizing between the United States and Pakistan apparently have led to much more accurate strikes from the summer of 2009 and correspondingly fewer civilian casualties.<sup>309</sup>

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<sup>303</sup> "Pakistani Government Condemns NATO Airstrikes," *Washington Post*, September 28, 2010; "Pakistan, US Discuss Cross-Border NATO Strikes: Pentagon," Agence France Presse, September 28, 2010.

<sup>304</sup> See the September 30, 2010, Inter-Services Public Relations release at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2010/9/30](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2010/9/30); "Worries Grow Over Pakistan Stability," *Washington Post*, October 1, 2010; "NATO Concedes Its Helicopters Fired on Pakistani Post," *Los Angeles Times*, October 6, 2010; "US Apologizes for Attack on Pakistani Soldiers," *Dawn* (Karachi), October 6, 2010.

<sup>305</sup> See "The Year of the Drone," New American Foundation, at <http://counterterrorism.newamerica.net/drones>.

<sup>306</sup> "Pakistan Drone Strikes Reach Their Highest Level," Associated Press, September 15, 2010.

<sup>307</sup> More specifically, an assessment of deaths through 2010 counted between 1,372 and 2,125 from drone strikes, including between 1,061 and 1,584 militants (see the New American Foundation Counterterrorism Strategy Initiative at <http://counterterrorism.newamerica.net/drones>).

<sup>308</sup> "In Pakistan, CIA Refines Methods to Reduce Civilian Deaths," *Washington Post*, April 26, 2010. By one assessment, only a small percentage (11%) of drone strikes in 2009 hit their intended targets, but more than 700 civilians were killed, or an average of about two per day. Yet other calculations have less than 10% of total casualties being civilians ("Over 700 Killed in 44 Drone Strikes in 2009," *Dawn* (Karachi), January 2, 2010; "A Look at US Airstrikes in Pakistan Through September 2009," *Long War Journal* (online), October 1, 2009). A Pakistani intelligence officer reported a civilian death rate of 20%; a Pakistani college professor, who counts only Al Qaeda figures as combatants, claims that 90% of those killed are civilians ("How the White House Learned to Love the Drone," *New York Times*, May 18, 2010; "Pakistani Scholar Disputes US Drone Death Tallies," AOL News, May 19, 2010).

<sup>309</sup> "U.S. Strike in Pakistan May Signal Increased Coordination," *Washington Post*, July 4, 2009.

At least three Predators reportedly are deployed at a secret Pakistani airbase and can be operated by the U.S. Central Intelligence Agency without specific permission from the Islamabad government. However, most strikes on Pakistan-Afghanistan border region are said to be launched from an air base in Jalalabad, Afghanistan, although the base at Shamsi, Pakistan, is still in use. While the assembly and fitting of ordinance previously was performed by CIA employees, these tasks reportedly are more recently being performed by contractors from Blackwater/Xe.<sup>310</sup>

By some accounts, U.S. officials reached a quiet January 2008 understanding with then-President Musharraf to allow for increased employment of U.S. aerial surveillance and UAV strikes on Pakistani territory. Musharraf's successor, President Zardari, may even have struck a secret accord with U.S. officials involving better bilateral coordination for UAV attacks and a jointly approved target list. Reports citing unnamed senior officials from both countries have claimed that a tacit agreement on drone attacks was reached in September 2008; these reports are officially denied by Islamabad. Nevertheless, Secretary of Defense Gates has assured Congress that the U.S. intent to continue with such strikes was conveyed to the Pakistani government.<sup>311</sup>

In February 2009, the CIA for the first time publically acknowledged the drone campaign it is widely believed to oversee in Pakistan when the Agency's new director, Leon Panetta, said the effort had been successful and would continue.<sup>312</sup> During the latter half of 2009, Obama administration officials reportedly considered expanding drone attacks on western Pakistan as an alternative to escalating U.S. troop levels in Afghanistan; the White House later authorized such an expansion, a move opposed by Islamabad. Still, there was no indication that such strikes would be made in the Baluchistan province, something President Obama himself reportedly believes would be risky and unwise.<sup>313</sup> Yet, in late 2010, Washington again sought Islamabad's permission to expand drone strikes into the Quetta area. Such requests are consistently rebuffed.<sup>314</sup>

The accelerated UAV-launched missile campaign in western Pakistan appears to have taken a significant toll on Al Qaeda and other Islamist extremist militants. Centcom Commander General Petraeus claims that such strikes are "extremely important."<sup>315</sup> According to Pakistani intelligence

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<sup>310</sup> Pakistan officially denies the existence of any internal bases, however, a senior U.S. Senator confirmed the claim in 2009, and subsequent reporting indicated that the United States reportedly flies armed UAVs out of the Shamsi airbase some 200 miles southwest of Quetta ("Drones Based in Pakistan," *Los Angeles Times*, February 12, 2009); "C.I.A. Said to Use Outsiders to Put Bombs on Drones," *New York Times*, August 21, 2009.

<sup>311</sup> "US Launches Waziristan UAV Strike With Tacit Pakistani Approval," *Jane's Defense Weekly*, March 19, 2008; David Ignatius, "A Quiet Deal With Pakistan" (op-ed), *New York Times*, November 4, 2008; "Pakistan and U.S. Have Tacit Deal on Airstrikes," *Washington Post*, November 16, 2008; "No Understanding With US on Drone Attacks: FM," *Daily Times* (Lahore), November 18, 2008; Gates statement in "Senate Armed Services Committee Holds Hearing on Challenges Facing the Defense Department" (transcript), January 27, 2009.

<sup>312</sup> "Pakistani Leader Seeks New US Policy," *Associated Press*, November 10, 2008; "President Orders Air Strikes on Villages in Tribal Area," *Guardian* (London), January 24, 2009; "Drone Attacks Inside Pakistan Will Continue, CIA Chief Says," *Washington Post*, February 26, 2009.

<sup>313</sup> "US May Increase Its Drone Attacks Near Afghan Border," *Associated Press*, September 22, 2009; "C.I.A. Authorized to Expand Use of Drones in Pakistan," *New York Times*, December 4, 2009; "Pakistan Opposes Expanded U.S. Drone Attacks," *Reuters*, December 4, 2009; "The Drone Dilemma," *Newsweek*, December 21, 2009. The Obama Administration reportedly has considered expanding the UAV campaign into the Baluchistan province where many Afghan Taliban commanders are said to be based. While some officials favor such an expansion, others fear it could create a backlash and destabilize Islamabad's fragile civilian government ("U.S. Weighs Taliban Strike Into Pakistan," *New York Times*, March 18, 2009; "US Appears Split Over Missile Strikes in Pakistan," *Reuters*, April 29, 2009).

<sup>314</sup> "U.S. Seeks More Drone Strikes to Slow Insurgents," *Washington Post*, November 20, 2010; "Pakistan Rejects U.S. Request to Expand Drone Strike Region," *Los Angeles Times*, November 21, 2010.

<sup>315</sup> "Al Qaeda Seen as Shaken in Pakistan," *Washington Post*, June 1, 2009.

officials, who reportedly are now providing targeting information to the United States, drone attacks have eliminated more than half of the top 20 Al Qaeda “high-value targets” in western Pakistan since mid-2008. Even a self-described “Taliban logistics tactician” conceded that the tactic has been “very effective.”<sup>316</sup> Yet, despite an intensive campaign to destroy Haqqani Network targets in North Waziristan in 2010, the impact has been moderate, and the militants remain a major obstacle to progress in Afghanistan.<sup>317</sup> Moreover, as the drone strikes in the FATA have intensified, so too has the rate of assassinations of suspected spies in the region. By one accounting, some 70 ISI informants have been killed in North Waziristan alone since 2004.<sup>318</sup>

In the spring of 2009, the U.S. military said that Pakistan was for the first time being given a broad array of noncombat surveillance information, including real-time video feeds, collected by American UAVs, but they denied a *Los Angeles Times* report that Pakistan had been offered joint control of armed drones. The Pakistani government also denied any agreement on joint control. The limited intelligence-sharing program is said to be part of a bilateral trust-building effort.<sup>319</sup> While in Pakistan in January 2010, Secretary of Defense Gates made the unprecedented offer to Pakistan of a dozen “Shadow” surveillance UAVs. Although smaller than the Predator and unarmed, the Shadows would significantly boost Pakistan’s aerial surveillance capabilities and are seen as a compromise offer aimed at placating Pakistani political leaders who face a suspicious and anti-American public. The Pentagon originally had aimed to deliver the Shadows or alternative unarmed drones by early 2011, yet, more than a year after Secretary Gates first offered to supply them, the offer remains in suspension, with Pakistani officials reportedly complaining that quoted prices are too high and the delivery schedule too long.<sup>320</sup>

## **Pakistani Protest and Debate Over the Tactic**

President Zardari had called on then-President-Elect Obama to re-assess the Bush Administration policy of employing aerial attacks on Pakistani territory. Yet dual Predator strikes took place just days after President Obama took office. Officially, Pakistan’s Foreign Ministry calls drone attacks “destabilizing” and “helping the terrorists.” Strident Pakistani government reaction has in the past included summoning the U.S. Ambassador to lodge strong protest, and condemning missile attacks that Islamabad believes “undermine public support for the government’s counterterrorism efforts” and should be “stopped immediately.” In 2009, Pakistan’s defense minister warned a visiting General Petraeus that the strikes were creating “bad blood” and contributing to anti-American outrage among ordinary Pakistanis. The Islamabad government has asked for full Pakistani control of UAVs over Pakistani territory.<sup>321</sup>

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<sup>316</sup> “Predators on the Hunt in Pakistan,” *Newsweek*, February 9, 2009; “Pakistan Lends Support for U.S. Military Strikes,” *Wall Street Journal*, February 18, 2009; “Strikes Worsen Qaeda Threat, Pakistan Says,” *New York Times*, February 25, 2009; Talib quoted in “Porous Pakistani Border Could Hinder U.S.,” *New York Times*, May 5, 2009.

<sup>317</sup> “U.S. Struggles to Root Out Militants in Pakistan,” *Washington Post*, December 17, 2010.

<sup>318</sup> “Pakistanis Tie Slayings to Surge in U.S. Strikes,” *Washington Post*, December 24, 2010.

<sup>319</sup> “Pakistan Gets Sensitive U.S. Drone Images, With Limits,” *New York Times*, May 14, 2009; “Pakistan Gets a Say in Drone Attacks on Militants,” *Los Angeles Times*, May 13, 2009; “Pakistan Says Has No Deal With U.S. on Drone Use,” Reuters, May 15, 2009; “U.S. Resumes Surveillance Flights Over Pakistan,” *New York Times*, June 30, 2009.

<sup>320</sup> “U.S. Offers Pakistan Drones to Urge Cooperation,” *New York Times*, January 22, 2010; “U.S. Hopes to Give Pakistan Drones Within a Year,” Reuters, March 29, 2010; “US, Pakistan Stumble in Private Talks over Drones,” Reuters, January 5, 2011.

<sup>321</sup> “Pakistan Condemns US Strikes in Border Regions,” *Associated Press*, October 10, 2008; [http://www.mofa.gov.pk/Press\\_Releases/2008/Oct/PR\\_331\\_08.htm](http://www.mofa.gov.pk/Press_Releases/2008/Oct/PR_331_08.htm); “U.S. Airstrikes Creating Tension, Pakistan Warns,” *Washington Post*, (continued...)

A 2010 opinion survey taken in the KPK and FATA found nearly three in five respondents saying drone strikes in the region were “never justified,” with less than 30% offering qualified or full support for the tactic. Yet, in other accounts, drone strikes actually have broad support among local residents as a successful and relatively limited counterterrorism tool, and media reports of civilian casualties are said to be of dubious credibility.<sup>322</sup>

United Nations officials have called for an end to drone strikes on human rights grounds, and even some CIA drone operators are reported to believe the program is a major boon to Al Qaeda recruitment efforts in the region.<sup>323</sup> Indeed, there exists an ongoing and vigorous debate over whether drone attacks create more extremists than they eliminate.<sup>324</sup> Some critics suggest that its managers use the secrecy surrounding the effort to hide abuses and sometimes significant civilian casualties.<sup>325</sup> Increased anti-Americanism is identified as one result of drone strikes, as is a corresponding increase in support for the Taliban. By angering American Muslims, some assert that the tactic is even fomenting homegrown militancy in the United States.<sup>326</sup>

Critics contend that the many perceived costs of drone strikes outweigh any short-term benefits accrued. Civilian deaths, the undermining of Pakistani government authority, resentments that fuel militant recruitment, and concerns that the United States is violating international law are among the downsides outlined by such critics.<sup>327</sup> The secrecy surrounding the program has also caused some analysts to complain about a lack of accountability and that international laws are being violated.<sup>328</sup> One called the drone campaign a largely ineffective and merely tactical response to a serious long-term problem.<sup>329</sup> Moreover, as alleged wrongful actions, the strikes could also lead to legal action against their perpetrators: In November 2010, a North Waziristan man announced that he planned to sue the CIA for the “wrongful death” of two relatives.<sup>330</sup>

The State Department has pushed back against accusations that the strikes represent a form of “unlawful extrajudicial killing” by citing domestic and international laws allowing for national self-defense. In March 2010, the Department’s legal advisor laid out a legal rationale for drone strikes, saying the U.S. “armed conflict” with Al Qaeda and the Taliban allows for “use of force

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November 3, 2008; [http://www.mofa.gov.pk/Press\\_Releases/2009/March/PR\\_128\\_09.htm](http://www.mofa.gov.pk/Press_Releases/2009/March/PR_128_09.htm); “Pakistani: U.S. Should Cede Control of Drones,” *San Antonio Express-News*, April 29, 2009.

<sup>322</sup> See Understanding FATA’s December 14, 2010, document at <http://www.understandingfata.org/uf-volume-iv/index.html>; Farhat Taj, “The Year of Drone Misinformation,” *Small Wars and Insurgencies* 21.3, September 2010.

<sup>323</sup> “U.N. Investigator Calls for Halt to CIA Drone Killings,” *Reuters*, June 2, 2010; “CIA Drone Operators Oppose Strikes as Helping Al Qaeda,” Inter Press Service, June 3, 2010.

<sup>324</sup> “Do U.S. Drones Kill Pakistani Extremists or Recruit Them?,” *McClatchy News*, April 7, 2009; “Drones Sharpen Pakistani Outrage,” *Chicago Tribune*, May 5, 2009; “The CIA’s Silent War in Pakistan,” *Time*, June 1, 2009.

<sup>325</sup> “CIA Secrecy on Drone Attacks Data Hides Abuses,” Inter Press Service, June 12, 2009.

<sup>326</sup> “Drone Attacks Fuelling Anti-US Feelings, PM Tells Holbrooke,” *News* (Karachi), August 18, 2009; “US Drone Strikes in Pakistan Tribal Areas Boost Support for Taliban,” *London Times*, March 10, 2010; “The Truth About Drones,” *Newsweek* (online), May 30, 2010.

<sup>327</sup> “The Costs of Drone Strikes in Pakistan and Afghanistan,” 3D Security Initiative Policy Brief, October 2009.

<sup>328</sup> “U.N. Envoy Slams U.S. for Unanswered Drone Questions,” *Reuters*, October 27, 2009.

<sup>329</sup> “U.S. Air Strikes in Pakistan ‘Ineffective’” (interview), Council on Foreign Relations (online), August 11, 2009.

<sup>330</sup> “Pakistani Man Threatens to Sue CIA Over Alleged Drone Deaths,” *Washington Post*, November 30, 2010.

consistent with its right to self-defense under international law.” This view has been echoed by other Administration counterterrorism officials, as well as by senior figures in Congress.<sup>331</sup>

## Rivalry and Conflict With India

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 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.”

A major factor in U.S. interest in South Asia is the ongoing tension between Pakistan and India rooted largely in competing claims to the Kashmir region and in “cross-border terrorism” in both Kashmir and major Indian cities. In the interests of regional stability, the United States strongly endorses an existing, but recently moribund India-Pakistan peace initiative, and it remains concerned about the potential for conflict over Kashmiri sovereignty to cause open hostilities between these two nuclear-armed countries. Most observers assert that U.S. success in Afghanistan is to a significant degree dependent on improved India-Pakistan relations, the logic being that Pakistan will need to feel more secure vis-à-vis a perceived existential threat on its eastern front in order to shift its attention and military resources more toward the west. Some in Pakistan believe that, by feeding their country’s insecurities, the increasingly warm U.S.-India relationship actually foments regional instability.<sup>332</sup>

## The “Composite Dialogue” Process

A bilateral Composite Dialogue reengaged in 2004 has realized some modest, but still meaningful successes, including a formal cease-fire along the entire shared frontier, and some unprecedented trade and people-to-people contacts across the Kashmiri Line of Control (LOC). As per Islamabad’s and New Delhi’s intent, the dialogue is meant to bring about “peaceful settlement of all bilateral issues, including Jammu and Kashmir, to the satisfaction of both sides.”<sup>333</sup> Yet 2008 saw significant deterioration in Pakistan-India relations, especially following the large-scale November terrorist attack on Mumbai, India, that left some 165 civilians dead. More broadly, militarized territorial disputes over Kashmir, the Siachen Glacier, and the Sir Creek remain unresolved, and Pakistani officials regularly express unhappiness that more substantive progress,

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<sup>331</sup> See Harold Hongju Koh’s March 25, 2010, speech at <http://www.state.gov/s/l/releases/remarks/139119.htm>; “Defending Drones: The Laws of War and the Right to Self-Defense,” *Washington Post*, April 13, 2010; “Counter-Terrorism Official Defends U.S. Campaign of Targeted Killings,” *Los Angeles Times*, July 1, 2010; “Levin Backs Strikes Inside Pakistan,” *Politico*, July 13, 2010.

<sup>332</sup> See, for example, “US’s India Tilt” (editorial), *Daily Times* (Lahore), January 19, 2010.

<sup>333</sup> See the January 6, 2004, joint statement at [http://www.indianembassy.org/press\\_release/2004/jan/07.htm](http://www.indianembassy.org/press_release/2004/jan/07.htm).

especially on the “core issue” of Kashmir, is not occurring. Pakistani leaders maintain that the absence of substantive bilateral dialogue only favors extremists in both countries.<sup>334</sup> The Obama Administration continues to refrain from taking any direct role in the bilateral dispute, and Indian leaders see no need for third-party involvement, in any case.<sup>335</sup>

In February 2010, India proposed new high-level talks with Pakistan, inviting Foreign Secretary Salman Bashir to New Delhi. Pakistani observers variously attributed the Indian move to an apparent failure of coercive diplomacy, to U.S. pressure, and to new talk of Western reconciliation with the Afghan Taliban, which could leave India in a disadvantageous position vis-à-vis Kabul. From the Indian perspective, New Delhi’s leaders were compelled by the desire to offer Islamabad tangible benefits for cooperating, and by a perceived need for greater flexibility in the case of a future terrorists attack traced to Pakistan. Pakistan accepted the Indian offer, saying it would raise “all core issues” at the talks and urge India to resolve them quickly. New Delhi responded by asserting that the Composite Dialogue remained in suspension and that, while all subjects could be raised at the impending meeting, India would focus only on terrorism.<sup>336</sup> Following the meeting, which ended with no agreements, Bashir called it “unfair, unrealistic, and counterproductive” for India to have focused solely on the terrorism issue, saying the Kashmir dispute remained the “core issue” and calling for resumption of the Composite Dialogue. India’s foreign secretary declined to comment on the outcome, but said “the time is not yet right” for such a resumption.<sup>337</sup> Subsequent major military exercises by both countries near their shared border (India in February, Pakistan in April) indicated that mutual distrust remained serious. A new breakthrough in the peace initiative may be in store, however.

In 2010, conflict over water resources has emerged as another exacerbating factor in the bilateral relationship. Some in Pakistan accuse India of violating international law, bilateral agreements, and ethical principles of peaceful coexistence through the allegedly illicit manipulation of water flows into Pakistan. Of particular concern for Indian and Western observers has been the fact that some of these complaints are emanating from the leaders of militant Pakistani Islamist groups such as Lashkar-e-Taiba. Foreign Minister Qureshi sees water “emerging as a very serious source of [bilateral] tension,” but a senior Indian official denies that India is in violation of the Indus Waters Treaty and calls Pakistani rhetoric a “political gimmick” meant to distract from Islamabad’s own poor water management.<sup>338</sup>

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<sup>334</sup> “Stalled Indo-Pak Talks Benefitting Terrorists: Gilani,” *Daily Times* (Lahore), September 6, 2009.

<sup>335</sup> “Clinton Defers Role in South Asia Feud,” *Wall Street Journal*, October 31, 2009; “India Rejects Third-Party Role in Pakistan Talks,” CNN.com, November 18, 2009. There have been reports of a “secret directive” issued by the Obama Administration in late 2009 to intensify U.S. diplomatic efforts aimed at reducing bilateral tensions between Pakistan and India, with a proximate goal of winning greater Pakistani cooperation vis-à-vis Afghanistan (“U.S. Aims to Ease India-Pakistan Tension,” *Wall Street Journal*, April 5, 2010).

<sup>336</sup> “Pakistan Says Talks With India Will Go Ahead,” Associated Press, February 12, 2010; “India to Pakistan: No Composite Dialogue,” *Hindu* (Madras), February 18, 2010.

<sup>337</sup> “India and Pakistan Talks End without Deal,” *Financial Times* (London), February 25, 2010.

<sup>338</sup> “Distrust Complicates India-Pakistan River Row,” Reuters, February 24, 2010; “Indian Weapon of Water Terrorism,” *Pulse* (Islamabad), February 26, 2010; “Pakistan Steps Up Water Dispute,” *Financial Times* (London), March 29, 2010; quotes in “India and Pakistan Feud Over Indus Waters,” *Wall Street Journal*, March 31, 2010. See also “A Watershed for India and Pakistan,” *Washington Post*, May 28, 2010.

## Mumbai Terrorist Attacks and the LeT<sup>339</sup>

The perpetrators of a horrific terrorist attack on India's business and entertainment capital were identified as members of the Pakistan-based Lashkar-e-Taiba (LeT), a U.S.-designated terrorist group that has received past support for Pakistani government agencies. The Indian government demands that Pakistan take conclusive action to shut down the LeT and bring its terrorist leadership to justice. Of particular relevance for India is LeT founder Hafiz Saeed, whom India believes is demonstrably culpable, but whom Pakistani officials say they do not possess sufficient evidence to formally charge.<sup>340</sup> In September, police in Lahore placed Saeed under house arrest. Only weeks later, a court dismissed the two cases brought against him (unrelated to the Mumbai attack), but he remained confined to his home. The Islamabad government insisted that it was powerless to take further action against Saeed in the absence of more convincing evidence of wrongdoing. New Delhi countered that Pakistan is "shielding" the masterminds of the attack.<sup>341</sup> In May, Pakistan's Supreme Court dismissed a government appeal and upheld a lower court's decision to release Saeed, saying the case presented against him was insufficient. A senior Indian official expressed disappointment with the ruling.<sup>342</sup>

In November 2009, Pakistani authorities brought formal charges against seven men accused of planning the Mumbai raid, among them Zaki ur-Rehman Lakhvi, a senior LeT figure said to have been the operational commander. Yet the Islamabad government has to date pressed no further than preliminary hearings, and the start-and-stop nature of the proceedings has only engendered Indian and international skepticism about Pakistan's determination. One senior observer, reflecting a widely-held view, contends that the Pakistani military "will do everything to preserve Lashkar as long as it believes there is a threat from India."<sup>343</sup> Analysts warn that another major terrorist attack in India that is traced to Pakistan would likely lead to a significant international crisis. One offers numerous U.S. policy options for preventing such an attack or managing any crisis that results.<sup>344</sup>

## The Kashmir Dispute

President Zardari, like many independent observers, believes that regional peace is inextricably linked to a solution of the Kashmir dispute.<sup>345</sup> While levels of violence in Kashmir have declined significantly as compared to previous years, the situation there fragile, and Islamabad insists that what it calls New Delhi's "administrative and half-hearted political measures" will not resolve what is in essence a Kashmiri "struggle for the right to self-determination."<sup>346</sup> In September 2009,

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<sup>339</sup> See also CRS Report R40087, *Terrorist Attacks in Mumbai, India, and Implications for U.S. Interests*.

<sup>340</sup> "Pakistan Says Indian Evidence on Militant Leader Weak," Reuters, August 6, 2009.

<sup>341</sup> "Give Us Proof to Nail Hafiz Saeed: Gilani," *Times of India* (Delhi); "Pakistan Shielding 26/11 Masterminds," *Hindu* (Madras), both January 29, 2010.

<sup>342</sup> "Pakistani Court Quashes Appeals Against Militant," Reuters, May 25, 2010.

<sup>343</sup> "Deadlock Over Pakistan's Mumbai Suspects," BBC News, May 3, 2010; Ahmed Rashid, "The Afghanistan Impasse" (review), *New York Review of Books*, September 10, 2009.

<sup>344</sup> Daniel Markey, "Terrorist Attack Sparks Indo-Pakistani Crisis," Council on Foreign Relations Contingency Planning Memorandum No. 6, January 2010, at

<sup>345</sup> "Kashmir Vital for Regional Peace: Pakistan Leader," Reuters, January 5, 2010.

<sup>346</sup> See the July 2, 2009, Pakistan Foreign Ministry press briefing at [http://www.mofa.gov.pk/Pages/2009/July/Spokes\\_02\\_07\\_09.htm](http://www.mofa.gov.pk/Pages/2009/July/Spokes_02_07_09.htm).

India's home minister stated that the Pakistani threat to Indian Kashmir has "not diminished" and he estimated that 50-60 militants infiltrate across the LOC each month. India's army chief accused Pakistan of providing assistance to "push in additional terrorists" before winter's onset. According to India's defense minister, militants made an average of more than one cross-LOC infiltration attempt per day during 2009.<sup>347</sup>

Under the Obama Administration, the U.S. government has continued its long-standing policy of keeping distance from the Kashmir dispute and refraining from any mediation role therein. Special Representative Holbrooke, who has many times used the term "K-word" in discussing Kashmir, said in February, "We are not going to negotiate or mediate on that issue and I'm going to try to keep my record and not even mention it by name."<sup>348</sup> Despite suggestions by the previous (Musharraf) government that Pakistan might be willing to reconsider its traditional Kashmir position (focused on dispute settlement in accordance with relevant U.N. resolutions), the current government insists that this course remains Pakistan's unambiguous position. Islamabad's current leaders have criticized the "wavering" of the Musharraf regime, saying back-channel diplomacy from 2004-2007 had done damage to Pakistan's traditionally "principled" commitment to resolution through U.N. resolutions.<sup>349</sup> An unusual major opinion survey of Kashmiris involved the interviewing of more than 3,700 on both sides of the LOC in 2010 and found that less than half supported separatist goals. Only in the Muslim-majority valley did a large majority (up to 95%) express support for full Kashmiri independence.<sup>350</sup>

## Competition in Afghanistan

Pakistan and India appear to be fighting a "shadow war" inside Afghanistan with spies and proxies.<sup>351</sup> Islamabad accuses New Delhi of using Indian consulates in Afghanistan as bases for malevolent interference in Pakistan's Baluchistan province, specifically by materially supporting Baloch separatist militants. The Pakistani government also accuses India of interfering in the FATA. When asked about such claims in late 2009, Secretary of State Clinton said the U.S. government had seen no supporting evidence. Yet Pakistani officials remain insistent: In October, a senior Pakistani military officer declared there was "a lot of evidence" of Indian involvement in supporting the Baloch separatist movement, and Interior Minister Malik later echoed the claim, adding an accusation that India was supporting the Taliban, as well. This latter assertion was supported by the alleged discovery in Waziristan of large quantities of Indian-made arms,

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<sup>347</sup> "Indian Minister Says Increase in Infiltration From Pakistan Side," BBC Monitoring South Asia, September 11, 2009; "Indian Army Chief Accuses Pakistan of Assistant Militant Infiltration," *Jane's Terrorism Watch Report*, September 24, 2009; "Militants Making a Comeback," *Hindu* (Madras), January 10, 2010.

<sup>348</sup> See the State Department's February 3, 2010, release at <http://fpc.state.gov/136466.htm>. There are some suspicions in India that Islamabad has obtained secret U.S. promises to push India on the Kashmir issue in exchange for Pakistan's cooperation in fighting the Afghan Taliban (see, for example, K. Subrahmanyam, "What is Happening in Pakistan?" (op-ed), *Hindu* (Madras), February 22, 2010).

<sup>349</sup> See the Foreign Ministry's August 8, 2009, release at [http://www.mofa.gov.pk/Press\\_Releases/2009/Aug/PR\\_297\\_09.htm](http://www.mofa.gov.pk/Press_Releases/2009/Aug/PR_297_09.htm); "Old Kashmir Policy Stands Revived: FM," *Dawn* (Karachi), May 5, 2010. Islamabad rejects Indian territorial claims to the whole of Kashmir, saying the dispute stems from India's refusal to implement U.N. Security Council resolutions that call for resolution through plebiscite (see the Foreign Ministry's January 1, 2010, press release at [http://www.mofa.gov.pk/Press\\_Releases/2010/Jan/PR\\_003.htm](http://www.mofa.gov.pk/Press_Releases/2010/Jan/PR_003.htm)).

<sup>350</sup> "First' Kashmir Survey Produces 'Startling' Results," BBC News, May 27, 2010.

<sup>351</sup> "Indo-Pakistan Proxy War Heats Up in Afghanistan," Associated Press, April 26, 2010.

ammunition, and literature. In December, Malik said four arms-laden Indian trucks had been seized in the Khyber agency.<sup>352</sup>

India is the leading regional contributor to Afghan reconstruction and development efforts, having devoted some \$1.3 billion in this effort, as compared to about \$300 million from Pakistan. In the view of many analysts, Pakistan's "paranoia" with regard to the perceived threat from India leads Pakistani leaders engage a zero-sum regional competition with that rival. In this way, Pakistan's primary goal with regard to Afghanistan is to prevent any dominant Indian influence there.<sup>353</sup> Some observers saw General McChrystal's August 2009 assessment that "increasing India's influence in Afghanistan is likely to exacerbate regional tensions" as sign that U.S. officials might press India to keep a low or lower profile there, the U.S. government has continued to welcome and laud India's role in Afghanistan while at the same time recognizing Islamabad's legitimate security interests in having a friendly western neighbor.<sup>354</sup>

## **Nuclear Weapons, Power, and Security**

The security of Pakistan's nuclear arsenal, materials, and technologies continues to be a top-tier U.S. concern, especially as Islamist militants have expanded their geographic influence there.<sup>355</sup> The illicit nuclear proliferation network allegedly overseen by Pakistani metallurgist A.Q. Khan was disrupted after its exposure in 2004, but neither Khan himself—a national hero in Pakistan—nor any of his alleged Pakistani co-conspirators have faced criminal charges in the case, and analysts warn that parts of the network may still be intact. Some in Congress demand direct access to Khan by U.S. and international investigators (see, for example, H.R. 1463 in the 111<sup>th</sup> Congress), but Pakistani authorities refuse such cooperation and insist that the case is closed. In August 2010, a State Department spokesman said suspected ongoing operations by Khan's network is "an area of ongoing concern."<sup>356</sup>

While most analysts and U.S. officials believe Pakistan's nuclear security is much improved in recent years, there is ongoing concern that Pakistan's nuclear know-how or technologies remain prone to leakage.<sup>357</sup> Two 2009 assessments both concluded that, despite elaborate safeguards put in place by the Pakistani government, serious weaknesses and vulnerabilities still exist in the

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<sup>352</sup> See the State Department's October 26, 2009, release at <http://www.state.gov/secretary/rm/2009a/10/130989.htm>; "India 'Supporting Pakistani Rebels' - Commander," Reuters, October 10, 2009; "India funding Taliban: Malik," *Daily Times* (Lahore), October 27, 2009; "Concrete Proof of Indian Role in Waziristan Found," *Daily Times* (Lahore), November 3, 2009; "Solid Proof of Delhi Involvement," *Business Recorder* (Karachi), December 10, 2009.

<sup>353</sup> See, for example, Frederic Grare, "Pakistan," in Ashley Tellis and Aroop Mukharji, eds., *Is a Regional Strategy viable in Afghanistan?*, Carnegie Endowment for International Peace, May 2010.

<sup>354</sup> See the August 30, 2009, assessment at [http://media.washingtonpost.com/wp-srv/politics/documents/Assessment\\_Redacted\\_092109.pdf](http://media.washingtonpost.com/wp-srv/politics/documents/Assessment_Redacted_092109.pdf).

<sup>355</sup> See also CRS Report RL34248, *Pakistan's Nuclear Weapons: Proliferation and Security Issues*, by (name redacted) and Mary Beth Nikitin.

<sup>356</sup> See the August 3, 2010, transcript at <http://www.state.gov/r/pa/prs/dpb/2010/08/145715.htm>.

<sup>357</sup> In February 2010, the director of the U.S. Defense Intelligence Agency told a Senate panel that, "We have confidence in Pakistan's ability to safeguard its nuclear weapons, though vulnerabilities exist (Statement of Lt. Gen. Ron Burgess, "Transcript: Senate Select Intelligence Committee Holds Hearing on Current and Projected Threats to the United States," February 2, 2010).

country's nuclear safety and security structures. Insider threats are considered especially potent, along with the dispersion and increasing size of nuclear material and facilities.<sup>358</sup>

China apparently intends to build two new civilian nuclear reactors in Pakistan in what would be an apparent violation of Nuclear Suppliers Group (NSG) guidelines (China has been an NSG member since 2004). The deal poses a challenge for the Obama Administration, which may tacitly allow it to go forward while seeking Beijing's cooperation on other issues. Some analysts urge the Administration to actively oppose the deal, contending that China has little reason to engage a quid pro quo and that the transfers would do harm to U.S. regional interests, in part by indirectly helping Pakistan to build its nuclear weapons arsenal.<sup>359</sup> Others have advocated changing U.S. law to allow for civilian nuclear trade with Pakistan as a means of building bilateral trust, the argument being that overt U.S. acceptance of Pakistan's nuclear program would instill a confidence that billions of dollars in U.S. aid cannot.<sup>360</sup>

In mid-2010, the Obama Administration suggested that the proposed Pakistan-China nuclear deal would require NSG consensus approval, and the State Department raised concerns that Beijing was not planning to seek what U.S. officials see as a required special exemption by the NSG as had been done for India in 2008.<sup>361</sup> In September, Beijing provided its clearest statement of intentions to date by asserting that it would seek to build two new nuclear reactors in the Punjab province, saying the arrangement was consistent with a 2003 bilateral agreement on civil nuclear cooperation. This spurred the chief of the U.S. National Nuclear Security Administration to suggest the NSG directly address the issue.<sup>362</sup> Many analysts warn that if the deal goes through, it could have serious negative implications on nuclear rivalries in South Asia and beyond.<sup>363</sup> Some see the arrangement as a clear abrogation of China's NSG obligations and urge Washington to convey "strong concern" as a means of prompting Beijing to reconsider its plans.<sup>364</sup>

## Deteriorated Economic Circumstances

Soaring inflation and unemployment, along with serious food and energy shortages, elicit considerable economic anxiety in Pakistan and weigh heavily on the civilian government. All of these existing problems were hugely exacerbated by devastating flooding in mid-2010. A leading Pakistani economist has called his country's economy the worst-performing in Asia, and most

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<sup>358</sup> Shaun Gregory, "The Terrorist threat to Pakistan's Nuclear Weapons," *CTC Sentinel* 2, 7, July 2009; Rolf Mowaatt-Larson, "Nuclear Security in Pakistan: Reducing the Risks of Nuclear Terrorism," Arms Control Association (online), July 8, 2009.

<sup>359</sup> Mark Hibbs, "Pakistan Deal Signals China's Growing Nuclear Assertiveness," Carnegie Endowment for International Peace, April 27, 2010; Lisa Curtis and Nicholas Hamisevicz, "U.S. Should Block China-Pakistan Nuclear Reactor Deal," Heritage Foundation WebMemo, May 20, 2010; "China Pursues Pakistan Nuclear Deal; Dilemma in the West," *Reuters*, December 15, 2010.

<sup>360</sup> C. Christine Fair, "Pakistan Needs Its Own Nuclear Deal" (op-ed), *Wall Street Journal*, February 11, 2010.

<sup>361</sup> "US Seeks Details on China-Pakistan Nuclear Deal," *Reuters*, June 15, 2010; "China Reactors Sale Spurs U.S. Concern – Proposed Nuclear Deal Clouds Pakistan Ties," *Wall Street Journal*, July 19, 2010.

<sup>362</sup> "China Confirms Two Nuclear Reactors for Pakistan," *Reuters*, September 21, 2010; "Atom Body Should Address China-Pakistan Deal – U.S.," *Reuters*, September 22, 2010.

<sup>363</sup> "The Power of Nightmares," *Economist* (London), June 24, 2010; "China-Pakistan Deal Raises Fears of Nuclear Proliferation," *Christian Science Monitor*, July 1, 2010.

<sup>364</sup> Ashley Tellis, "The China-Pakistan Nuclear 'Deal': Separating Fact From Fiction," Carnegie Endowment for International Peace Policy Outlook, July 16, 2010.

experts do not see infusions of foreign aid and loans as having any lasting impact.<sup>365</sup> About two-thirds of Pakistanis name economic issues, specifically inflation and unemployment, as the country's foremost problems.<sup>366</sup> The federal government's 2010-2011 budget raised taxes on numerous sectors while also cutting some subsidies on energy and food.<sup>367</sup>

The Finance Ministry's most recent annual Economic Survey (May 2010) reported provisional GDP growth of 4.1% in the outgoing fiscal year, up from a dismal 1.2% in 2008-2009, but called the "recovery" fragile and far from assured, and noting that "not all sectors of the economy or regions of the country appear to have participated so far in the modest upturn." According to analyses by IHS Global Insight following the floods, "a major correction to real growth will take place during FY2011.... Major supply setbacks stem from direct losses in agriculture and manufacturing, as well as indirect effects of the lost capital stock on the industrial production." However, a short-term boost in aggregate supply may partially counteract this, leading to an estimated growth rate of about 2% in the current fiscal year.<sup>368</sup>

Clearly, even before the floods, Pakistan was in dire economic shape. In 2008, Pakistan was seen to require substantial external financing to stabilize its economy. Pakistani leaders approached the IMF to discuss infusions of desperately sought capital. In November of that year, the IMF reached a Stand-By Arrangement to provide a \$7.6 billion loan to Pakistan aimed at resolving the country's serious balance of payments difficulties. Total IMF support was later raised to \$11.3 billion.<sup>369</sup> At 2010's end, the IMF agreed to extend Pakistan's loan, providing another nine months for officials there to complete the tax and other fiscal reforms.<sup>370</sup>

According to a 2010 World Bank report, Islamabad's stabilization efforts since 2008 combined with lower world commodities prices to reduce external imbalances, rebuild foreign exchange reserves, and reduce inflation. Yet

The government still has more work to do in a difficult security environment to further reduce inflation and the fiscal deficit, particularly to eliminate the large losses of public sector entities in the power, transport and manufacturing industries, and increase public revenues through the introduction of a value added tax and better tax administration.<sup>371</sup>

Repayment of IMF loans will place significant constraints on Islamabad's federal budget. Moreover, the World Bank provided more than \$2 billion worth of loan assistance to Pakistan in FY2009 and FY2010, the institution's highest ever annual support for the country. Foreign direct investment dropped by nearly 10% in the quarter ending September 2010, with U.S. investors falling just behind those from the United Arab Emirates as leading contributors.<sup>372</sup>

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<sup>365</sup> Shahid Javed Burki, "Pakistan's Aid-Addicted Economy Needs Reform" (op-ed), *Japan Times* (Tokyo), July 29, 2010; Safiya Aftab, "Pakistan's Economic Meltdown Has Begun" (op-ed), *Friday Times* (Lahore), August 27, 2010.

<sup>366</sup> See <http://www.gallup.com.pk/Polls/15-02-10.pdf>.

<sup>367</sup> "New Budget Highlights Pakistan's 'Survival Mode,'" *Reuters*, June 7, 2010.

<sup>368</sup> See the Finance Ministry document at <http://www.pid.gov.pk/Pakistan%20Economic%20Survey%202009-10%20%28H%29>; IHS Global Insight, "Pakistan: Outlook and Assumptions," December 13, 2010.

<sup>369</sup> In May, Pakistan received another \$1.1 billion from the IMF, a fifth tranche bringing the total to date to \$7.3 billion.

<sup>370</sup> See the December 27, 2010, release at <http://www.imf.org/external/np/sec/pr/2010/pr10515.htm>.

<sup>371</sup> World Bank, "Country Partnership Strategy for the Islamic Republic of Pakistan FY2010-13," July 30, 2010.

<sup>372</sup> "Foreign Direct Investment in Pakistan Falls to \$387.4 Million in 3 Months," Bloomberg, October 15, 2010.

A June 2010 Pakistani government report on poverty reduction identified three main structural weaknesses in the national economy: (1) the large fiscal deficit; (2) the large trade deficit (with the value of imports far exceeding that of exports); and (3) inadequate social services. Further causes of economic instability included a poor law and order situation, a global spike in the prices of oil and other key commodities, uncertainty in international financial markets, and, “most importantly,” the direct and indirect costs of Pakistan’s role as a frontline state in the “War on Terror,” which have included significant capital flight. The report calculates that this latter cost has exceeded \$25 billion for the period 2004-2009.<sup>373</sup>

Consumer prices in 2008 reached their highest levels since 1975, with an inflation rate above 25% for many months. The rupee’s value also hit record lows, down more than 20% against the U.S. dollar for that year, and net international reserves declined by more than half to below \$7 billion. Inflation rates have declined from their 2008 peak, although they rose again in early 2010 and have remain in the double-digit range. The rupee’s value is partly recovered, and IMF injections boosted foreign exchange reserves back to more than \$17 billion by the end of 2010. Two major international investor rating indices cut Pakistan’s sovereign debt rating to “negative” in 2008 and the country’s rating remains six levels below investment grade.<sup>374</sup>

## **Power Supplies**

Pakistan’s struggling power sector puts a significant damper on commerce and everyday activities, causing factory shutdowns and rioting by mobs angry with price hikes and shortages. A 2009 survey found more than half of all Pakistanis going without power for at least eight hours per day. More recently, shortfalls in electricity supply have led to unannounced outages of up to 20 hours per day in parts of the country. Prime Minister Gilani has called for provincial ministries and his own energy-related cabinet ministers to produce a detailed national energy strategy. In April 2010, he instituted measures including extending the official weekend from one to two days, earlier closure of street markets, and a 50% reduction in power to government offices.<sup>375</sup> By one estimate, the government will need to add 20,000 megawatts of generation capacity over the next decade at a cost of \$32 billion, roughly half of which would need to come from foreign donors.<sup>376</sup>

## **Taxation**

Much of Pakistan’s economic instability is rooted in perpetually low government revenue generation. For most observers, this itself is caused by what essentially is mass tax evasion by the country’s economic elite, and is exacerbated by a federal budget overemphasizing military

<sup>373</sup> Government of Pakistan, Finance Division, “Poverty Reduction Strategy Paper—II,” June 2010.

<sup>374</sup> “Moody’s Cuts Pakistan’s Bond Outlook to Negative,” *Reuters*, September 23, 2008; “Moody’s: Pakistan Fin Min Resignation Won’t Impact Budget Near Term,” *Dow Jones International News*, February 24, 2010.

<sup>375</sup> “Power Cuts Feed Anarchy in Pakistan,” *Agence France Presse*, July 25, 2009; results of the July 21, 2009, Gallup Pakistan survey at <http://www.gallup.com.pk/pollshow.php?id=2009-07-21>; “Load Shedding Touches 20 Hours,” *Daily Times* (Lahore), March 21, 2010; “Pakistan to Tackle Energy Crisis,” *BBC News*, April 22, 2010. Commodity shortages have been another serious concern. For example, in 2009, shortages of sugar have forced people to stand in line for hours just to buy a few pounds and caused panic, hoarding, and tirades against the government and sugar mills (“Pakistan Reels Under a New Crisis—A Sugar Shortage,” *Los Angeles Times*, September 23, 2009; “In Pakistan, Much Bitterness Over Sugar Crisis,” *Washington Post*, November 28, 2009).

<sup>376</sup> “About 20,000MW Need to Be Added in 10 Years,” *Dawn* (Karachi), October 5, 2010.

spending at considerable cost to social development. Some analysts warn that, so long as international “bailouts” remain available to Pakistan, the country’s elite will see little motive to adjust their habits, and unsustainable debt will continue to mount.<sup>377</sup> In early 2010, the U.S. Ambassador to Pakistan noted for a Karachi business audience that, at 9%, Pakistan has one of the lowest tax-to-GDP ratios in the world, and she urged the government to raise more revenue from its own citizens.<sup>378</sup> Finance Minister Shaukat Tarin resigned a month later, by some accounts because of Prime Minister Gilani’s earlier refusal to give Tarin greater authority to crack down on tax evaders.<sup>379</sup> Secretary of State Clinton and former SRAP Holbrooke made repeated public references to the fact that Pakistan’s wealthy elite pay little or no taxes and, following massive devastation to Pakistan caused by mid-2010 floods, international relief donors pressured Islamabad to reform its tax system so that the country’s wealthy citizens make increased contributions to national welfare.<sup>380</sup> Pakistani legislators have moved forward a controversial Reformed General Sales Tax bill which, if passed into law, could have some ameliorative effects.

## **Corruption**

Corruption is another persistent and serious problem for Pakistan’s economy, harming both domestic and foreign investment rates, as well as creating skeptical international aid donors. For 2010, Berlin-based Transparency International placed Pakistan 143<sup>rd</sup> out of 178 countries in its annual ranking of world corruption levels, giving it a lower ranking than such countries as Nigeria and Bangladesh, among others.<sup>381</sup> A September 2010 agreement between the U.S. government and Transparency International established a hotline through which people can report any misuse of U.S. funds. TI contends that its workers in Pakistan have since faced threats and harassment, and there have even been reports that the Islamabad government planned legal action against TI for allegedly paying bribes to officials to extract information.<sup>382</sup> In one survey, nearly one in three Pakistanis reported paying a bribe to settle a traffic violation in the past year.<sup>383</sup> Islamabad unveiled a major new initiative to tackle corruption in November 2010.<sup>384</sup>

## **Textile Manufacturing and Overseas Market Access**

A central goal for Pakistani leaders is to acquire better access to Western markets. With the security situation scaring off foreign investors (net investment fell by nearly 50% in the latter half of 2009), exports, especially from the key textile sector, may be key to any future Pakistani recovery. As stated by Prime Minister Gilani in March 2010, “If there is an acceptance of the heavy price that Pakistan is paying for this war, then there must be international action to facilitate our exports.” That same month, U.S. officials vowed to work for greater U.S. market access while acknowledging that Pakistani hopes for a bilateral free-trade agreement will be

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<sup>377</sup> See, for example, Akbar Zaidi, “Pakistan’s Roller-Coaster Economy: Tax Evasion Stifles Growth,” Carnegie Endowment for International Peace Policy Brief 88, September 2010.

<sup>378</sup> See the State Department’s January 6, 2010, release at <http://karachi.usconsulate.gov/k-10010601.html>.

<sup>379</sup> “Pakistan’s Finance Minister Quits,” *Financial Times* (London), February 23, 2010.

<sup>380</sup> “Donors Want Pakistan to Tax Rich to Pay for Floods,” *Associated Press*, September 17, 2010.

<sup>381</sup> See <http://www.transparency.org>.

<sup>382</sup> “Graft Fighter Alleges Pakistan Threat,” *Wall Street Journal*, November 29, 2010.

<sup>383</sup> See the October 21, 2010, Gallup Pakistan poll at <http://www.gallup.com.pk/pollsshow.php?id=2010-10-21>.

<sup>384</sup> “Pakistan Launches Campaign to Fight Corruption,” *Reuters*, November 11, 2010.

dashed in the foreseeable future.<sup>385</sup> To date, and despite the contention of many analysts that expanding market access would be a boon to U.S. strategic interests, significant changes in U.S. tariffs have not been seen, in large part because the American textile industry lobbies against them, arguing that they would cost American jobs.<sup>386</sup>

Islamabad has continued to press Washington and European capitals for reduced tariffs on textile exports, especially following massive flood damage to Pakistan's cotton crop. By some accounts, the textile sector directly employs 3.5 million Pakistanis and accounts for 40% of urban factory jobs. Pakistani officials and business leaders estimate that abolishing American tariffs, which currently average 17% on cotton apparel, would boost their country's exports by \$5 billion annually.<sup>387</sup> In September, EU leaders agreed to grant Pakistan limited trade concessions as a means of helping Islamabad to deal with the flood crisis and to enhance political stability there. The "immediate and time-limited reduction" in EU import duties was especially favored by Britain and Germany.<sup>388</sup>

The Obama Administration has continued to support congressional passage of a bill to establish Reconstruction Opportunity Zones (ROZs) in western Pakistan (and Afghanistan) that could facilitate development in Pakistan's poor tribal regions.<sup>389</sup> An initiative of President Bush during his 2006 visit to Pakistan, the program would provide duty-free access into the U.S. market for certain goods produced in approved areas and potentially create significant employment opportunities. The bill was considered by the 110<sup>th</sup> Congress, but no action was taken. In the 111<sup>th</sup> Congress, the House passed ROZ legislation as Title IV of H.R. 2410. No action has been taken on the Senate version (S. 496), although identical language has been introduced as an amendment to other bills.

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. Some analyses suggest that the ROZ initiative is unlikely to be useful even if it becomes U.S. law. Pakistani businessmen reportedly find the bill's restrictions on textile exports too extensive, essentially excluding the bulk of such Pakistani products, thus rendering the initiative "largely worthless."<sup>390</sup> In late August 2010, the U.S. Chamber of Commerce delivered a letter to the U.S. Trade Representative and the Secretary of State expressing its support for ROZ legislation, as well as further expansion of trade preferences to Pakistan. Only days later, a group of six major U.S. textile associations warned the same officials that such expansion "would cause irreparable damage to the U.S. textile industry resulting in significant job losses."<sup>391</sup>

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<sup>385</sup> Data and quote in "Pakistan Seeks Access to Western Markets," *Financial Times* (London), March 21, 2010; "U.S. Promises Greater Market Access to Pakistan," Reuters, March 25, 2010.

<sup>386</sup> "Pakistan Textile Imports: Call for Wider Lifter of U.S. Tariffs Intensifies," *Washington Post*, December 24, 2010.

<sup>387</sup> "Pakistan Seeks Help for Its Textiles," *Wall Street Journal*, August 19, 2010.

<sup>388</sup> "EU Seals Deal on Pakistan Trade Break—Diplomats," *Reuters*, September 16, 2010.

<sup>389</sup> Secretary of State Clinton recently called the ROZ initiative "a very high priority" for the Administration (see the State Department's March 22, 2010, release at <http://www.state.gov/secretary/rm/2010/03/138928.htm>).

<sup>390</sup> "As Violence Hurts Business, Pakistanis Debate U.S. Help," *Washington Post*, July 28, 2009.

<sup>391</sup> "Chamber of Commerce, Textile Groups Spar Over Trade Preferences to Pakistan," *World Trade* (online), September 3, 2010.

## Domestic Political Upheaval

Democracy has fared poorly in Pakistan, with the country enduring direct military rule for more than half of its existence. From 1999 to 2008, Army Chief General Pervez Musharraf ran the government after leading a bloodless coup unseating the democratically elected Prime Minister Nawaz Sharif. Musharraf assumed the presidency and later oversaw passage of the 17<sup>th</sup> Amendment to Pakistan's constitution, greatly increasing the power of that office. In March 2008, however, only months after the assassination of former Prime Minister Benazir Bhutto, a coalition led by Bhutto's Pakistan People's Party (PPP) was elected in a sweeping rejection of the Musharraf-allied parties. The Pakistan Muslim League led by Sharif (PML-N) also fared well, especially in the densely-populated Punjab province, and joined the PPP in an unprecedented coalition that collapsed only after Musharraf's August 2008 resignation from the presidency and exit from Pakistan's political stage. Bhutto's widower, Asif Zardari, subsequently won Electoral College vote for the presidency. Although Prime Minister Gilani was seated in early 2008, Zardari retained most of the powers of the Musharraf presidency until April 2010.

U.S. officials had for some time expected Zardari's powers to wane and reportedly readied themselves for this by developing ties with other leaders in both the ruling and opposition parties, as well as in the Pakistani military. Indeed, the demise of Zardari's influence could make the U.S. government increasingly reliant on the Pakistani army.<sup>392</sup> Prime Minister Gilani has been able to step into the political space opened by Zardari's woes and has managed to balance well competing pressures from the opposition, members of his own party and coalition allies, and the army, which may find him more amenable and trustworthy than Zardari. Although April's passage of the 18<sup>th</sup> Amendment gives him new and sweeping powers, Prime Minister Gilani, a consensus-builder and a staunch ally of Zardari, has not radically altered the dynamics of their relationship. Still, the civilian government has remained weak, and some analysts even expected the PPP-led coalition to collapse during 2010.<sup>393</sup>

Nearly three years after Pakistan's relatively credible national elections seated a civilian government, the country's military establishment is still seen to be where Pakistan's foreign policy and national security policies originate. Hand-picked by President-General Musharraf to lead the army, General Kayani has since his 2007 appointment taken concrete measures to withdraw the military from direct involvement in the country's governance. Many analysts saw the moves being motivated by a desire to improve the institutional image of the military after a serious erosion of its status under Musharraf. Yet there remain no signs of meaningful civilian control of the army or ISI, and analytic views of Kayani's role as a secular- and democratic-minded figure appear to have shifted away from guarded optimism toward a perception that he, like the generals who came before him, will place the interests of the security services above all others, and may not be fully trustworthy partner in efforts to battle Islamist extremism. By all accounts, since Musharraf's 2008 departure the influence of what one commentator calls Pakistan's "biggest and best organized political party, the Pakistani army," has only increased.<sup>394</sup>

<sup>392</sup> Arif Rafiq, "Zardari in the Crosshairs," *Foreign Policy* (online), November 19, 2009.

<sup>393</sup> "Bolstered Pakistani PM to be a 'Firefighter,'" Reuters, April, 7, 2010; "Gilani: Pakistan's Consensus-Building PM," Agence France Presse, April 19, 2010; "Democracy Inaction: Pakistan's Political Paralysis," *Jane's Intelligence Review*, March 12, 2010.

<sup>394</sup> Cyril Almeida, "Democracy Off Track" (op-ed) *Dawn* (Karachi), September 10, 2010. Army Chief General Kayani was the only Pakistani to appear in *Forbes World's Most Powerful People* list in 2010. He was ranked 29<sup>th</sup> overall, and (continued...)

## President Zardari and the National Reconciliation Ordinance

President Zardari has for many years been a controversial figure dogged by allegations of serious corruption and other crimes. While he continued to dictate PPP (and thus civilian government) policy, he became increasingly unpopular as measured by public opinion polling.<sup>395</sup> Moreover, a series of crises, including several high-profile battles with Pakistan's Chief Justice and a failed effort to gain parliamentary validation of a controversial amnesty bill promulgated under Musharraf—the National Reconciliation Ordinance (NRO)—further weakened his position.<sup>396</sup>

In late October, the government floated a plan to validate the NRO through approval in the National Assembly. The proposed amnesty bill—which would have protected Zardari and other senior politicians from graft charges—nearly led to a split in the ruling coalition when parties aligned with the PPP and even some PPP legislators said they would vote against it. Opponents of the plan, led by Sharif and his opposition PML-N party, called it a “legitimization of corruption.” The government hastily withdrew the proposal, but further damage to Zardari's credibility was done. When hundreds of NRO beneficiaries, including Zardari and many senior PPP figures, were publically named in late November, it was seen as another blow to the president's position.<sup>397</sup> The Supreme Court began hearing challenges to the NRO and, on December 16, in a unanimous decision, invalidated the law, suddenly leaving thousands of Pakistani politicians—including the president's chief of staff, and the interior and defense ministers—open to prosecution (under the Pakistani Constitution, the president himself is immune from prosecution while in office). Opposition leaders hailed the decision and called for the resignation of top PPP figures. Some 247 government officials were placed on an exit control watch list to prevent their leaving the country.<sup>398</sup>

Anticipated prosecutions of senior figures did not occur, and Zardari remained determined to remain in office.<sup>399</sup> Yet his government began 2010 in a “siege environment,” under intense pressure and criticism from the military, the opposition, the judiciary, and the media. Zardari

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(...continued)

this was taken as further evidence that Kayani is the country's real locus of power and influence. Following summer flooding, Kayani reportedly “scolded” the President and Prime Minister both for government incompetence and corruption (Syed Nadir El Edroos, “General Kayani, the Real Man in Power” (op-ed), *Express Tribune* (Karachi, online), November 30, 2010; “Generals in Pakistan Push for Shakeup of Government,” *New York Times*, September 28, 2010).

<sup>395</sup> Nawaz Sharif is by most accounts the most trusted political figure in Pakistan, outranking his closest competitor in the category—President Zardari—by 51% to 13% in a major July 2009 survey. More than half of respondents here said they would rather see Sharif in the presidency (58%) than Zardari (17%) (see <http://www.iri.org/news-events-press-center/news/iri-releases-survey-pakistan-public-opinion>).

<sup>396</sup> Some observers see Chief Justice Iftikhar Chaudhry as violating democratic principles by pursuing a campaign to undermine President Zardari in ways inconsistent with an independent judiciary (see, for example, David Rivkin Jr. and Lee Casey, “Judicial Coup in Pakistan” (op-ed), *Wall Street Journal*, February 23, 2010).

<sup>397</sup> “Zardari Retreats on Amnesty Bill,” BBC News, November 3, 2009; “A Sinking Presidency” (editorial), *Dawn* (Karachi), November 4, 2009; “Amnesty List Puts Pressure on President of Pakistan,” *New York Times*, November 23, 2009.

<sup>398</sup> “Pakistan Strikes Down Amnesty for Politicians,” *New York Times*, December 17, 2009; “Opposition Hails Decision on NRO,” *Dawn* (Karachi), December 17, 2009.

<sup>399</sup> Interior Minister Rehman Malik, a long-time Bhutto and Zardari loyalist, was in 2004 convicted by an anti-corruption court and sentenced to three years in jail under the NAB. His appeal was rejected by the Lahore High Court in May 2010 and President Zardari quickly issued a pardon to protect him from possible detention (“President Zardari Pardons Key Cabinet Minister,” Agence France Presse, May 18, 2010).

responded with defiance, counterattacking his detractors, putting them on the defensive, and winning votes of confidence in three of the country's four provincial assemblies. Soon he was making rare trips around the country to give rousing speeches and seemed to reverse his most negative fortunes, surviving in office even as he appeared to remain weak and unpopular.<sup>400</sup>

## **The 18<sup>th</sup> Amendment to the Pakistani Constitution**

President Zardari's thin popularity nearly disappeared altogether in the closing months of 2009, as his perceived closeness to the United States and "soft" views on India, deadly battles with insurgents, and widespread economic woes combined with a perception that the government was rudderless and ineffective to bring the Pakistani president under more intense criticism, with some demanding his resignation. With pressure to abolish the 17<sup>th</sup> Amendment and relinquish most powers of his office intensifying, analysts predicted that agreeing to become a "figurehead" was the most likely course for his political survival. Still, Zardari was able to reassert his grip on the presidency, in part because his PPP allies rallied behind him, and also because the army likely was reluctant to see the country again thrown into political chaos and suffer the international opprobrium that could result.<sup>401</sup> In an effort to allay his critics, Zardari surrendered his office's powers to appoint military service chiefs, and later ceded his position as Chairman of the National Command Authority, giving his Prime Minister nominal control over the country's nuclear weapons (in practice, the military retains control of this arsenal).<sup>402</sup>

By April, the National Assembly had fulfilled a long-standing PPP vow to overturn nondemocratic constitutional amendments made under Musharraf. The body unanimously passed the 18<sup>th</sup> Amendment bill, which President Zardari then signed into law on April 19, saying "the Constitution has been made truly democratic and federal in character, and provincial rights and Parliamentary sovereignty have been restored." Among the most notable of the 102 clauses of the bill were those removing the President's powers to dismiss the Prime Minister and Parliament; transferring to the Prime Minister the lead role in appointing armed service chiefs; ending the courts' abilities to suspend the Constitution; limiting the President's ability to impose emergency rule; removing the bar against prime ministerial candidates who had already served two terms; changing the name of the North West Frontier Province to Khyber Pakhtunkhwa; and adding four new Senate seats reserved for non-Muslim minorities.<sup>403</sup>

## **Tensions Between the Executive and the Judiciary**

In February 2010, a new row between the executive and judiciary arose when the Chief Justice objected to the President's appointment of new Supreme Court and Lahore High Court judges without consultation, and convened an emergency panel that ruled to suspend Zardari's order.

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<sup>400</sup> "Pakistan's Defiant Zardari Deflects Pressure For Now," Reuters, January 14, 2010; "Zardari Re-Emerges, But Effect on Pakistan is Unclear," *New York Times*, January 21, 2010; "Pakistan's 'Bunker President' Emerges Fighting," Agence France Presse, January 30, 2010.

<sup>401</sup> "For Pakistani President, Goodbye to Goodwill," *Washington Post*, November 16, 2009; "Pakistan Faces Deepening Power Struggle," *Wall Street Journal*, November 30, 2009; "Pakistan's Zardari Holds Off His Political Foes—For Now," *Washington Post*, December 1, 2009.

<sup>402</sup> "Pakistan's Leader, Under Pressure, Cedes Nuclear Office," *New York Times*, November 29, 2009.

<sup>403</sup> See President Zardari's April 19, 2010, signing ceremony speech at <http://www.pid.gov.pk>. Members of the minority Hazara ethnic group were angered by the provincial name change, saying it would institutionalize Pashtun domination in the region ("Anger Over Pakistan Name Change," *BBC News*, April 13, 2010).

Numerous lawyers boycotted courts to protest Zardari's move and opposition leader Nawaz Sharif called it "unconstitutional" and a "threat to democracy." The crisis was defused when the government withdrew the appointments. Yet the Supreme Court has kept pressure on the government to reopen numerous graft cases, including some against top officials, and the country's Attorney General resigned in April, accusing the government of preventing him from carrying out Supreme Court orders to reopen graft investigations involving President Zardari. There are fears that any escalating conflict between the executive and the judiciary would "inevitably" bring the military into the political fray, potentially precipitating an even greater political crisis.<sup>404</sup> In October 2010, the Supreme Court gave the government a two-week deadline to reopen corruption cases against Zardari and several other top PPP leaders, spurring the opposition PML-N to threaten another "long march" demonstration, as well as rumors that the government would seek to unseat adversarial justices. Prime Minister Gilani subsequently pledged to respect the court, but the cases have remained moribund.<sup>405</sup>

## **Parliamentary Coalition Weakness**

In February 2008 National Assembly elections, the Pakistan People's Party of President Zardari and Prime Minister Gilani won a clear plurality of seats (121 out of 342), but not nearly enough to form a government without coalition allies. Some of these have proven difficult and unreliable, although a ruling coalition has remained in place to date. Yet, in late 2010, serious threats to majority status arose. In mid-December, the Jamaat Ulema Islami—a small, but influential Islamist party—withdrawed its support for the PPP-led coalition, narrowing its National Assembly majority to only nine seats. The decision was taken after the Prime Minister dismissed a JUI federal minister on accusations of corruption.<sup>406</sup>

Then, only weeks later, the PPP-led ruling coalition began the year with a new crisis: in the first week of January, the Karachi-based MQM announced it was withdrawing from the national ruling coalition in reaction to rising fuel prices, inflation, and perceived government mismanagement. The loss of the MQM's 25 seats removed that coalition's majority in the National Assembly, potentially leading to the collapse of the government. Yet most observers concluded that the move was an effort to extract maximum concessions in the form of greater administrative control for the MQM in its Karachi base. Only days later, Prime Minister Gilani backtracked on recently enacted fuel subsidy reductions, a move that mollified opposition parties and cleared the way for the MQM's return to the coalition, but that also elicited criticism from the U.S. government and the IMF as a reversal of progress made toward strengthening Pakistan's economic base. Independent analysts echoed the criticisms, saying a collapse of reform efforts would preclude economic stabilization and leave the country dependent on foreign assistance.<sup>407</sup>

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<sup>404</sup> "Sharif Lashes Out" (editorial), *Dawn* (Karachi), February 15, 2010; "Pakistani Supreme Court Ups Pressure on Government," Associated Press, March 30, 2010; "Pakistan AG Quits Amid Graft Controversy," Associated Press, April 2, 2010.

<sup>405</sup> "Pakistan Court Refuses Delay in Presidential Graft Case," *Agence France Presse*, October 4, 2010; "Pakistan's Government Pledges Support for Country's Courts," *Washington Post*, October 17, 2010.

<sup>406</sup> "Islamic Party Quits Pakistan Govt Over Minister," *Reuters*, December 14, 2010.

<sup>407</sup> "Major Party Walks Out of Coalition in Pakistan," *New York Times*, January 3, 2011; "Pakistan Bows to Opposition Demands on Fuel Price," *Reuters*, January 6, 2011; "Pakistani Government Salvages Coalition, But at a Steep Price," *New York Times*, January 7, 2011.

In an apparent effort to capitalize on the PPP's crisis, Nawaz Sharif, leader of the opposition-leading PML-N, issued a 10-point "national agenda" for broad socioeconomic development. In addition to calling for an end to the fuel price hikes, the agenda includes requests that the government urgently address electricity shortages and eliminate ministers accused of corruption, among other measures. Prime Minister Gilani signaled that his government would extend cooperation in its implementation. Some commentators saw Gilani's acceptance of the opposition agenda as an implicit admission that his government had failed.<sup>408</sup>

## Recent Human Rights Issues

Pakistan is the setting for serious perceived human rights abuses, some of them perpetrated and/or sanctioned by the state. According to the U.S. Department of State, the Islamabad government is known to limit freedoms of association, religion, and movement, and to imprison political leaders. Notable recent abuses have been related to violent attacks on religious minorities, indefinite government detention of detainees related to anti-terrorism efforts, and alleged extrajudicial executions perpetrated by the Pakistani military in conflict areas. Most recently, specific U.S. government attention to human rights abuses in Pakistan have centered on press freedoms, abuses perpetrated by security forces, and religious freedoms threatened by Pakistan's "blasphemy law."

### Press Freedom

Press freedoms in Pakistan are seen to be seriously constrained, despite the existence of booming news media. Watchdog groups rank Pakistan as the world's most dangerous country for journalists.<sup>409</sup> In May 2010, the Islamabad government instituted a nation-wide ban on the Internet social networking site Facebook after a contest on that site invited users to submit caricatures of the prophet Mohammed, something viewed as blasphemous by Muslims. Soon after, the government blocked access to YouTube, a video sharing website with content deemed "blasphemous." Many observers felt the authorities went too far and used the Facebook incident as an excuse to clamp down on political speech.<sup>410</sup> Press freedom watchdogs assert that journalists who report on stories critical of Pakistani authorities often face threats.<sup>411</sup> One high-visibility 2010 case involved the apparent kidnapping and torture of a journalist working for a major Pakistani newspaper, allegedly at the hands of government intelligence agents. Punjab's Law Minister later explicitly fingered the ISI for responsibility.<sup>412</sup> The Ranking Member of the Senate Foreign Relations Committee called the case a "bellwether" and penned a letter to the Pakistani Prime Minister urging him to "demonstrate Pakistan's commitment to rule of law and a

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<sup>408</sup> "Sharif Agenda: Gilani Caves in to Opposition Demands," *Express Tribune* (Karachi), January 10, 2011; "Gilani's Surrender" (editorial), *Daily Times* (Lahore), January 11, 2011.

<sup>409</sup> "Pakistan Deadliest Nation for Journalists," Reuters, December 15, 2010.

<sup>410</sup> "After Facebook, Pakistan Shuts Down YouTube," Reuters, May 20, 2010; "Media Freedom Fears After Pakistan Facebook Ban," BBC News, May 26, 2010.

<sup>411</sup> See, for example, the Committee to Protect Journalists' October 25, 2010, release at <http://cpj.org/2010/10/journalists-in-pakistan-remain-under-threat.php>; Mustafa Qadri, "In South Asia, Independent Journalism is a Real Risk" (op-ed), *Guardian* (London), November 28, 2010.

<sup>412</sup> "Pakistani Journalist Speaks Out After Attack," *New York Times*, September 24, 2010; "ISI Behind Attack on Cheema: Punjab Minister," *News* (Karachi), October 27, 2010. See also "Torture of Umar Cheema" (editorial), *News* (Karachi), October 21, 2010.

free press by ensuring that your government aggressively investigates and prosecutes those responsible” for the man’s kidnapping.

## **“Disappearances” and Extrajudicial Killings by Security Services**

In late 2010, acute U.S. concerns were elicited by evidence that Pakistani security forces may have engaged in serious human rights abuses, including extrajudicial executions. New York-based Human Rights Watch has pressed the Pakistani government to launch investigations into reports of summary executions and torture perpetrated by soldiers and police during counterterrorism operations in the Swat Valley.<sup>413</sup> In September, an internet video showed what appeared to be the extrajudicial execution by men in Pakistani military uniforms of six young men in civilian clothes in the Swat Valley. The Army Chief himself ordered an inquiry into the incident, saying such actions “will not be tolerated.” In December, two top Pakistani intelligence agencies admitted that 11 missing persons were, in fact, in their custody.<sup>414</sup> The Obama Administration subsequently announced that it would abide by “Leahy amendment” provisions by withholding train and equip funding for several Pakistani army units believed to be complicit in human rights abuses, and it remains concerned about potential mass disappearances of detainees into the hands of Pakistani security forces.<sup>415</sup>

## **Blasphemy Laws**

Laws prohibiting blasphemy in Pakistan are meant to protect Islamic holy persons, beliefs, customs, and objects from insult or defilement. They are widely popular with the public. Yet they are criticized by human rights groups as discriminatory and arbitrary in their use, which often arises in the context of personal vendettas, and can involve little or no persuasive evidence. Pakistan’s blasphemy laws, rooted in 19<sup>th</sup>-century colonial legislation but coming to the fore only under the Islamist-tinged rule of General Zia in the 1980s, have never resulted in an official execution and, while convictions are common, most cases are overturned on appeal. Still, accusations have led to lynchings, and are often used to cower religious minorities.<sup>416</sup>

The blasphemy laws again came under scrutiny in late 2010 when a Pakistani Christian woman was sentenced to death for what seemed a minor offense. International human rights groups issued newly urgent calls for the law’s repeal, and President Zardari himself vowed to personally review the case.<sup>417</sup> However, the law appears to have significant public support in Pakistan, and a federal minister said that the government would only consider reforming the law to stop its “misuse,” but would not consider a repeal. A bill to amend the law was introduced in late November, with the aim of eliminating its perceived vague terminology and to limit its

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<sup>413</sup> See the July 16, 2010, release at <http://www.hrw.org/en/news/2010/07/16/pakistan-extrajudicial-executions-army-swat>.

<sup>414</sup> “Missing Prisoners Found in Spy Agencies’ Custody,” *Daily Times* (Lahore), December 10, 2010.

<sup>415</sup> “Pakistani Army Chief Orders Video Inquiry,” *New York Times*, October 7, 2010; “Pakistani Troops Linked to Abuses Will Lose U.S. Aid,” *New York Times*, October 22, 2010; “Disappearances With Reported Ties to Pakistan Worry U.S.,” *New York Times*, December 30, 2010.

<sup>416</sup> “Pakistan’s Blasphemy Law Strikes Fear in Minorities,” *Reuters*, January 5, 2011.

<sup>417</sup> See, for example, Human Rights Watch’s November 23, 2010, release at <http://www.hrw.org/en/news/2010/11/22/pakistan-repeal-blasphemy-law>. A Lahore court subsequently barred the President from pardoning the woman.

application to cases in which premeditation or malicious intent are clear.<sup>418</sup> When PPP figures suggested the amendments, thousands of people took to the streets in protests and strikes organized by religious leaders. Islamist hardline groups, including some with links to terrorist organizations, were able to rally as many as 50,000 people on the streets of Karachi, where speakers sought to justify the assassination.<sup>419</sup> Still, Bilawal Bhutto Zardari, the President's son and PPP co-chair, issued a televised pledge to "defend" Pakistan's Christian and other minorities, saying those who celebrated the January assassination of the Punjab governor (a critic of the laws) were "the real blasphemers."<sup>420</sup>

## U.S. Foreign Assistance and Congressional Action

Pakistan is today among the world's leading recipients of U.S. aid. Since the 2001 renewal of large U.S. assistance packages, Pakistan by the end of FY2010 had obtained more than \$10.7 billion in overt assistance since 2001, including about \$6 billion in development and humanitarian aid, and some \$4.4 billion for security-related programs. (This does not include reimbursements for militarized counterterrorism efforts. See **Table 1**.) In September 2009, both chambers of Congress passed their own Pakistan-specific bills authorizing increased nonmilitary aid to Pakistan (to \$1.5 billion per year for five years) and placing certain conditions on future security-related aid to that country. The Enhanced Partnership with Pakistan Act of 2009 became P.L. 111-73 on October 15. Earlier in 2009, Congress established a new Pakistan Counterinsurgency Capability Fund (PCCF) that is being used to enhance the ability of Pakistani security forces to effectively combat militancy. To date, PCCF appropriations have totaled \$1.1 billion. Moreover, since FY2002 Congress has appropriated billions of dollars to reimburse Pakistan (and other nations) for their operational and logistical support of U.S.-led counterterrorism operations. At more than \$8 billion, these "coalition support funds" (CSF) have accounted for nearly half of all overt U.S. financial transfers to Pakistan since 2001.

The Obama Administration's FY2010 budget request had already reflected a major new emphasis on nonmilitary assistance to Pakistan, most notably by greatly increasing funds meant for economic development (the ESF request of more than \$1 billion nearly doubled that of the previous fiscal year). In addition, both law enforcement and military training funding were roughly doubled. For FY2011, the Administration has requested further boosts in foreign assistance for Pakistan, including a doubling of Global Health and Child Survival funds (to \$67 million) and increased economic support. Security-related assistance may also increase significantly, most notably with the Administration seeking to fund the PCCF—now overseen by the State Department—with \$1.2 billion. The total assistance to Pakistan channeled through State is thus set to increase by about 20% (from \$2.5 billion in FY2010 to more than \$3 billion in FY2011), even when FY2010 supplemental requests are included.

In addition to boosting development aid and placing conditions on future military aid to that country, major Pakistan-specific legislation in the 111<sup>th</sup> Congress (P.L. 111-73), also known as the "Kerry-Lugar-Berman" bill, contains numerous reporting requirements, most aimed at ensuring maximal accountability and transparency for U.S. future assistance funds. The act caused major

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<sup>418</sup> "Pakistan Will Not Repeal Blasphemy Law—Minister," *Reuters*, November 23, 2010.

<sup>419</sup> "Pakistanis Rally in Support of Blasphemy Law," *New York Times*, December 31, 2010; "Islamists Rally in Pakistan," *Wall Street Journal*, January 10, 2011.

<sup>420</sup> "Bhutto Pledges to Defend Minorities in Pakistan," *Reuters*, January 10, 2011.

controversy in Pakistan, where elements of the military and political opposition parties criticized it as an “infringement on Pakistani sovereignty.”<sup>421</sup> Many independent observers saw the unexpectedly strong Pakistani reaction as being fueled and perhaps even generated by a combination of military elements and opposition political forces who shared a common cause of weakening the PPP-led government. More specifically, this perspective had Army Chief General Kayani engaged in an ongoing struggle with President Zardari and Prime Minister Gilani over ultimate control of the country’s military. One effect of the U.S. legislation was to place the United States in the middle of this battle, which dissipated as quickly as it had arisen.<sup>422</sup>

There is an ongoing debate about how best to channel large increases in foreign assistance to Pakistan. It is claimed that roughly half of all U.S. aid pledged for Pakistan is spent on administrative costs, including highly-paid foreign experts, thus forwarding the argument that aid flows would be more effective if channeled through Pakistani agencies. Pakistani officials believe that administrative costs can be further reduced by channeling aid primarily through Pakistani government agencies rather than through nongovernmental organizations. The State Department has planned to significantly scale back its use of U.S. aid contractors in Pakistan and begin channeling more money directly to Pakistani officials and local groups.<sup>423</sup> Yet there are energetic opponents of such a shift. Representative is a “dissent cable” from a senior economist working for USAID in Pakistan warning that Pakistani aid contractors and NGOs are inexperienced and ill-equipped to effectively deliver aid: “Directing an immediate shift away from U.S. contractors already on the ground to local implementers without an appropriate transition period will seriously compromise the more important requirements for quick counterinsurgency and economic impacts.” Some nongovernmental U.S. aid experts have issued similar warnings. Even some in Pakistan believe that experienced Western aid professionals are likely to produce better results than “low-paid government functionaries.”<sup>424</sup>

Senator John Kerry is concerned that large-scale corruption could seriously undermine the U.S. aid effort in Pakistan and he has pressed the State Department to carefully track aid flows to that country. The Senate Foreign Relations Committee Chairman has warned Ambassador Holbrooke that plans to shift a majority of assistance funds directly through Pakistani organizations and government agencies increases the possibility that those funds will be stolen or poorly spent.<sup>425</sup>

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<sup>421</sup> The most serious criticism came from the Pakistani military establishment itself. A statement following the 12<sup>th</sup> Corps Commander Conference in early October included an expression of “serious concern regarding clauses [of the law] impacting on national security.” In the diplomatic context, this was taken as an explicit and strong condemnation; Gen. Kayani was reported to have energetically complained to visiting U.S. commander Gen. McChrystal, focusing especially on clauses related to civilian control over the military, and references to the Afghan “Quetta shura” and the Lashkar-e-Taiba’s Muridke compound (See the army’s October 7, 2009, release at [http://www.ispr.gov.pk/front/main.asp?o=t-press\\_release&date=2009/10/7](http://www.ispr.gov.pk/front/main.asp?o=t-press_release&date=2009/10/7); “U.S. Aid Package Riles Pakistan’s Army,” *New York Times*, October 8, 2009).

<sup>422</sup> “Pakistan Aid Places U.S. in the Midst of a Divide,” *New York Times*, October 13, 2009.

<sup>423</sup> “US Aid to Pakistan ‘Depleted by Admin Costs,’” *Financial Times* (London), August 27, 2009; “Gilani Opposes Aid Disbursement Though NGOs,” *Daily Times* (Lahore), September 7, 2009; “U.S. to Channel More Aid Via Pakistan Government,” Reuters, April 14, 2010.

<sup>424</sup> See the “sensitive but unclassified” October 2, 2009, cable at <http://i.usatoday.net/news/pdf/Dissent%20on%20Holbrooke%20FATA%20actions.pdf>; “NGOs Press U.S. Government on Pakistan Aid Packages,” Reuters, November 11, 2009; “American Aid” (editorial), *Dawn* (Karachi), September 8, 2009.

<sup>425</sup> “Kerry Pushes For Tougher Controls on Aid to Pakistan,” *Boston Globe*, May 28, 2010.

## **The Friends of Democratic Pakistan (FODP)**

A “Friends of Democratic Pakistan” (FODP) group was launched in September 2008, when President Zardari and the top diplomats of the United Arab Emirates, Britain, and the United States were joined by foreign ministers from Australia, Canada, France, Germany, Italy, Japan, and Turkey, and representatives of China, the European Union, and the United Nations. A resulting statement expressed agreement to work in strategic partnership with Pakistan to combat violent extremism; develop a comprehensive approach to economic and social development; coordinate an approach to stabilizing and developing border regions; address Pakistan’s energy shortfall; and support democratic institutions.<sup>426</sup> In April 2009, 31 countries and 18 international institutions sent representatives to an FODP/Donors’ Conference in Tokyo. There Ambassador Holbrooke announced the Administration’s intent to provide a total of \$1 billion in assistance to Pakistan over the 2009-2010 period, bringing to more than \$5 billion the total offered by the international community on top of the IMF package. At an FODP summit meeting in New York in September co-chaired by President Obama, President Zardari, and British Prime Minister (name redacted), the forum reiterated its central goals, but no further specifics were discussed pending more detailed Pakistani development proposals. The FODP’s Third Ministerial Meeting took place in October, when donors continued to press Pakistan to reform its economy, especially through an expansion of the tax base.<sup>427</sup>

## **U.S. Economic, Development, and Humanitarian Assistance**

The Obama Administration’s congressionally-mandated Pakistan Assistance Strategy Report, issued in December 2009, lays out the principal objectives of nonmilitary U.S. assistance to Pakistan (to help “in building a stable, secure, and prosperous Pakistan”), a general description of the programs and projects designed to achieve these goals, and a plan for monitoring and evaluating the effort. For FY2010-FY2014, it proposes to devote \$3.5 billion—nearly half of the \$7.5 billion of the aid authorized by The Enhanced Partnership With Pakistan Act of 2010—to “high-impact, high-visibility” infrastructure programs, especially in the energy and agriculture sectors. Another \$2 billion will fund health, education, and humanitarian programs, while the remaining \$2 billion will seek to develop Pakistani government capacity by improving national and local governance, and security and legal institutions.<sup>428</sup>

A focus on infrastructure projects is meant to “provide tangible benefits to Pakistani citizens and help Pakistan ameliorate energy and water shortages, and to demonstrate that “the United States is committed to helping address some of the problems that most affect the everyday lives of Pakistanis.” Geographically, U.S. programs concentrate on the KPK province and FATA, along with other areas “vulnerable to extremism,” such as southern Punjab.<sup>429</sup> The Special

<sup>426</sup> See State’s September 26, 2008, release at <http://2001-2009.state.gov/r/pa/prs/ps/2008/sept/110353.htm>.

<sup>427</sup> “Friends Tell Pakistan to Shape Up in Exchange for Aid,” *Daily Times* (Lahore), October 16, 2010.

<sup>428</sup> See the December 14, 2009, document at [http://www.state.gov/s/special\\_rep\\_afghanistan\\_pakistan/133902.htm](http://www.state.gov/s/special_rep_afghanistan_pakistan/133902.htm). According to USAID, “The goal of U.S. assistance to Pakistan is to tangibly improve the well-being of Pakistanis and to support the Government of Pakistan in fulfilling its vision of a moderate, democratic, and prosperous country.” U.S. assistance emphasizes efforts to strengthen Pakistan’s health and education sectors, create economic growth and opportunity, bolster judicial and democratic governance institutions, and providing humanitarian assistance, including relief for earthquake victims and those displaced by violent conflict (see the Pakistan Mission overview at <http://www.usaid.gov/pk/about/index.html>).

<sup>429</sup> U.S. Department of State FY2011 Congressional Budget Justification for Foreign Operations, March 2010.

Representative for Afghanistan and Pakistan (SRAP) presents five goals for civilian assistance to Pakistan: (1) helping to address urgent *energy and water crises*; (2) supporting broader *economic and political reforms* necessary for sustainable growth; (3) improving Pakistanis' prospects for better *health care and education*; (4) helping respond to *humanitarian challenges*; and (5) *combating extremism*. In this effort, reliance on large international contractors will be reduced in favor of building local capacity through Pakistani implementing partners that will be carefully vetted by American and Pakistani accountants. To mitigate the risk of increased corruption, the numbers of direct-hire contracting staff and inspector-general personnel inside Pakistan will be increased.<sup>430</sup> In mid-2009, the Obama Administration began emphasizing the importance of upgrading Pakistan's struggling energy sector.

## U.S. Security Assistance

U.S.-Pakistan security cooperation accelerated rapidly after 2001, and President Bush formally designated Pakistan as a major non-NATO U.S. ally in 2004. The close U.S.-Pakistan security ties of the cold war era, which came to a near halt after the 1990 aid cutoff, were 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 and, three years later, Washington announced that it would resume sales of new F-16 fighters to Pakistan after a 16-year hiatus. During the G.W. Bush Administration, a revived U.S.-Pakistan Defense Consultative Group (DCG)—moribund from 1997 to 2001—sat for high-level discussions on military cooperation, security assistance, and anti-terrorism. The forum has continued under the Obama Administration; its 19<sup>th</sup> and most recent session came in August 2010, when an American delegation led by Under Secretary of Defense for Policy Michelle Flournoy met with their Pakistani counterparts to continue dialogue on strategic security issues and seek means to accelerate counterterrorism cooperation.<sup>431</sup>

Pentagon officials have for some time been frustrated by the allegedly feckless counterinsurgency efforts of the internally squabbling Islamabad government in the recent past. Reports indicate that U.S. officials have been disheartened 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. This is not clearly a task the Pakistani military leadership has been eager to complete. In an effort to more effectively channel U.S. security assistance so as to specifically strengthen Pakistan's counterinsurgency capabilities, the Pentagon proposed—and Congress later endorsed—creation of a dedicated fund, the PCCF.<sup>432</sup>

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<sup>430</sup> Testimony of Deputy SRAP Dan Feldman before the House Oversight and Government Reform Subcommittee on National Security and Foreign Affairs, "U.S. Aid to Pakistan (Part II): Planning and Accountability," March 16, 2010.

<sup>431</sup> See the resulting August 6, 2010, Joint Statement at <http://islamabad.usembassy.gov/pr-10080605.html>.

<sup>432</sup> Appearing before both Senate and House panels in May 2009, Secretary of Defense Gates urged Congress to quickly provide significant new counterinsurgency funding for Pakistan, arguing that the newly authorized PCCF should be overseen by U.S. military commanders rather than by State Department civilians. Yet many in Congress voiced doubts about the wisdom of creating a major new stream of military funding under Pentagon oversight, as such aid traditionally has been subject to Foreign Assistance Act restrictions. When the House Appropriations Committee took up the issue, its members determined to place PCCF oversight in the hands of the State Department after FY2010, a plan then endorsed by the full House ("Gates Pushes Congress to Boost Pakistan Aid," *Washington Post*, May 1, 2009; "Democrats Steer Pakistan Security Account to State," *Associated Press*, May 7, 2009).

There are concerns that allegedly serious human rights abuses by the army in Swat, including extrajudicial killings and the holding of some 2,500 suspected militants in indefinite detention, could trigger so-called “Leahy Amendment” restrictions on future U.S. security assistance.<sup>433</sup>

## **Defense Supplies**

Major U.S. 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, but U.S. grants are currently eclipsing this in recent years. The Pentagon reports total Foreign Military Sales agreements with Pakistan worth \$5.4 billion for FY2002-FY2010 (in-process sales of F-16 combat aircraft and related equipment account for more than half of this). The United States also has provided Pakistan with more than \$2.1 billion in Foreign Military Financing (FMF) since 2001 (including scheduled FY2010 funds). These funds are used to purchase U.S. military equipment for longer-term modernization efforts. Pakistan also has been granted U.S. defense supplies as Excess Defense Articles (EDA). Major post-2001 defense supplies provided or soon-to-be provided under FMF include:

- eight P-3C Orion maritime patrol aircraft and their refurbishment (valued at \$474 million; two delivered);
- about 6,312 TOW anti-armor missiles (\$186 million; at least 2,007 delivered);
- more than 5,600 military radio sets (\$163 million);
- six AN/TPS-77 surveillance radars (\$100 million);
- six C-130E transport aircraft and their refurbishment (\$76 million);
- five refurbished SH-2I Super Seasprite maritime helicopters granted under EDA (\$67 million);
- the *USS McInerney*, an ex-Perry class missile frigate (via EDA, \$65 million for refurbishment);
- 20 AH-1F Cobra attack helicopters via EDA (\$48 million, 12 refurbished and delivered); and
- 121 refurbished TOW missile launchers (\$25 million).

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

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<sup>433</sup> “Pakistan Army Accused of Extrajudicial Killings, Human Rights Abuses,” *Washington Post*, April 5, 2010; “Pakistan Holding Thousands in Indefinite Detention, Officials Say,” *Washington Post*, April 21, 2010. Sec. 620J of the Foreign Assistance Act of 1961 (P.L. 87-195, as amended), also known as the Leahy Amendment, states that “No assistance shall be furnished under this Act or the Arms Export Control Act to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights.” When asked directly during a June 2010 Senate Appropriations Committee hearing, Secretary Gates assured Congress that his department was working to ensure that the “Leahy Law” is being implemented in both Pakistan and Afghanistan (statement of Secretary of Defense Robert Gates before the Senate Appropriations Committee, June 16, 2010).

- up to 60 Mid-Life Update kits for F-16A/B combat aircraft (valued at \$891 million, with \$477 million of this in FMF; Pakistan's current plans are to purchase 35 such kits); 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, 17 delivered to date);
- F-16 armaments including 500 AMRAAM air-to-air missiles; 1,450 2,000-pound bombs; 500 JDAM bomb tail kits for gravity bombs; and 1,600 Enhanced Paveway laser-guided bomb kits, also for gravity bombs (\$629 million);
- 100 Harpoon anti-ship missiles (\$298 million);
- 500 Sidewinder air-to-air missiles (\$95 million); and
- six Phalanx Close-In Weapons System naval guns (\$80 million).

Major articles transferred via EDA include:

- 14 F-16A/B combat aircraft;
- 59 T-37 military trainer jets; and
- 550 M-113 armored personnel carriers.<sup>434</sup>

Under 1206, Frontier Corps, and Pakistan Counterinsurgency Capability Fund authorities, Pakistan has received four Mi-17 multirole helicopters (another six were provided temporarily at no cost), two King Air 350 surveillance aircraft, 450 vehicles for the Frontier Corps, 20 Buffalo explosives detection and disposal vehicles, hundreds of M-141 Bunker Defeat Munitions, helicopter spare parts, sophisticated explosives detectors, night vision devices, radios, body armor, helmets, first aid kits, litters, and large amounts of other individual soldier equipment. Pakistan is eager to receive more counterinsurgency hardware for use in western Pakistan, including armored personnel carriers, laser target designators, laser-guided munitions, and more night-vision goggles and surveillance gear. They also request better and more sophisticated surveillance and communications equipment, along with more attack and utility helicopters.<sup>435</sup>

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 has claimed that, since 2005, FMF funds have been "solely for counterterrorism efforts, broadly defined."<sup>436</sup> Such claims elicit skepticism from some observers, and analysts who emphasize the importance of strengthening the U.S.-India strategic partnership have called U.S. military aid to Pakistan

<sup>434</sup> Figures reported by the U.S. Department of Defense. See also CRS Report RS22757, *U.S. Arms Sales to Pakistan*.

<sup>435</sup> "US Military Aid is Insufficient" (interview with Maj. Gen. Athar Abbas), *Friday Times* (Lahore), February 20, 2009.

<sup>436</sup> F-16 aircraft are reported to be especially effective in Pakistan's counterinsurgency efforts, with improved training and enhanced capabilities allowing for more precise targeting resulting in fewer civilian casualties (see the December 17, 2009, statements of a Pentagon official at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4528>); State's release at <http://2001-2009.state.gov/p/sca/rls/rm/2007/97946.htm>.

incompatible with U.S. strategic goals in the region. Moreover, U.S. officials are concerned that Pakistan has altered some conventional U.S.-supplied weapons in ways that could violate the Arms Export Control Act. Such alleged modification include expanding the capability of both Harpoon anti-ship missiles and P-3C naval aircraft for land-attack missions. The Islamabad government categorically rejects the allegations.<sup>437</sup> Indian observers were unsurprised by the claims; New Delhi's leaders continuously complain that Pakistan diverts most forms of U.S. assistance toward India. Some more suspicious analysts even see purpose in such a dynamic: a U.S. wish to maintain Pakistan's viability as a regional balancer to Indian hegemony.<sup>438</sup>

In the summer and fall of 2009, some reports had Pakistani officials claiming the military could not take immediate advantage of TTP chief Baitullah Mehsud's death due to a shortage of counterinsurgency equipment it needed from the United States. Some analysts complained that a delay in the expected South Waziristan offensive could in part be traced to U.S. "withholding" of equipment. Pentagon officials deny that Pakistan has been prevented or deterred from acquiring the counterinsurgency equipment it wants and needs.<sup>439</sup> Indeed, during the course of the fighting in South Waziristan, Pakistan received low-profile but significant U.S. assistance in the form of transport helicopters, parts for helicopter gunships, and infantry equipment, along with unprecedented intelligence and surveillance video sharing from American UAVs. In anticipation of new counterinsurgency operations in 2010, the United States provided the Pakistani air force with about 1,000 quarter-ton bombs, along with up to 1,000 kits for making gravity bombs laser-guided-capable. As noted above, transfers to Pakistan of such offensive weaponry are viewed with a wary eye by the Indian government.<sup>440</sup>

Pakistani officials have continued to complain that U.S.-supplied defense equipment, especially that most needed for counterinsurgency operations such as attack and utility helicopters, has been too slow in coming. The Pakistani Ambassador to the United States has himself been quoted as claiming that, in his first two years in Washington, Pakistan received only eight used Mi-17 transport helicopters and that Pakistan's military operations have been hindered by a lack of equipment. Such claims rile U.S. officials, who document that the United States has provided Pakistan with at least 50 helicopters since 2006—12 of them armed Cobra models—and who note that the delivery of more top-line attack helicopters has come under delay because of Pakistani inaction.<sup>441</sup> Former Joint Chiefs Chairman and Secretary of State Colin Powell has urged the Obama Administration to do a better job of providing the Pakistani military with the mobility and

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<sup>437</sup> "U.S. Says Pakistan Made Changes to Missiles Sold for Defense," *New York Times*, August 30, 2009; Foreign Ministry's August 30, 2009, release at [http://www.mofa.gov.pk/Press\\_Releases/2009/Aug/PR\\_335\\_09.htm](http://www.mofa.gov.pk/Press_Releases/2009/Aug/PR_335_09.htm).

<sup>438</sup> "India Reacts to US Accusing Pakistan of Illegally Modifying Missiles," BBC Monitoring South Asia, August 31, 2009; "Aid to Pakistan 'Invariably Directed' Against India - Minister," BBC Monitoring South Asia, August 17, 2009; Gurmeet Kanwal, "US Arms Sales Are Propping Up Pakistan as a Regional Challenger," Institute for Defense Studies and Analysis (New Delhi), February 11, 2010.

<sup>439</sup> "Pakistan Asks US for Hardware to Enable Waziristan Offensive," *Jane's Defense Weekly*, August 21, 2009; Shuja Nawaz, "How to Help Pakistan Win This Fight," *Foreign Policy* (online), October 20, 2009; author interviews with Pentagon officials.

<sup>440</sup> "U.S. Aiding Pakistani Military Offensive," *Los Angeles Times*, October 23, 2009; "U.S. Provides Pakistan Air Force 1,000 Bombs for New Offensive," Bloomberg News, March 2, 2010. When asked about the bomb deliveries, India's defense minister was quoted as saying, "Given our bitter past experience of how Islamabad used such aid against India, Washington should assure that the latest tranche of military aid is used only for the purpose of countering Al Qaeda and Taliban terrorists" ("Antony Concerned Over US Arms to Pak," *Statesman* (Delhi), March 5, 2010).

<sup>441</sup> "Pakistan Wants Combat Copters," *Washington Times*, June 16, 2010; author interviews with Defense Department officials.

intelligence capabilities needed for counterinsurgency operations.<sup>442</sup> In September 2010, the Pentagon notified Congress of a potential sale to Pakistan of 30 Bell 412 utility helicopters and related support and training worth up to \$397 million.<sup>443</sup>

## **Training and Law Enforcement**

The Bush Administration launched an initiative to strengthen the capacity of the Frontier Corps (FC), an 65,000-man paramilitary force overseen by the Pakistani Interior Ministry. The FC has primary responsibility for border security in the KPk 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. Americans are also engaged in training Pakistan's elite Special Service Group commandos with a goal of doubling that force's size to 5,000.<sup>444</sup> The U.S. program to train Pakistan's paramilitary forces reportedly has been hampered by Pakistan's reluctance to send troops who are needed for urgent operations elsewhere. Some analysts also contend that only U.S. military personnel (as opposed to contractors) can effectively train Pakistani soldiers.<sup>445</sup>

Other security-related programs for Pakistan are aimed especially at bolstering Islamabad's counterterrorism and border security efforts, and have included U.S.-funded road-building projects in the KPk and FATA. 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. 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. At least 300 Pakistani officers have received such training since 2001.

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.<sup>446</sup> Pakistan's weak criminal justice sector is marked by conviction rates below 10%, poorly trained investigators, and rampant corruption. Some analysts link the problem to democratization more broadly, and urge much greater U.S. and international attention to bolstering Pakistan's civilian security sector.<sup>447</sup> The findings of a 2008 think-tank report reflected a widely held view that Pakistan's police and civilian intelligence agencies are better suited to combating insurgency and terrorism than are the country's regular army. The report found that

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<sup>442</sup> See the November 15, 2010, CNN transcript at <http://transcripts.cnn.com/TRANSCRIPTS/1011/15/kl.01.html>.

<sup>443</sup> See the notification at [http://www.dsca.osd.mil/PressReleases/36-b/2010/pakistan\\_10-28.pdf](http://www.dsca.osd.mil/PressReleases/36-b/2010/pakistan_10-28.pdf).

<sup>444</sup> "Joint Chiefs Chairman and Musharraf Discuss Terror Threat," *New York Times*, February 10, 2008. One Harvard University-based analyst and former Pakistani police official opined 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 (Hassan Abbas, "Transforming Pakistan's Frontier Corps," *CTC Terrorism Monitor*, March 29, 2007).

<sup>445</sup> "U.S. Training of Pakistani Forces Faces Hurdles," *New York Times*, July 12, 2010; "Pakistani Training Hits Bureaucratic Tangle," *CQ Today*, May 10, 2010.

<sup>446</sup> See, for example, Seth Jones, et al., "Securing Tyrants or Fostering Reform?," RAND Corporation Monograph, January 7, 2007.

<sup>447</sup> See "Reforming Pakistan's Criminal Justice System," International Crisis Group Asia Report No. 196, December 6, 2010.

Pakistan's police forces are "incapable of combating crime, upholding the law, or protecting citizens and the state against militant violence," and placed the bulk of responsibility on the politicization of the police forces. The report recommended sweeping reforms to address corruption and human rights abuses.<sup>448</sup>

## **Selected Pakistan-Related Legislation in the 111<sup>th</sup> Congress**

**P.L. 111-8:** The Omnibus Appropriations Act, 2009 (became Public Law on March 11, 2009):

- Limits FY2009 Foreign Military Financing for Pakistan to "border security, counterterrorism, and law enforcement activities directed against Al Qaeda, the Taliban, and associated groups."
- Bars the use of such funds for any program initially funded under the authority of Section 1206 of the 2006 defense authorization (P.L. 109-163), which pertains to Pentagon programs for training and equipping foreign military forces.

**P.L. 111-32:** The Supplemental Appropriations Act, 2009 (became Public Law on June 24, 2009):

- Appropriates \$672 million in supplemental FY2009 assistance funds for Pakistan.
- Appropriates \$1 billion for continuing coalition support reimbursements to key cooperating nations (Pakistan typically receives roughly 80% of such funds).
- Establishes new U.S. Treasury funds providing a total of \$1.1 billion for strengthening Pakistani counterinsurgency capabilities through FY2011.
- Requires the President to report to Congress an assessment of the extent to which the Afghan and Pakistani governments are demonstrating the necessary commitment, capability, conduct and unity of purpose to warrant the continuation of the President's policy announced in March 2009.
- Requires the President to report to Congress a clear statement of the objectives of United States policy with respect to Afghanistan and Pakistan, and the metrics to be used to assess progress toward achieving such objectives.

**P.L.-111-73:** The Enhanced Partnership With Pakistan Act of 2009 (became Public Law on October 15, 2009):

- Authorizes \$1.5 billion per fiscal year for nonmilitary assistance to Pakistan for FY2010-FY2014, and establishes a sense of Congress that, subject to an improving political and economic climate in Pakistan, such aid levels should continue through FY2019.
- Prohibits military assistance and arms transfers to Pakistan during FY2010-FY2014 unless the Secretary of State annually certifies for Congress that (1) Pakistan is continuing to cooperate with the United States to dismantle illicit nuclear proliferation networks; (2) Pakistan's government is making significant

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<sup>448</sup> "Reforming Pakistan's Police," International Crisis Group Asia Report No. 157, July 14, 2008.

efforts to combat terrorist groups; and (3) Pakistan's security forces are not subverting Pakistan's political or judicial processes.

- Directs the Secretary of State to submit a Pakistan Assistance Strategy Report to Congress containing descriptions of objectives, and monitoring and accountability mechanisms.

**P.L. 111-84:** The National Defense Authorization Act for FY2010 (became Public Law on October 28, 2009):

- Directs the Secretary of State to carry out a program to provide for the registration and end-use monitoring of defense articles and services transferred to Pakistan (and Afghanistan), and to prohibit the retransfer of such articles and services without U.S. consent.
- Requires the Secretary to (1) assess possible alternatives to reimbursements to Pakistan for logistical, military, or other support provided to or in connection with U.S. military operations; and (2) report assessment results to the defense, appropriations, and foreign relations committees.
- Directs the Secretary to report semiannually to Congress on progress toward long-term security and stability in Pakistan.

**P.L. 111-118:** The Department of Defense Appropriations Act, 2010 (became Public Law on December 19, 2009)

- Requires the Director of the Office of Management and Budget, in consultation with the Secretary of Defense and other defense officials, to submit to Congress a quarterly report on the proposed use of all Pakistan Counterinsurgency Fund (PCF) spending on a project-by-project basis.
- Requires the Secretary of Defense to notify Congress of any new PCF projects or fund transfers in excess of \$20 million.

**H.R. 1463:** To restrict U.S. military assistance to Pakistan (referred to House committee on March 12, 2009):

- Would have prohibited U.S. military assistance to Pakistan unless the President certified for Congress that the Islamabad government was making A.Q. Khan available for questioning by U.S. officials and that it was adequately monitoring Khan's activities so as to prevent his participation in any further nuclear proliferation.

**S. 496:** Afghanistan and Pakistan Reconstruction Opportunity Zones Act of 2009 (referred to Senate committee on February 26, 2009; a related bill, H.R. 1318, was passed by the House as part of H.R. 1886 on June 11, 2009):

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

**Table I. Direct Overt U.S. Aid and Military Reimbursements to Pakistan, FY2002-FY2010**

(rounded to the nearest millions of dollars)

Program or Account	FY2002-FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010 (est.)	FY2002- FY2010 Total	FY2011 (req.)
I206	—	—	28	14	56	114	f	212	f
CN	—	8	24	49	54	47 <sup>e</sup>	43	225	63 <sup>f</sup>
CSF <sup>a</sup>	3,121 <sup>c</sup>	964	862	731	1,019	685 <sup>f</sup>	1,499 <sup>g</sup>	8,881 <sup>g</sup>	g
FC	—	—	—	—	75	25 <sup>e</sup>	—	100	—
FMF	375	299	297	297	298	300	288 <sup>i</sup>	2,154	296
IMET	3	2	2	2	2	2	5	18	4
INCLE	154	32	38	24	22	88 <sup>g</sup>	170 <sup>i</sup>	528	140
NADR	16	8	9	10	10	13 <sup>g</sup>	21	87	25
PCF/PCCF	—	—	—	—	—	400	700	1,100	1,200
<b>Total Security-Related</b>	<b>3,669</b>	<b>1,313</b>	<b>1,260</b>	<b>1,127</b>	<b>1,536</b>	<b>1,674<sup>h</sup></b>	<b>2,726</b>	<b>13,305</b>	<b>1,728</b>
CSH/GHCS	56	21	28	22	30	34	30	221	67
DA	94	29	38	95	30	—	—	286	—
ESF	1,003 <sup>d</sup>	298	338	394 <sup>e</sup>	347	1,114 <sup>g</sup>	1,292 <sup>i</sup>	4,786	1,322
Food Aid <sup>b</sup>	46	32	55	—	50	55	142	380	90
HRDF	3	2	1	11	—	—	—	17	—
IDA	—	—	70	50	50	103	115	388	86
MRA	22	6	10	4	—	61	42	145	—
<b>Total Economic-Related</b>	<b>1,224</b>	<b>388</b>	<b>540</b>	<b>576</b>	<b>507</b>	<b>1,367<sup>h</sup></b>	<b>1,621</b>	<b>6,067</b>	<b>1,565</b>
<b>Grand Total</b>	<b>4,893</b>	<b>1,701</b>	<b>1,800</b>	<b>1,703</b>	<b>2,043</b>	<b>3,041<sup>h</sup></b>	<b>4,347</b>	<b>19,598</b>	<b>3,293</b>

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

**Abbreviations:**

I206: Section 1206 of the National Defense Authorization Act (NDAA) 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 (Global Health and Child Survival, or GHCS, from FY2010)  
DA: Development Assistance  
ESF: Economic Support Funds  
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 Funds  
IDA: International Disaster Assistance (Pakistani earthquake and internally displaced persons relief)  
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 (the majority allocated for Pakistan is for anti-terrorism assistance)  
PCF/PCCF: Pakistan Counterinsurgency Fund/Pakistan Counterinsurgency Capability Fund (Pentagon budget through FY2010, State Department thereafter)

**Notes:**

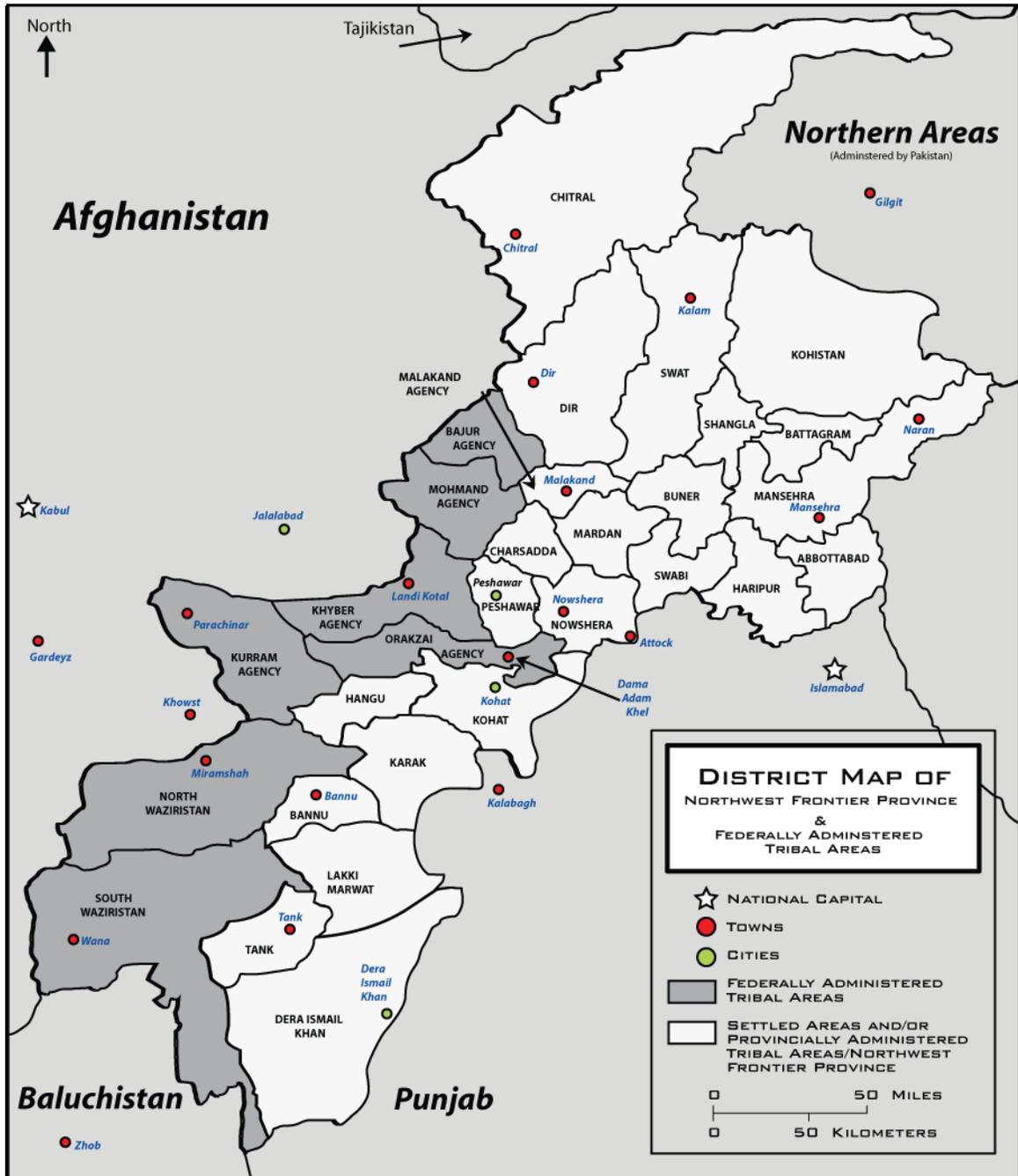
- a. CSF is Pentagon funding to reimburse Pakistan for its support of U.S. military operations. It is not officially designated as foreign assistance.
- b. P.L.480 Title I (loans), P.L.480 Title II (grants), and Section 416(b) of the Agricultural Act of 1949, as amended (surplus agricultural commodity donations). Food aid totals do not include freight costs.
- c. Includes \$220 million for Peacekeeping Operations reported by the State Department.
- d. 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 have been mostly “projectized” from FY2008 on.
- e. Includes \$110 million in Pentagon funds transferred to the State Department for projects in Pakistan’s tribal areas (P.L. 110-28).
- f. This funding is “requirements-based;” there are no pre-allocation data.
- g. Congress appropriated \$1.2 billion for FY2009 and \$1.57 billion for FY2010, and the Administration requested \$2 billion for FY2011, in additional CSF for all U.S. coalition partners. Pakistan has in the past received about 80% of such funds. FY2009-FY2011 may thus see an estimated \$3.4 billion in additional CSF payments to Pakistan.
- h. Includes a “bridge” ESF appropriation of \$150 million (P.L. 110-252), \$15 million of which the Administration later transferred to INCLE. Also includes FY2009 supplemental appropriations of \$539 million for ESF, \$66 million for INCLE, and \$2 million for NADR.
- i. The Administration’s request for supplemental FY2010 appropriations includes \$244 million for ESF, \$40 million for INCLE, and \$60 million for FMF funds for Pakistan. These amounts are included in the estimated FY2010 total.

Figure 1. Map of Pakistan



Source: Map Resources. Adapted by CRS.

Figure 2. District Map of Pakistan's Khyber Pakhtunkhwa (formally North West Frontier Province) and Federally Administered Tribal Areas



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