

OVERVIEW

It is clichéd to state that 2020 was an extraordinary year. The year halted the life as never before. Pandemic, a once in a century event, threw up new and unprecedented challenges for societies and leaders around the world. It tested the limits of man-made systems and their ability to respond to extraordinary crises. COVID-19 pandemic challenged the ability of policy-makers to save lives while keeping the economies running. Pakistan was no exception. The policy-makers faced stark choices when it came to dealing with serious governance, public health, political, economic, diplomatic, and security challenges. Meanwhile, despite the pandemic, regional environment remained fraught and international order experienced escalating China-US strategic competition, with its attendant consequences across the globe.

This report is an attempt to look at where Pakistan, as a collective, stands in various key areas, directly relevant to our polity. It brings together essays written by experts and former policy-makers on diverse subjects such as strategic environment, foreign policy, internal security, governance, economy, public health, energy sector, and cyber security. A common theme, in all these topics, is the pre-eminence of COVID-19 complicating the pre-existing

challenges.

Pandemic has influenced the policy-landscape in ways unthinkable just a year ago. Policy choices are now being weighed in the backdrop of the pandemic. Where in 2020 the focus was on managing the onset of disease and slowing down the spread of contagion, 2021 will be about procuring and making available enough doses of vaccine to break the virus chain. While it is a public health issue, the ability to vaccinate the people is turning out to be a function of the ability to purchase the vaccine by leveraging foreign relationships of the country.

With COVID-19 dominating the policy-discourse, Adnan Arshad and Kamran Nasir have in their essays on public health and the state of economy unpacked dynamics of the pandemic and its impact on the economy. Given the origins of COVID-19 in China, Islamabad was caught between the competing pulls of evacuating students from China and extending crucial support to Beijing at a time when the West laid blame on China's door for the worldwide spread of the virus. As the government got hampered due to the policy paralysis, a rise in cases within the country was witnessed with unimpeded arrival of citizens

returning from Iran, Gulf and Europe. Then in the face of mounting public and political pressure, the federal government scrambled to respond to the raging novel coronavirus and announced imposition of a nation-wide lockdown for two months. Competing pressures from clergy were factored in to keep the mosques open, while federal government broadened the scope of emergency cash payments for the vulnerable population that was dependent on daily wages in the informal economy. In time, spread of disease slowed and number of cases and fatalities remained on the lower end as compared with other populous countries like Brazil, India, Indonesia, and the United States. In terms of human cost, Pakistan was spared the worst.

The strategic environment being faced by Pakistan, meanwhile, remained challenging during the year. Former Foreign Secretary Ambassador Salman Bashir and Former Defence Secretary Lt. Gen. (R) Asif Yasin Malik have explored the myriad of challenges confronted by the decision-makers as they navigated foreign policy and national security constraints and opportunities. Externally, tensions with India heavily influenced Pakistan's foreign policy operations. New Delhi continued its repressive measures in occupied Jammu and Kashmir, and Islamabad on the first anniversary of the illegal and

unilateral (August 5, 2019) annexation of Jammu and Kashmir sought to enlist support of fellow Muslim countries for upping diplomatic pressure on India.

In August 2020, two steps by the government influenced strategic direction of the foreign policy. A new political map asserting Pakistan's claim on Kashmir was unveiled. The move did not yield any tangible diplomatic dividend. Secondly, Foreign Minister Shah Mahmood Qureshi publicly complained of lack of effective support from Saudi Arabia and the Organization of Islamic Countries (OIC) for the Kashmir cause. The assertion immediately strained relations with the Kingdom and Riyadh subsequently brought financial pressure into play by seeking repayment of the loan given in 2018. Pakistan's Kashmir diplomacy is set to face new challenges in 2021 with India joining the United Nations Security Council as a non-permanent member.

Strategic coordination and communication with China continued throughout the year. At a time when Pakistan was looking for emergency medical supplies and paraphernalia to equip its hospitals, Beijing dispatched planeloads of masks, protective gear, and much needed ventilators. Pakistan had earlier extended diplomatic support to China when it

faced criticism from the West over its initial response to the pandemic, and promulgation of new national security laws in Hong Kong. On Kashmir, both sides continued to exchange views. Beijing declared Indian actions of August 5, 2019, as illegal. Islamabad, meanwhile, did not intervene in India – China standoff in Eastern Ladakh. It is the India – China strategic and military competition, which could in 2021 provide crucial diplomatic and strategic space to Pakistan to effectively deal with India. Besides, efforts need to be energized for accelerating the work on CPEC projects, particularly, for moving towards the realization of industrialization. In this context, visit of President Xi Jinping to Pakistan, if it happens, could be the highlight of Islamabad's 2021 diplomatic calendar.

Pakistan needs to work closely with Afghanistan for peace and security in the region. During 2020, Pakistan extended crucial support to on-going Afghan peace process, which led to the historic agreement between Taliban and the United States (US), and paved the way for intra-Afghan dialogue. Pakistan engaged with various Afghan groups during the year in a welcome departure from previous policy. This reflected the acknowledgement in Islamabad of diversity in Afghan polity. An agreement on ceasefire has,

however, remained elusive. In coming months, Islamabad could come under renewed Afghan and US pressure to lean on Taliban to announce ceasefire.

As for Iran, 2020 saw limited engagement due to novel coronavirus pandemic. Regional politics continued to direct development of trust between Islamabad and Tehran. Pakistan has, importantly, chosen not to pick a side in the escalating Saudi-Iran rivalry. Moreover, Islamabad has called for restraint in US – Iran tensions. With a new administration in Washington, Islamabad will expect a review of Iran policy and a return to the nuclear deal by US, which will induce a degree of stability in the regional environment.

Aside from regional challenges, maintaining a functional relationship with US remains a challenge for Pakistani policy-makers. A new administration in Washington will review America's engagement with Pakistan, but it is likely to prioritize India as a strategic partner in South Asia in its regional approach. This will constrict space for Pakistani decision-makers. Divergent interests in counter-terrorism, regional affairs, and strategic stability could continue to bedevil bilateral relationship. Given internal turmoil in America, the new administration will undoubtedly focus more on domestic

challenges, leaving little bandwidth for extensive engagement with countries in other regions. Despite this, it is the deepening US–China competition that will gradually spring to the forefront of Pakistan – US bilateral relationship, and test the craft of Pakistani strategic planners. Islamabad would be best served by not overtly picking a side, rather, the emphasis needs to be on maintaining relations with both sides. Pakistan’s goal should be to avoid taking the center-stage in US-China competition and keeping communication channels open with both sides.

A key accomplishment of Pakistan’s diplomacy was saving the country from falling into Financial Action Task Force’s (FATF) blacklist thus far. Pakistan enacted a slew of new laws to implement 21 out of 27 recommendations of FATF. Islamabad, now, has time till February 2021 to take concrete action on the remaining 6 recommendations to come out of the grey list. A return to the normal status will open new financial vistas for Pakistan’s banking and financial sectors while easing up the economic pressures facing the country.

Related to this is the internal security environment where improvement needs to be sustained argues Mr. Safdar Sail in his essay.

After battling militancy and terrorism for over a decade, Pakistan is now consolidating gains and striving to maintain stability. Data indicates a marked decrease of 36 percent in the number of terrorist attacks in 2020 as compared to 2019. Similarly, fatalities have lowered, with direct increase in sense of security across the country. Meanwhile, militant groups continued to target personnel of security forces and law-enforcement agencies; and minority communities. Sectarianism, on the other hand, reared its ugly head again. Moreover, ethnic and sub-nationalistic violence occurred in Balochistan and Sindh. Overall, security situation in Baluchistan remained fragile as compared to other provinces. The raging pandemic has also had an effect on the terrorism landscape. Yet, during 2020, PTI government did not move ahead with the review of existing internal security policy framework. It is imperative that during 2021, PTI government comprehensively reviews existing framework and charts a new course as Pakistan is turning a corner in its fight against terrorism.

An emerging domain that has a direct bearing on governance and national security, but is often overlooked is cyber security. Farooq Naiyer has evaluated the present state of cyber security in Pakistan in the backdrop of geopolitical tensions in South Asia. India is

actively employing cyber domain and tools to propagate its narrative. Meanwhile, India-based hackers and organizations have attempted to take advantage of vulnerabilities in the cyber systems of Pakistani institutions. This highlights the present and clear risk in the cyber domain and calls for putting in place systems and a policy framework to strengthen national cyber capabilities while pushing back against Indian efforts.

On the domestic front, 2020 witnessed political instability, which complicated political, economic and governance challenges for the PTI government. Mr. Raza Rumi and Kamran Nasir have explored dynamics of domestic politics, and economic outlook of the country in their respective pieces. The year 2020 commenced with the PTI government and opposition coming on 'one-page' to enact new legislation to provide 'legal cover' for the extension of Army Chief General Qamar Bajwa. By doing so the political parties have opened the door for extensions of future services chiefs and injected an element of instability in the lopsided civil-military relationship. In future, military chiefs could lean on the civilian leadership to secure extensions, and also the Prime Minister is now equipped to leverage this possibility with military chiefs in future.

This could in the longer run undermine institutional ethos.

This government – opposition 'one page', however, did not last long. As pandemic raged, opposition demanded effective measures and imposition of a lockdown to contain the spread of COVID-19. The military attempted to streamline the pandemic related decision-making through the setting up of a new body called "National Command and Operation Centre" after a meeting of the National Security Committee (NSC), where a string of policy-measures including closure of airspace, borders, educational institutions and prohibition of large public gatherings were also approved. A lockdown was finally announced by the military spokesman following requisition of deployment of the military in aid of civil power under Article 245 by the interior ministry on March 24, 2020. An intensification in differences between PPP-led Sindh government and PTI led federal government on handling of the pandemic was visible and the matter became a subject of media debate. In the meantime, military-dominated National Disaster Management Authority (NDMA) was tasked with procurement and distribution of emergency medical supplies to hospitals across the country. Later, when novel coronavirus cases came down, as a result of

some aggressive containment measures, PTI took credit for it.

Domestic politics heated up with opposition parties coming together under the banner of the 'Pakistan Democratic Movement' (PDM) and directly challenging the military for its alleged interference in the political process. PDM vowed to drive the government out of power by forcing military to end its support to PTI government. From September till December, PDM held rallies and public events across the country, raising political tensions to a fever pitch. PDM has threatened few drastic measures such as resignations from assemblies and long-march to push for government's ouster, but a consensus strategy eludes the opposition, which is not ready to risk undermining the system. For PTI, the threat posed by PDM in its first few weeks has dissipated now. If PDM continues with its 'on again – off again' approach, then, PTI is certain to complete its term.

Despite the formation of PDM, there has been no let up in the government's accountability drive. Opposition leader Shahbaz Sharif, and other stalwarts of PML-N continue to be behind bars. A major pushback to the accountability process, however, came from the Supreme Court. PTI had to face embarrassment when the apex court quashed

Presidential Reference against Justice Qazi Faez Isa. More significantly, in another judgement, Supreme Court termed accountability drive as a tool of political engineering against political opponents. It remains to be seen, if PTI will continue with its controversial accountability drive or if it would review its current approach. Given the centrality of accountability to PTI and PM Khan's political narrative, it is increasingly looking as if the PTI government is struggling to wriggle out of the commitment trap.

On the economic front, 2020 was the year, when the pandemic dictated the economic policies. In April, Pakistan suspended the IMF program and sought debt relief from G-20 for the developing countries. Essentially, Pakistan was given a reprieve from servicing debt obligations till end December, 2020. Economic managers led by Federal Minister for Finance and Revenue Hafeez Sheikh were forced to grapple with the impact of the pandemic on the economic activity and halt in international trade while keeping the social and public sector running. Interest rates were lowered and a stimulus package was announced to financially support private firms. High inflation, however, continued to stress the working class. Remittances from the Pakistani diaspora abroad increased during the year. It happened because the overseas

Pakistanis moved their savings home to support their families that had been distressed financially by the pandemic. This phenomenon is likely to reach its peak in 2021. Subsequently, a downwards trend in remittances is expected because Pakistanis working in the Gulf are losing jobs and would not have much to send back home.

Shortages of sugar and wheat forced the government to import these two essential food items on emergency basis. Food insecurity in the agricultural country reflected badly on the performance of the bureaucratic and governance systems. These shortages caused the food inflation to skyrocket, which directly impacted the lives of millions across the country.

In view of the impact of COVID-19 on the national economy, 2021 should be the year of economic recovery through growth and cash-transfer to maximum number of vulnerable families. The government, in an effort to restart economic activity, has introduced an incentive package for the construction industry with budgeted support of Rs30 billion to provide affordable housing for the masses. Moreover, an amnesty scheme was announced whereby people investing in the construction sector were not to be inquired about their sources of income till the end of

2020. However, a push towards expanding the size of the Public Sector Development Programme (PSDP) should come from across the political spectrum. Spending on infrastructure development (an anathema to PTT's narrative), needs to be enhanced as it would stimulate long-term economic mobility, besides creating jobs and boosting consumption. It is only through public spending that wheels of economic activity can once again be made to run and a return of economic stability could be made possible.

Linked to the economy is the crucial energy sector, where mis-governance has the potential to bring economic activity to a halt and create a law and order situation for the government. Engineer Tahir Bashsrat Cheema and Dr. Ilyas Fazil have delved into detail on issues related to the power, petroleum and gas sectors in the context of energy security. They argue that it was actually the mis-governance in these sectors that was creating crises for the government and people. Efficient management of these two critical sectors can keep the economic engine of the country running. Mr. Cheema, in particular, has warned of return of power outages and a further increase in tariffs if causes of mis-governance are not addressed. Meanwhile, Dr. Fazil has proposed a comprehensive strategy to ensure energy security through intervention

at all stages from hiring right people to procurement to refining, repricing, and supply to industry and domestic consumers.

The bottomline, however, is Pakistan needs to focus on economic recovery during 2021. For this stability in domestic politics is *sine qua non*. Opposition parties cannot be targeted endlessly. As proposed in this review last year, only a ‘national dialogue’ with the goal to “ensure that all stakeholders remain confined to their ambit and constitutional roles within the system” can ‘induce political stability’ is now the focus of political discourse in the country. PTI government should take the lead in organizing such a dialogue, through the Office of the President, by bringing together stakeholders, constitutional experts, political parties, and institutional representatives. Addressing sources of chronic instability and system-wide distortion are preconditions for political stability, which in turn, will improve decision-making and implementation of national policy decisions.