CRS Report for Congress

Pakistan-U.S. Relations

Updated February 22, 2008

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Prepared for Members and Committees of Congress
**Report Documentation Page**

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<td>3. DATES COVERED</td>
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<td>5b. GRANT NUMBER</td>
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<td>12. DISTRIBUTION/AVAILABILITY STATEMENT</td>
<td>Approved for public release; distribution unlimited</td>
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<td>87</td>
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*(Standard Form 298 (Rev. 8-98) Prescribed by ANSI Std Z39-18)*
Pakistan-U.S. Relations

Summary

A stable, democratic, prosperous Pakistan is considered vital to U.S. interests. U.S. concerns regarding Pakistan include regional and global terrorism; Afghan stability; democratization and human rights protection; the ongoing Kashmir problem and Pakistan-India tensions; and economic development. A U.S.-Pakistan relationship marked by periods of both cooperation and discord was transformed by the September 2001 terrorist attacks on the United States and the ensuing enlistment of Pakistan as a key ally in U.S.-led counterterrorism efforts. Top U.S. officials regularly praise Pakistan for its ongoing cooperation, although doubts exist about Islamabad’s commitment to some core U.S. interests. Pakistan is identified as a base for terrorist groups and their supporters operating in Kashmir, India, and Afghanistan. Pakistan’s army has conducted unprecedented and largely ineffectual counterterrorism operations in the country’s western tribal areas, where Al Qaeda operatives and their allies are believed to enjoy “safehavens.”

A separatist insurgency in the divided Kashmir region has been underway since 1989. India has long blamed Pakistan for the infiltration of Islamic militants into its Muslim-majority Jammu and Kashmir state, a charge Islamabad denies. The United States and India have received pledges from Islamabad that all “cross-border terrorism” would cease and that any terrorist facilities in Pakistani-controlled areas would be closed. The United States strongly encourages maintenance of a bilateral cease-fire and continued, substantive dialogue between Pakistan and India, which have fought three wars since 1947. A perceived Pakistan-India nuclear arms race has been the focus of U.S. nonproliferation efforts in South Asia. Attention to this issue intensified following nuclear tests by both countries in 1998. More recently, the United States has been troubled by evidence of the transfer of Pakistani nuclear technologies and materials to third parties, including North Korea, Iran, and Libya. Such evidence became stark in 2004.

Pakistan’s macroeconomic indicators have turned positive since 2001, with some meaningful poverty reduction seen in this still poor country. President Bush seeks to expand U.S.-Pakistan trade and investment relations. Democracy has fared poorly in Pakistan; the country has endured direct military rule for more than half of its existence. In 1999, the elected government was ousted in a coup led by then-Army Chief General Pervez Musharraf, who later assumed the title of president. Supreme Court-ordered elections seated a new civilian government in 2002, but it remained weak, and Musharraf retained the position as army chief until his 2007 retirement. The United States urges full restoration of civilian rule. International concerns grew after Musharraf’s November 2007 suspension of the Constitution and imposition of emergency rule, and the December 2007 assassination of former Prime Minister and leading opposition figure Benazir Bhutto. However, February 2008 parliamentary elections were relatively peaceful and credible, and seated a coalition opposed to Musharraf’s further rule. Congress has annually granted presidential authority to waive coup-related aid sanctions. Pakistan is among the world’s leading recipients of U.S. aid, obtaining some $5 billion in overt assistance since 2001, including about $2 billion in security-related aid. Pakistan also has received nearly $6 billion in reimbursements for its support of U.S.-led counterterrorism efforts.
# Contents

- Key Current Issues ................................................. 2
  - February 2008 Parliamentary Elections ............................. 2
  - Preparations .................................................................. 3
  - Election Day ................................................................... 5
  - Preliminary Results ..................................................... 6
  - Outlook ........................................................................ 7
  - U.S. Policy ..................................................................... 9
  - Role of the Pakistani Military ......................................... 10
- Political Crises, State of Emergency, and Bhutto’s Assassination .... 11
  - Benazir Bhutto Assassinated ........................................... 12
  - State of Emergency Imposed, Then Lifted ......................... 14
- Increasing Islamist Militancy .............................................. 18
  - Al Qaeda in Pakistan ..................................................... 20
  - Conflict in Western Pakistan and the Afghan Insurgency ....... 21
  - U.S.-Pakistan Counterterrorism Cooperation ....................... 22
- Other Recent Developments .............................................. 24

- Setting and Regional Relations .......................................... 25
  - Historical Setting ........................................................ 25
  - U.S.-Pakistan Diplomatic Engagement ............................... 27
  - Political Setting .......................................................... 27
  - Regional Relations ........................................................ 29
    - Pakistan-India Rivalry ................................................ 29
    - The “IPI” Pipeline Project ........................................... 31
    - Afghanistan ............................................................... 32
    - The China Factor ....................................................... 33

- Pakistan-U.S. Relations and Key Country Issues ....................... 34
  - Terrorism ..................................................................... 34
    - Al Qaeda’s Resurgence in Pakistan .................................... 37
    - Infiltration Into Afghanistan .......................................... 37
    - Infiltration into Kashmir and India ................................... 43
    - Domestic Terrorism .................................................... 43
  - Other Security Issues ..................................................... 45
    - Pakistan-U.S. Security Cooperation ................................... 45
    - Nuclear Weapons and Missile Proliferation ....................... 48
    - U.S. Nonproliferation Efforts ......................................... 52
    - Pakistan-India Tensions and the Kashmir Issue .................. 53
    - Baluchistan Unrest ....................................................... 55
    - Narcotics .................................................................... 57
  - Islamization, Anti-American Sentiment, and Madrassas ............... 57
  - Democratization and Human Rights ..................................... 61
    - Democracy and Governance ........................................ 61
    - Human Rights Problems .............................................. 66
  - Economic Issues .......................................................... 69
    - Overview .................................................................... 69
    - Trade and Investment ................................................ 71
List of Figures

Pakistan in Brief ..................................................26
Figure 1. Map of Pakistan ........................................83

List of Tables

Table 1. Selected Unofficial Election Results (shown as a percentage of announced seats won as of February 21) ................ 7
Table 2. Direct Overt U.S. Assistance and Military Reimbursements to Pakistan, FY2001-FY2009 .................................82
Pakistan-U.S. Relations

A stable, democratic, prosperous Pakistan actively working to counter Islamist militancy is considered vital to U.S. interests. Current top-tier U.S. concerns regarding Pakistan include regional and global terrorism; Afghan stability; and domestic political stability and democratization. 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, a failure to contribute sufficiently to the stabilization of neighboring Afghanistan, and a failure to secure civilian governance and rule of law in Islamabad. Many observers thus urge a broad re-evaluation of such policies.

A months-old political crisis and a November emergency proclamation severely undermined the status of the military-dominated government of President Musharraf, who resigned his position as Chief of Army Staff in November. A surge in domestic Islamist militancy following the July denouement of a standoff involving Islamabad’s Red Mosque complex has contributed to this dynamic. The December assassination of former Prime Minister and leading opposition figure Benazir Bhutto, who had returned to Pakistan from self-imposed exile in October, plunged Pakistan and the Musharraf government into further uncertainty. Many observers feared that further violence would lead to another postponement of already-overdue parliamentary elections, with some more cynical analysts (and opposition political activists) believing Musharraf and his ruling party would seek such delays to preserve their own power. Developments in Pakistan in 2007 led many Washington-based critics — both governmental and independent — to more forcefully question the Bush Administration’s ongoing and largely uncritical support for President Musharraf as a key U.S. ally. Such questioning continues with even greater urgency in 2008, especially in the wake of February parliamentary elections that seated a coalition of former opposition parties vehemently opposed to Musharraf’s continued rule.

Moreover, there are indications that anti-American sentiments are widespread in Pakistan, and that a significant segment of the populace views U.S. support for the Musharraf government as being an impediment to, rather than facilitator of, the process of democratization there. The Bush Administration has continued to proclaim its ongoing support for Musharraf, even after his imposition of emergency rule and the later apparently sweeping rejection of his parliamentary allies by Pakistani voters.1 However, in late 2007 the Administration has shown signs of a

1 In a November 20, 2007, interview, President Bush offered strong support for President Musharraf, saying Musharraf “hasn’t crossed the line” and “truly is somebody who believes (continued...)
shift in its long-standing policies toward Pakistan, in particular on the issues of democratization and on Islamabad’s counterterrorism policies in western tribal areas. Congress reportedly continues to consider adjustments to U.S. aid programs for Pakistan, including the possible institution of new conditions on assistance and/or on major arms sales to that country.

Key Current Issues

February 2008 Parliamentary Elections

On February 18, Pakistan held elections to seat a new National Assembly and all four provincial assemblies. A consensus among independent analysts foresaw a process entailing rampant political-related violence and electoral rigging in favor of the recently incumbent, Musharraf-friendly Pakistan Muslim League-Q (PML-Q) faction. While the weeks leading up to the polls did witness much bloodshed, and the pre-election setting was not considered conducive to democratic processes, the day itself was marked by a surprising degree of calm and turnout was relatively solid. Moreover, fears of large-scale rigging appear to have proven unfounded, as the PML-Q was swept from power in a considerable wave of support for Pakistan’s two leading opposition parties, the Pakistan People’s Party (PPP), until last year led by assassinated former Prime Minister Benazir Bhutto and now overseen by her widower, Asif Zardari, and the PML-N faction led by former Prime Minister Nawaz Sharif, himself removed from power in President Musharraf’s 1999 coup. The two largely secular, moderate parties are now set to form a ruling parliamentary coalition in Islamabad. Their leadership intends to legislate sovereign powers back to the Parliament by restoring the 1973 Constitution (Musharraf had overseen amendments empowering the office of the president). They also are likely to lead governments in the two most populous of the country’s four provinces.

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

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2 See also CRS Report RL34335, Pakistan’s Scheduled 2008 Elections.

3 Senate Foreign Relations Committee Chairman Sen. Biden, in Pakistan to observe the election, threatened a cutoff of military aid to Pakistan if the polls were determined to be “patently rigged” (“US Asked to Cut Off Military Aid If Pakistan Vote Unfair,” Agence France Presse, February 15, 2008).
further weakened. Nevertheless, there is a widespread view that the exercise represents an important new chance for the development of democratic governance in Pakistan. Some analysts still cast doubt on expectations that one national election, however credible, can correct Pakistan’s flawed political system in which prime ministers, presidents, and army chiefs continuously jockey for power.4

Preparations. Pakistan’s National Assembly ended its five-year term on November 15. This was the first time in the country’s history that the body had completed a full term without interruption. With Prime Minister Shaukat Aziz’s term also ending, President Musharraf appointed his political ally and recent Chairman of the Senate, Mohammadmian Soomro, to serve as caretaker Prime Minister during the election period. Many analysts viewed the caretaker cabinet as being stacked with partisan Musharraf supporters and so further damaging to hopes for credible elections.5

There were numerous reports of government efforts to “pre-rig” the polls. Those who saw a “stacked judiciary, cowed media, and toothless election commission” were pessimistic about the chances for a credible process.6 Assassinated former Prime Minister Bhutto herself reportedly was set to give visiting U.S. Members of Congress a 160-page report detailing the Election Commission’s and major intelligence agency’s alleged plans to illicitly manipulate the outcome.7 Paris-based Reporters Without Borders warned in January 2008 that press censorship and intimidation continued to severely hamper free media coverage of the election campaign.8 Musharraf repeatedly promised the elections would be credible, and he opined that opposition parties were claiming the polls would be rigged to justify their own anticipated losses.9 The Pakistani president faced further troubles in late January and early February when several hundred retired military officers and servicemen went public with their demands that the president resign for the good of the military and of the country.10

In November, Pakistan’s Chief Election Commissioner announced that national polls would be held on January 8, 2007. About 13,500 candidates subsequently filed papers to vie for Pakistan’s 272 elected National Assembly seats and 577 provincial assembly constituencies. Opposition parties were placed in the difficult position of

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4 See, for example, Ahmed Qurashi, “Back to the Troika?,” (op-ed), News (Karachi), February 5, 2008.
5 Pakistan Institute of Legislative Development and Transparency, Election Monitor 8, November 21, 2007.
choosing whether to participate in elections that could well be manipulated by the incumbent government or to boycott the process in protest. Upon Bhutto’s late December assassination (see “Bhutto Assassinated” section below), a nationwide debate was launched over the issue of postponing the election date. Both Bhutto’s widower, Asif Zardari, the new PPP leader, and Nawaz Sharif demanded the election be held as scheduled. The Bush Administration appeared to support their demands.11 Zardari’s calculation likely was rooted in expectations of a significant sympathy vote for the PPP. The ruling PML-Q appeared to seek — and later welcome — a decision to postpone the polls. Sharif, for his part, maintained a hardline stand against Musharraf’s continued rule, demanding that a broad-based national unity government be put in place.12 Some analysts insisted that an election boycott would only have served the interests of the PML-Q, and they urged full poll participation while stressing the need to minimize any rigging or manipulation of the process.13

The Election Commission’s January 2 decision to delay the polls until February 18 was met with vocal denouncement by the main opposition parties, who accused the government of fearing a major loss. The State Department welcomed the setting of a firm date and urged Pakistani officials to use the interim period to ensure that an independent media is able to operate and that all restrictions on political parties are lifted.14 Musharraf, in a speech to the nation, defended the postponement as necessary given the scale of destruction in Sindh. To his often-used phrase “free, fair, and transparent elections” he added a fourth requirement: that the polls be “peaceful.”15 Opposition parties did not organize large-scale street protests against the decision, but vowed to do so if the impending polls were seen to lack credibility. Fears of violence put a damper on political rallies, which were comparatively rare and of modest scale in the context of Pakistani political history. Despite high stakes, enthusiasm among ordinary Pakistanis appeared to be relatively low.16

In 2007, many among the Pakistani public appeared increasingly put off by a seemingly arbitrary electoral process that preserved the power of a corrupt elite who demonstrate little meaningful concern with the problems of ordinary citizens. Moreover, there has been an accompanying and widespread dismay among Pakistanis at the appearance of unabashed U.S. interference in their political system,
interference that from their perspective serves only to perpetuate the corruption.\textsuperscript{17} In late January 2008, Assistant Secretary for South and Central Asia Richard Boucher told a House panel that the fundamental U.S. goals with regard to Pakistan remained unchanged and included a desire to see “successful transition to democracy and civilian rule” and “the emergence of leaders through a credible election.” While denying that the Administration was prepared to accept “a certain level of fraud,” he expressed an expectation that some level would be seen, saying, “On a scale from terrible to great, it’ll be somewhere in the middle.”\textsuperscript{18} More than $26 million in U.S. aid to Pakistan was devoted to bilateral and multilateral democracy-related programs there in 2007.

**Election Day.** A contingent of more than 25,000 Pakistani citizens were accredited by the Pakistan Election Commission to serve as domestic observers. Some 500 international observers were in country on February 18, along with more than 500 more foreign journalists there to cover the election. The largest foreign observer contingent (137) came from the European Union. Official U.S. observers numbered 56, including 5 from Congress and 8 from the State Department.\textsuperscript{19} (Bush Administration efforts to dispatch election observers to Pakistan reportedly were disorganized and came late in the day, leading some analysts to question U.S. sincerity in seeking to ensure a credible process.)\textsuperscript{20} Preliminary statements from EU officials conceded that a level playing field had not been provided for the campaign but that, on election day itself, “voting on the whole was assessed as positive.”\textsuperscript{21} The 38-person mission fielded by Democracy International — a nongovernmental group contracted by the State Department — also identified a “seriously flawed and difficult pre-election environment,” but reached their own preliminary conclusion that the reasonably peaceful and smoothly conducted polls represented “a dramatic step forward for democracy in Pakistan.” Other outside observers found the polling “sufficiently transparent” and concluded that “the will of the people was reasonably well expressed.”\textsuperscript{22}

\textsuperscript{19} See [http://www.mofa.gov.pk/Spokesperson/2008/Feb/Spokes_13_02_08.htm].
\textsuperscript{22} “International Observer Groups Declare Pakistan Polls ‘Transparent,’” *BBC Monitoring South Asia*, February 19, 2008. A public opinion survey conducted in January by the International Republican Institute found three-quarters of respondents wanting President Musharraf to resign and only 15% approving of the job he was doing, down by half in only two months. The poll also found a majority of Pakistanis both predicting and supporting a PPP win in free and fair elections. When asked to identify the person who could best handle
Pakistan’s print media were cautiously optimistic about the mostly fair and violence-free elections. On the economic front, the overall positive election process likely contributed to a steadying of the rupee’s value and a 3% rise in the Karachi Stock Exchange’s 100-share index.23

**Preliminary Results.** While President Musharraf had been reelected in a controversial indirect vote in October 2007 and was not on the ballot in 2008, the elections were almost universally viewed as being a referendum on his rule. Thus, a sweeping victory by opposition parties and the near-total defeat of the previously ruling PML-Q was portrayed as a resounding rejection of Musharraf, especially in the American press.24 From the perspective of many Pakistanis, however, the vote required a perceived choice between pro- and anti-democratic forces, and so in this respect may have been more structural and less personal. Still, the sweeping opposition victory and corresponding drubbing of Musharraf’s parliamentary allies led many to predict the Pakistani president’s days in power are now numbered. Both before and after the elections, U.S. officials expounded a desire to see “moderate forces” within Pakistani politics come together to sustain their country’s political and economic reforms and to carry on the fight against religious extremism and terrorism. Upon completion of the February 18 exercise, the State Department lauded Pakistan’s “step toward the full restoration of democracy.”25

As shown in Table 1, the PPP appears to have won a clear plurality of seats in the National Assembly, as well as a majority in the provincial parliament of Sindh, the Bhuttos’ ancestral homeland. In the wealthy and densely populated Punjab province, Nawaz Sharif’s PML-N appears set to oversee a coalition in the provincial assembly based in Lahore. Voters in the North West Frontier Province (NWFP) roundly rejected the previously ruling Islamist coalition and awarded the secular Pashtun nationalist Awami National Party (ANP) a resounding comeback after its virtual shutout in 2002. Only in Baluchistan, where some suspect the military and intelligence agencies were more active and successful in rigging efforts, did the PML-Q seem prepared to retain power.

Initial results indicate that the PPP’s expected sympathy vote did not materialize in any major way, as the party’s overall vote count was not much higher than that enjoyed in 2002. It was, in fact, the PML-N that may have done best in the key battleground region of southern Punjab, winning wholesale votes from disgruntled

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22 (...)continued
Pakistan’s problems, a plurality of 32% named PPP parliamentary leader Amin Fahim and another 23% named Nawaz Sharif. Only 8% chose Musharraf and 5% named Pervez Elahi, the prime ministerial candidate of the Musharraf-supporting PML-Q. Another major survey taken at roughly the same time provided similar findings (see [http://www.terrorfreetomorrow.org/upimagestft/TFT%20Pakistan%20Poll%20Report.pdf]).


former PML-Q supporters. Thus, the most startling successes were enjoyed by the previously powerless party of Nawaz Sharif and by the ANP, which replaced the MMA Islamist coalition as the clearly dominant player in the vital NWFP (a leading MMA member, the Jamaat-i-Islami, boycotted the elections in protest of Musharraf’s allegedly unconstitutional status).

Table 1. Selected Unofficial Election Results (shown as a percentage of announced seats won as of February 21)

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<th>Party/Coalition</th>
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<th>PP</th>
<th>PS</th>
<th>PF</th>
<th>PB</th>
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<td>PPP (Pakistan People’s Party)</td>
<td>33</td>
<td>27</td>
<td>55</td>
<td>19</td>
<td>14</td>
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<td>PML-N (Pakistan Muslim League - Nawaz)</td>
<td>26</td>
<td>36</td>
<td>0</td>
<td>5</td>
<td>0</td>
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<tr>
<td>PML-Q (Pakistan Muslim League-Quaid-e-Azam)</td>
<td>15</td>
<td>23</td>
<td>8</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td>MQM (Muttahida Quami Movement)</td>
<td>7</td>
<td>0</td>
<td>28</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ANP (Awami National Party)</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>34</td>
<td>4</td>
</tr>
<tr>
<td>MMA (Muttahida Majlis-e-Amal or United Action Forum)</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>All others (mostly independent candidates, but includes six additional parties)</td>
<td>14</td>
<td>13</td>
<td>7</td>
<td>26</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Election Commission of Pakistan at [http://www.ecp.gov.pk/content/GE08/summary08.pdf].
NA: National Assembly; PP: Punjab Assembly; PS: Sindh Assembly; PF: North West Frontier Province Assembly; PB: Baluchistan Assembly

Outlook. At the time of this writing, negotiations on coalition building are ongoing. President Musharraf immediately expressed his willingness to work with whatever government came into power as a result of the election, even as he recognized the potential for a two-thirds opposition majority in the National Assembly to reverse many of the changes made during his rule. This might in particular include the 17th Amendment to the Constitution, which grants presidential powers to dismiss the Prime Minister and dissolve Parliament. Such a super-majority could also seek to reinstate the judges removed by Musharraf in 2007 and even move to impeach him. Table 1 shows that a PPP/PML-N/ANP combine could, with the addition of some independents, conceivably collect two-thirds of the National Assembly vote, but it presently appears that a PPP-led government will not seek to remove Musharraf through impeachment.

After their victory, the leaders of both major opposition parties issued calls for Musharraf’s resignation. During the week before the polls had opened, PPP leader Zardari and PML-N chief Sharif were in close communication and expressing their intentions to form a coalition government. Yet only Zardari made suggestions that a “national unity government” could include the PML-Q vigorously shunned by Sharif. Zardari seemed briefly to flirt with the idea of presenting himself as the
PPP’s prime ministerial candidate before the voting began, then later ruled himself out for the position.\textsuperscript{26} Still, many analysts believe Zardari may be grooming himself for that office in the future. In an indictment that Musharraf and his allies would pressure Zardari to defer a coalition with Sharif and make an accommodation with the PML-Q and MQM, the Pakistani government resumed its pursuit of a money laundering case against Zardari in a Swiss court, indicating that the National Reconciliation Ordinance (NRO, see “Musharraf-PPP engagement” section below) may not protect Zardari from future prosecutions. Indeed, in the days after the election, there were some signs that the PPP would ally itself with the Musharraf-friendly parties.\textsuperscript{27}

Until Benazir Bhutto’s teenaged son and political heir Bilawal Bhutto Zardari completes studies at Oxford, Asif Zardari will run the PPP. Zardari is a controversial figure in Pakistan: he has spent eight years in prison (without conviction) on charges ranging from corruption to complicity in murder.\textsuperscript{28} His rise to leadership of Pakistan’s largest opposition party could present difficulties for U.S. policy makers. Bhutto’s long-time party deputy and recent National Assembly member Makhdoom Amin Fahim is expected to be the put forward as the PPP’s prime ministerial candidate. Fahim, who comes from a feudal Sindh background similar to that of Bhutto, led the party competently in her absence, but does not possess national standing and support anything close to that enjoyed by Bhutto herself.\textsuperscript{29}

Former Prime Minister Nawaz Sharif may eventually prove to be the greatest benefactor of Pakistan’s political upheaval, and there is little doubt he would serve a third time at the head of government if given the opportunity. Sharif has laid out a series of conditions for joining a ruling coalition with the PPP. These include the removal of President Musharraf and the restoration of the Chief Justice and other judges suspended by Musharraf in November (see “State of Emergency Imposed” section below). In an example of the kind of potentially inflammatory rhetoric used by Sharif, rhetoric which causes wariness in Washington, in a January campaign speech he said, “Musharraf has destroyed Pakistan. He is blindly following America’s orders. The whole of Pakistan is drowned in blood.”\textsuperscript{30}

Whether or not to restore the Chief Justice and other senior judges removed by President Musharraf in November remains a key unsettled issue. Reseating the pre-November 3 Supreme Court would almost certainly lead to Musharraf’s removal from office, as that court appeared close to finding his October reelection as president


\textsuperscript{27} “Govt Presses Swiss Court Case Against Zardari” and “Efforts to Form PPPP, PML-Q, MQM Coalition;” both in \textit{Daily Times} (Lahore), February 21, 2008.


unconstitutional. The PPP has issued ambivalent statements on this issue and is considered unlikely to press ahead as desired by Sharif. The “lawyer’s movement” was a vital facet of the pro-rule of law, anti-Musharraf sentiment that spread in Pakistan during 2007 and it has not faded away: lawyers continue to boycott many courts and the movement remains able to mobilize significant street protests.

Aitzaz Ahsan, the lawyer who lead the successful effort to have former Chief Justice Chaudhry reseated earlier in 2007, has been at the forefront of the current effort to have the Supreme Court reconstituted by Musharraf restored to its pre-November status. In December, he proposed requiring all parliamentary candidates to sign an oath pledging to restore the judiciary, but this tack was rejected by Bhutto and other opposition leaders as unrealistic. Ahsan has himself accused the U.S. government of callousness regarding Musharraf’s crackdown on the Supreme Court. On the very night of the opposition parties’ poll victory, Ahsan saw restrictions on his communication removed. The next day his months of house arrest appeared ended and he was openly talking to journalists, telling them the best option for Musharraf was to quit. Ahsan, a Punjabi, could represent a new power pole within the traditionally hierarchical PPP and is viewed by many as a potential future party leader. Even before the PPP’s poll victory there were signs that Zardari would seek to ensure party unity by offering Ahsan deputy status.

U.S. Policy. Given the plummeting popularity and political influence of their key Pakistani ally, President Musharraf, over the course of 2007, Bush Administration officials were seen to have no “Plan B” and were left with few viable options beyond advocating a credible electoral process and awaiting the poll results. With those results showing a sweeping rejection of Musharraf’s parliamentary allies, the Administration now finds its long-standing policy in apparent disarray and faces even greater pressures to work more closely with civilian and military leaders beyond the president. By some accounts, however, the Administration remains wedded to a policy that would keep the embattled Musharraf in power despite his weakness and lack of public support. This tack may even be fueling interagency disputes in Washington, with some career diplomats arguing that the United States could damage its position by appearing to go against a clear popular mandate against Musharraf.

When asked about coalition-forming negotiations and the outstanding issue of the ousted judiciary, a State Department spokesman summarized the U.S. view:


33 “Zardari Offers Aitzaz to Be His Top Associate,” News (Karachi), January 13, 2008.


Ultimately, what we want to see happen is the formation of a government that’s going to be an effective partner for the United States, not only in confronting extremism but also in helping Pakistan achieve the broad-based goals for that country’s political and economic development. In terms of the specifics of how that’s done, of who winds up in a coalition, who winds up in which ministry, what happens in terms of judicial reform or in terms of judicial appointments, those are really matters for the Pakistanis themselves and for the new government to decide. So again, what we want to see is a government that’s working effectively to be able to meet the challenges that are there, but we’re not trying to offer specific advice to them on how to deal with some of these internal questions.  

Meanwhile, the White House continued to offer praise and support for Musharraf in the face of questions about post-election calls for his resignation:  

Well, the President does support President Musharraf for all of the work that he’s done to help us in counterterrorism. And if you look at what we asked President Musharraf to do — which is to take off the uniform, to set free and fair elections, and to lift the emergency order — he did all of those things. And so now it will be up to the people of Pakistan to see what their new government will look like.  But the President does certainly support him, and has continued to.  

Some in Congress have suggested that a “graceful exit” is the best option for Musharraf, advice thus far rejected by the Pakistani leader. Most Pakistanis express a keen sensitivity to signs of U.S. attempts to influence the post-election coalition-building negotiations, especially if such attempts are perceived to run contrary to the expressed will of the Pakistani electorate. It is for this reason that many independent analysts strongly urge the U.S. government to remain neutral on the composition of Islamabad’s impending leadership in both words and deeds.  

Role of the Pakistani Military. The army is a key player in Pakistani politics. Following President Musharraf’s November resignation as army chief, the new leadership has shown signs of distancing itself from both Musharraf and from direct involvement in the country’s governance. The president’s handpicked successor as Army Chief, Gen. Pervez Ashfaq Kayani, issued orders barring officers from holding unauthorized meetings with civilian leaders, dictated that all active officers holding posts in civilian agencies resign from those positions, and announced that the military’s only role in the election process would be maintenance of security. Many analysts see Gen. Kayani as motivated to improve the image of the military as an institution after an erosion in its status under Musharraf. Such moves have

36 See [http://www.state.gov/r/pa/prs/dpb/2008/feb/101267.htm].  
brought accolades from both Pakistani and international commentators.\textsuperscript{40} Even some Indian observers warn against the common international view that Pakistan’s military represents the most moderating and stabilizing institution in the country and the oftentimes tandem view that Pakistan’s political forces are extremist and destabilizing.\textsuperscript{41}

**Political Crises, State of Emergency, and Bhutto’s Assassination\textsuperscript{42}**

The year 2007 saw Pakistan buffeted by numerous and serious political crises culminating in the December 27 assassination of former Prime Minster and leading opposition figure Benazir Bhutto, who had returned to Pakistan from self-imposed exile in October. Bhutto’s killing in an apparent gun and bomb attack (the circumstances remain controversial) was called a national tragedy for Pakistan and did immense damage to already troubled efforts to democratize the country. Bhutto was “chairperson for life” of what arguably is Pakistan’s most popular party, the Pakistan People’s Party (PPP), which won the most total votes in the 2002 and 2008 national elections. Bhutto’s death appeared to leave the United States even more dependent on an increasingly embattled Musharraf as the only major pro-U.S. leader in Pakistan.\textsuperscript{43} The assassination came just 12 days after Pakistani President Pervez Musharraf had lifted a six-week-old emergency order. Following Bhutto’s death, President Musharraf proclaimed in a nationally televised speech that Bhutto’s mission — “to promote democracy and struggle against terrorism” — remained his mission, as well.\textsuperscript{44}

Pakistan’s recent political crises have been its worst since an October 1999 military coup, when then-Army Chief General Musharraf overthrew the democratically-elected government of Prime Minister Nawaz Sharif. The country suffers from considerable political uncertainty as the tenuous governance structure put in place by Musharraf has come under strain. Popular opposition to military rule had been growing steadily in Pakistan, especially following a series of political crises in 2007: a bungled attempt by Musharraf to dismiss the country’s Chief Justice; Supreme Court rulings which damaged Musharraf’s standing and credibility; constitutional questions about the legality of Musharraf’s status as president; a return to Pakistan’s political stage by two former Prime Ministers with considerable public support; and the pressures of parliamentary elections. The catastrophic December


\textsuperscript{41} See, for example, Shekhar Gupta, “Mirage Musharraf” (op-ed), Indian Express (Mumbai), January 19, 2008.

\textsuperscript{42} See also CRS Report RL34240, Pakistan’s Political Crises.


\textsuperscript{44} “President Pervez Musharraf’s Address to the Nation,” January 2, 2008, at [http://www.presidentofpakistan.gov.pk/SpeechAddressList.aspx].
removal of Benazir Bhutto from Pakistan’s political equation dealt a serious blow both to the cause of Pakistani democratization and to U.S. interests. Moreover, a worsening security situation and increase in violent Islamist extremism contributed to even greater political instability.

Musharraf’s “second coup” seemed to many observers a desperate power grab by a badly discredited military ruler, and U.S. and other Western governments have come under fire for “propping up” Musharraf with military and financial assistance. In December there was a sense among some in the U.S. government that Pakistan was getting back on a path of democratization and stability, especially after the December 15 lifting of the emergency. Such cautious optimism was swept away by the Bhutto assassination, but has returned following unexpectedly peaceful February polls that seated a new civilian government.

Benazir Bhutto Assassinated. On December 27, former Prime Minister and key opposition leader Benazir Bhutto was assassinated in a gun and suicide bomb attack following a political rally in the city of Rawalpindi. Some 20 others in attendance were killed. President Bush and the State Department offered deep sympathy and sincere condolences, strongly condemning the “cowardly” attack. The killing elicited widespread condemnation from around the world and led to country-wide rioting. Scores of people were killed and the caretaker government called the damage from ensuing violence “colossal;” losses were estimated at more than $1 billion. Whether deserving or not, Musharraf himself took the brunt of the blame for ensuing instability.

Pakistani government officials blame pro-Taliban and Al Qaeda-linked militant Baitullah Mehsud for Bhutto’s killing, claiming they intercepted a telephone conversation in which Mehsud took credit for the act. British investigators later agreed the evidence implicated Mehsud, and CIA analyses apparently drew the same conclusion. Along with Al Qaeda itself, a number of religious extremist groups indigenous to Pakistan are seen to have had a motive for assassinating Bhutto and the means to do so. These include banned terrorist groups such as Lashkar-e-Taiba and Jaish-e-Mohammed, as well as Sunni extremists in Lashkar-e-Jhangvi or Sipah-e-Sahaba (Bhutto had Shiite ancestry). Three weeks after Bhutto’s death, Pakistani authorities arrested a 15-year-old boy, along with his “handler,” who confessed to have been trained as a suicide bomber and “back-up” in case other militants failed

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to kill the former Prime Minister. A total of five people are known to have been arrested in connection with the murder. Conspiracy theories are rampant in Pakistan, and several credible public opinion surveys show that a solid majority of Pakistanis continue to believe the Musharraf government was complicit in Bhutto’s killing.

The circumstances of Bhutto’s death remain controversial. Early reports on the cause were conflicting: a government official claimed that neither bullets nor shrapnel caused her death and that she was killed after her head hit a latch on the vehicle’s escape hatch. A more senior official later withdrew the claim, but the government has continued to maintain that gunshots played no role. Emergency room physician who tried to revive Bhutto may have been pressured to conform to the government’s accounts and later sought to distance themselves from such accounts, calling for an autopsy. Images of the event show a gunman firing three shots at Bhutto from close range, closely followed by an explosion which left more than 20 bystanders dead. In a blow to subsequent investigations, city fire trucks used high-pressure hoses to clear the crime scene of debris, likely destroying what could be vital forensic evidence.

Many observers have criticized the Musharraf government for providing Bhutto with insufficient security. President Musharraf adamantly rejected suggestions that he or any members of his government were complicit, claiming the security provided to Bhutto was sufficient and that she had acted recklessly in the face of known dangers. Yet with Pakistanis widely skeptical of their government’s capacity and intention in launching a probe — and many holding the government directly or indirectly responsible for Bhutto’s death — demands soon arose for an international investigation into the assassination. Some have called for a U.N. probe modeled on that which investigated the 2005 assassination of Lebanon’s Prime Minister; Bhutto’s widower and other PPP officials insist on this course, which finds some support in the U.S. Congress, as well. The Islamabad government denies any need for U.N. involvement, a sentiment echoed by the Bush Administration. In the absence of Security Council action or a Pakistan government request, there are no signs the United Nations will become involved.

52 “Musharraf Says Bhutto Took Excessive Risks,” New York Times, January 3, 2008. Musharraf, in comments viewed as unseemly and unnecessary by some, told an American television interviewer that, by lifting herself up and emerging from her vehicle’s sunroof, Bhutto “alone” was to blame for her own killing (“Musharraf: Bhutto Knew of Risks” (interview), CBS News, January 6, 2008).
53 The State Department views Scotland Yard’s involvement as “a credible investigation by independent outside experts” and believes the Pakistanis themselves should decide if further external investigatory efforts are required (see [http://www.state.gov/r/pa/prs/dpb/2008/feb/100222.htm]).
Under international diplomatic pressure, however, President Musharraf agreed to consider foreign assistance in the investigation and allowed a team from Britain’s Scotland Yard to take a supporting role in the investigation. The U.S. government welcomed the decision as a positive step and stands ready to provide its own assistance should Pakistan request it. Scotland Yard’s preliminary February report on the cause of Bhutto’s death drew “reliable conclusions” confirming earlier Pakistani government claims that the force of a suicide bomb blast pushed Bhutto’s head into the lip of the vehicle’s escape hatch, causing a fatal injury. While not categorically excluding the possibility, the report states that “all evidence suggests there was no gunshot injury.”

State of Emergency Imposed, Then Lifted. On November 3, President Musharraf suspended the country’s constitution and assumed emergency powers under a Provisional Constitutional Order (PCO) in his role as both president and army chief. Musharraf justified the constitution’s suspension as necessary due to the country’s rapidly deteriorating security circumstances and to the allegedly negative role being played by the country’s judiciary. The ensuing PCO required, *inter alia*, that the country’s judiciary take a new oath of office, and it barred the judiciary from making any orders against the PCO or from taking any action against the President, the Prime Minister, or anyone acting under their authority. It also suspended a number of “Fundamental Rights” listed in Chapter One of the Pakistani Constitution. These include freedom from unlawful arrest and detention, and freedoms of movement, assembly, association, and speech. Seven Supreme Court justices, including the Chief Justice, and scores of High Court judges refused to take a new oath of office under the PCO and were summarily dismissed. The court has since been reconstituted with justices appointed by Musharraf himself.

News of the emergency decree and PCO elicited immediate criticism from Washington: Secretary of State Condoleezza Rice called the move a “highly regrettable” step backward. Several bills condemning the emergency declaration were introduced in Congress (S.Res. 372, H.Res. 810, and H.Res. 823), but none has moved out of committee to date.

The declaration also triggered an immediate and harsh crackdown on Pakistan’s independent media outlets and wholesale arrests of opposition political activists. Numerous private television and radio stations were blacked out in the wake of Musharraf’s televised announcement and a new government order banned any media reports that “defame or bring ridicule” to the government or military. Moreover, several thousand opposition figures, human rights activists, and lawyers were rounded up and detained. The U.S. government expressed “grave concern” at the

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54 See [http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/08_02_2008bhuttoreport.pdf].


57 On November 6, 33 U.S. Senators signed a letter to President Musharraf urging him to
crackdown, calling such “extreme and unreasonable measures” contradictory to the
goal of a fully democratic Pakistan. Musharraf later had Pakistan’s 1952 Army Act
amended to allow for military trials of civilians, chilling human rights groups and
potentially providing a retroactive sanctioning of “disappearances” traced to the
country’s security services and criticized by the Supreme Court.

On December 15, President Musharraf lifted the state of emergency in what he
claimed was a “complete restoration of the constitution” after what he called a last
resort — “against my own will” — in order to defeat a “conspiracy” to “derail the
democratic process.” Skeptics saw little evidence that the lifting of the emergency
would lead to meaningful change, given the persistence of allegedly repressive media
curbs and a stacked judiciary. The Musharraf government continued to clamp down
on the country’s media. One Pakistani analyst called Musharraf’s move a “public
relations exercise.” Human Rights Watch echoed the sentiments of many in calling
the “restoration of the constitution” a “sham” that would do little to restore genuine
rule of law unless “arbitrary” laws and amendments made after November 3 were
withdrawn. On the day before his action, Musharraf, acting under the PCO, issued
several decrees and made amendments the Pakistani Constitution, some of which
would ensure that his actions under emergency rule would not be challenged in court.

**Background to the Emergency: Judicial Crisis.** A judicial crisis began
with President Musharraf’s March 2007 dismissal of the country’s Chief Justice,
Iftikhar Chaudhry, on charges of nepotism and misconduct. Analysts widely believe
the action was an attempt by Musharraf to remove a potential impediment to his
reelection as president, given Chaudhry’s rulings that exhibited independence and
went contrary to government expectations. The move triggered immediate outrage
among Pakistani lawyers; ensuing street protests by opposition activists grew in scale.
By providing a platform upon which anti-Musharraf sentiments could coalesce, the imbroglio morphed into a full-fledged political crisis. The deposed
Chief Justice became an overnight political celebrity, attracting many thousands of
supporters at several rallies. His May visit to Karachi led to major rioting after
activists of a regional, government-allied party reportedly blocked his exit from the
airport. In July, in what was widely seen as a major political defeat for Musharraf,
the Supreme Court unanimously cleared Chaudhry of any wrongdoing and reinstated
him to office.

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57 (...continued)
immediately release leading Pakistani lawyer and opposition political figure Aitzaz Ahsan
from prison. Ahsan subsequently was released, but remains under house arrest.

58 U.S. Embassy statement at [http://usembassy.state.gov/pakistan/h07110401.html].

59 “Pakistan: Rescind Decree Allowing Military Trials of Civilians,” Human Rights Watch

60 “Text of Pakistan President’s Speech on Lifting Emergency,” *BBC Monitoring South Asia*,

61 “For Now, Musharraf Has Muzzled Legal Critics in Pakistan,” *New York Times*, January

62 “Analysts Doubt Change After Pakistan Emergency Ends,” *Agence France Presse*,
December 13, 2007; [http://hrw.org/english/docs/2007/12/14/pakist17562.htm].
President Musharraf Reelected as President, Resigns Army Commission. President Musharraf won provisional reelection on October 6, capturing 98% of the votes cast by Pakistan’s 1,170-member Electoral College. About 57% of the total possible vote from the membership of all national and provincial legislatures went to Musharraf; two-fifths of the body had either abstained (members of the Bhutto-led PPP) or resigned in protest (mostly members of the Islamist party coalition). Musharraf vowed to resign his military commission following reelection, knowing he would become even more politically vulnerable as a civilian president. Much controversy had arisen over Musharraf’s intention to seek reelection while still serving as army chief. Opposition parties called the move unconstitutional and they petitioned the Supreme Court to block it.

On October 5, the court ruled the presidential election could take place as scheduled but that official results would be withheld until after the court rules on such legal challenges. While few observers predicted the court would void the result, Musharraf was to some degree left in political limbo — he was not expected to doff his army uniform until his reelection was confirmed. Some analysts feared that a state of emergency would be declared were the court to rule against Musharraf. U.S. and other Western officials, including Secretary Rice, urged Musharraf to refrain from any such course (which came in early November). On November 19, the new Supreme Court (as reconstituted under the PCO) struck down legal challenges to the validity of the reelection, thus paving the way for Musharraf’s retirement from the army and swearing in for a second term, which took place on November 29.

Musharraf-PPP Engagement. President Musharraf and former Prime Minister Bhutto in 2007 had negotiations on a power-sharing arrangement that could have facilitated Musharraf’s continued national political role while allowing Bhutto to return to Pakistan from self-imposed exile, potentially to serve as prime minister for a third time. The Bush Administration encouraged such an arrangement as the best means of both sustaining Musharraf’s role and of strengthening moderate political forces in Islamabad. Some analysts took a cynical view of Bhutto’s motives in the negotiations, believing her central goal was personal power and removal of standing corruption cases against her. Bhutto insisted that she engaged Musharraf so as to facilitate an effective and peaceful transition to democracy.

On October 4, President Musharraf and Bhutto agreed to an accord that could have paved the way for a power-sharing deal. The National Reconciliation Ordinance (NRO) provides amnesty for all politicians who served in Pakistan between 1988 and 1999 (officials said the amnesty would not apply to former Prime Minister Sharif). In return, Bhutto reportedly agreed to (tacitly) accept Musharraf’s reelection plans. Many Pakistanis were unhappy with news of the potential deal.

63 Bhutto’s own niece called the political posturing “sheer pantomime.” Other Bhutto detractors emphasize that she was in power while the Pakistani government nurtured the Afghan Taliban movement, that she did little to reduce the “cross-border” exfiltration of Islamist militants into Indian-controlled Kashmir, that Pakistan was the site of numerous and serious human rights violations under her government, and that the PPP has been run in a nondemocratic fashion (Fatima Bhutto, “Aunt Benazir’s False Promises,” Los Angeles Times, November 14, 2007; William Dalrymple, “Bhutto’s Deadly Legacy” (op-ed), New York Times, January 4, 2008).
viewing it as a politically unprincipled arrangement between two opportunistic figures. Following the imposition of emergency, Bhutto stated that she would not meet or negotiate with Musharraf, effectively ending prospects for a deal.

When asked whether the United States still favored a Musharraf-Bhutto power-sharing agreement in the wake of the emergency decree and deteriorating relations between the president and former prime minister, U.S. officials only reiterated a belief that Pakistan’s moderate forces should work together to bring constitutional, democratic rule. Yet reports continued to suggest that Washington was pushing for such an accommodation even after Bhutto’s apparently full post-emergency embrace of the opposition and perhaps even after her assassination.64

**Benazir Bhutto’s Return.** Benazir Bhutto had returned to Pakistan in October 2007 after more than eight years of self-imposed exile. She proceeded to vigorously re-enter Pakistan’s political stage with a major and polarizing effect. While Bhutto enjoyed significant public support in the country, especially in rural Sindh, there were signs that many PPP members were ambivalent about her return and worried that her credibility as an opponent of military rule has been damaged through deal-making with Musharraf. Only hours after Bhutto’s arrival in Karachi, two blasts near her motorcade — likely perpetrated by at least one suicide attacker — left some 145 people dead, but Bhutto was unharmed. To date, police have made no breakthroughs in the case, but there are signs (along with widely-held suspicions) that the perpetrators are linked to Al Qaeda and other Islamist extremists in Pakistan. Without offering evidence, Bhutto herself implicated elements of Pakistan’s own security apparatus in the attack.

**Nawaz Sharif’s Return.** On November 25, former Prime Minister Nawaz Sharif returned to Pakistan after seven years in exile, reportedly after Saudi King Abdullah persuaded President Musharraf to allow the return (Sharif was deported four hours after his September effort to return). The next day, Sharif filed papers registering him as a candidate in the January 2008 elections (he is constitutionally barred from serving a third term as Prime Minister) and threatened to lead street protests if his demands for the lifting of emergency rule and reinstatement of the Supreme Court were not met.

Because he refused to engage in any negotiations with the Musharraf government, Sharif has been able to seize a mantle as a opposition “purist,” and he wields considerable political influence in the populous Punjab province. Sharif’s electoral plans met a major obstacle when his nomination papers were rejected in December, making him ineligible to compete in the January 2008 elections due to criminal convictions related to his 1999 ouster from power (his brother Shabaz, a former Punjab Chief Minister and political heavyweight in his own right, saw his own nomination papers rejected, apparently due to pending criminal charges against him). With Bhutto’s demise, Sharif was able to step forward as the most visible opposition figure with national credentials. Even detractors have acknowledged that

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Sharif has acted with uncharacteristic grace and dignity following Bhutto’s killing. A conservative with long-held ties to Pakistan’s Islamist political parties, Sharif is a bitter enemy of Musharraf and is viewed with considerable skepticism by many in Washington, where there are concerns that a resurgence of his party to national power could bring a diminishment of Pakistan’s anti-extremism policies and be contrary to U.S. interests.65

Increasing Islamist Militancy

Islamist extremism and militancy has been a menace to Pakistani society throughout the post-2001 period and became especially prevalent in 2007. According to U.S. Director of National Intelligence Mike McConnell, the loss of human life related to Islamist militancy was greater in 2007 than in the previous six years combined.66 Much of the militancy in western Pakistan appears to be fueled by people’s anger at Islamabad’s perceived pro-American agenda, especially in the wake of Benazir Bhutto’s return and subsequent assassination. The myriad religious militant groups operating in Pakistan — many of which have in the past displayed mutual animosity — may be increasing their levels of coordination and planning. Moreover, a new generation of militants is comprised of battle-hardened jihadis with fewer allegiances to religious and tribal leaders and customs.67

In 2008, the influence of Islamist militants appears to be unchecked in large parts of Pakistan, bringing insecurity even to the NWFP provincial capital of Peshawar, where signs of “Talibanization” now include orders that schoolgirls wear burkas and attacks on stores selling DVDs. Demoralized security forces in the city are said to be defecting in increasing numbers. Other so-called settled areas of Pakistan beyond the tribal regions have come under attack from pro-Taliban militants.68 The major increase in violence may have turned many Pakistanis away from their previous sympathies toward religious extremists. A public opinion survey conducted in January 2008 found that public support for Osama bin Laden, Al Qaeda, and the Taliban had dropped by half in only five months (favorable opinions were down to 24%, 18%, and 19%, respectively).69


66 Statement before the House Permanent Select Committee on Intelligence, February 7, 2008. The Lahore-based Pak Institute for Peace Studies issued an annual report which counted 1,442 “terrorist attacks, incidents of political violence, and border clashes” in 2007. These attacks, along with 61 military operations in western Pakistan, left 3,448 people dead (see [http://pips.com.pk/san/pakistan/july7/AnnualReport.html]).


A week-long July siege at Islamabad’s Red Mosque appears to have embittered Pakistani radicals and elicited acts of vengeance. The siege ended when Pakistani commandos stormed the complex and, following a 20-hour battle, defeated the well-armed Islamist radicals therein. Beginning in January 2007 and escalating steadily over the course of the year, an open Islamist rebellion of sorts had been taking place in Pakistan’s relatively serene capital. Radical Islamists at the Red Mosque and their followers in the attached women’s Jamia Hafsa seminary had occupied illegally constructed religious buildings, kidnapped and detained local police officers and alleged Chinese prostitutes, battled security forces, and threatened to launch a violent anti-government campaign unless Sharia (Islamic law) was instituted nationwide. Several thousand people had been barricaded in the mosque complex, reportedly including a small number of foreign militants. Some cynics in Pakistan suggested that the government was complicit in allowing the standoff to fester, its alleged slow and uncertain response being a purposeful effort to bolster its own standing as a bulwark against spreading Islamist radicalism.

In the months since the Red Mosque raid, religious militants have perpetrated more than 50 suicide bomb attacks in Pakistan — most of them against security personnel — taking nearly 800 lives. Moreover, upon reopening, the Red Mosque has continued to be a gathering place for strongly anti-Musharraf and anti-Western Islamist figures. By one account, the mosque is now “a memorial, a rallying cry, and a propaganda tool” for radical religious groups, thus enlarging the pool of potential terrorist recruits.70

Pakistan faced a late 2007 “neo-Taliban” insurgency in the scenic Swat Valley just 100 miles northwest of the capital, where radical Islamic cleric Maulana Fazlullah and up to 5,000 of his armed followers have sought to impose Sharia law.71 Fazlullah, also known as “Maulana Radio” for his fiery (and unlicensed) FM broadcasts, sought to create his own parallel government in Swat like that established by pro-Taliban militant leader Baitullah Mehsud in South Waziristan. The ability of Fazlullah and his followers to impose their will on large swaths of Pakistani territory with apparent impunity over a period of months was widely viewed as evidence that the Islamabad government’s campaign against indigenous extremists had faltered.

Pakistan in October deployed some 2,500 Frontier Corps soldiers to the Swat Valley in an effort to counter the creeping “Talibanization” there. Ensuing battles left scores of militants and soldiers dead. As fighters loyal to Fazlullah captured at least three towns in early November, reportedly securing control of six of Swat’s eight subregions, the army took charge of the counterinsurgency effort at the request of the North West Frontier Province governor. Pakistan reportedly massed some 15,000 regular army troops and, by December, most militant elements in the Swat were reported to be in retreat. On December 15, the Pakistani government claimed


71 The Pakistani army estimates that only 500-700 militants are operating in the Swat region, and it claims that these forces receive external assistance and that some are “foreign elements.”
victory in its battle with Islamist militants in Swat, saying Fazlullah’s loyalists had been routed. Pakistan army officials claim to have killed hundreds of militants during the campaign, which is ongoing.\textsuperscript{72}

Fighting between government security forces and religious militants has again become fierce in South Waziristan. Twelve days after Bhutto’s killing the Pakistan army was reported to be undertaking a major operation against the region’s Mehsud tribe. Several hundred militants assumed loyal to Baitullah Mehsud retaliated by attacking and briefly occupying an army fort in Sararogoha, where two dozen Pakistani soldiers were killed in a six-hour battle in mid-January. At least one other fort was occupied by militants after being abandoned by paramilitary soldiers, reportedly without a fight. The ensuing counterattack by government forces killed up to 150 militants and led to the capture of scores more.\textsuperscript{73}

The Pakistani government had in 2005 and 2006 negotiated a series of controversial — and failed — peace deals with pro-Taliban militants in western Pakistan. Signs of a possible new peace deal in North Waziristan first arose with January reports that the army had turned key checkpoints over to paramilitary forces as part of a “realignment” spurred by an allegedly improved situation. Weeks later, a spokesman for the militants said a shura (council meeting) chaired by Baitullah Mehsud decided to call a ceasefire. The Pakistani army denied any ceasefire was in place, but witnesses reported that army checkpoints were being dismantled, and the caretaker interior minister said the government was ready for “dialogue” with the militants.\textsuperscript{74} The State Department response reiterated a U.S. belief that past agreements with tribal leaders had not produced the desired results.

\textbf{Al Qaeda in Pakistan.} U.S. officials increasingly are concerned that Al Qaeda and other anti-Western terrorists remain active on Pakistani territory. Such concern surged following the July release of an unclassified version of a new National Intelligence Estimate on terrorist threats to the U.S. homeland, which concluded that Al Qaeda “has protected or regenerated key elements of its Homeland attack capability, including a safehaven in the FATA, operational lieutenants, and its top leadership.”\textsuperscript{75} In September, Al Qaeda founder Osama bin Laden released an audio tape in which he urged Muslims in Pakistan to rise up against President


Musharraf to avenge his “aid to America against the Muslims.” In December, Defense Secretary Robert Gates said, “Al Qaeda right now seems to have turned its face toward Pakistan and attacks on the Pakistani government and Pakistan people.” President Musharraf government claimed in January 2008 that Pakistan had killed or neutralized 700 Al Qaeda “leaders.” The number of Al Qaeda suspects reported killed or captured in Pakistan has remained essentially unchanged since 2004. Some Pakistani and Western security officials see Islamabad losing its war against religious militancy and Al Qaeda forces enjoying new areas in which to operate, due in part to the Pakistan army’s poor counterinsurgency capabilities and to the central government’s eroding legitimacy.

Conflict in Western Pakistan and the Afghan Insurgency. An ongoing Taliban insurgency in Afghanistan and its connection to developments in Pakistan remain matters of serious concern, especially in light of signs that Al Qaeda terrorists move with impunity on the Pakistani side of the rugged border. In July 2007, pro-Taliban militants in North Waziristan announced their withdrawal from a controversial September 2006 truce made with the Islamabad government, claiming the accord had been violated by army deployments and attacks on tribals. Simultaneously, U.S. National Security Advisor Stephen Hadley stated that Washington had determined President Musharraf’s policies in the region to be ineffective and he said the United States was fully supporting new efforts to crack down on Pakistan’s pro-Taliban militants. The U.S. commander of counterterrorism operations in Afghanistan, Maj. Gen. David Rodriguez, subsequently blamed a growing Al Qaeda presence in Pakistan for a large increase in the number of foreign fighters infiltrating into Afghanistan. With three-quarters of supplies for U.S. troops in Afghanistan going either through or over Pakistan, Pentagon officials are said to be studying alternative routes in case further political instability in Pakistan disrupts supply lines. Taliban forces reportedly have interdicted NATO supplies as they crossed through Pakistan to Afghanistan.

It is possible that President Musharraf and the new army chief, Gen. Kayani, will divide their responsibilities so that the former will retain political management of the country while the latter oversees the military’s counterinsurgency efforts. This might serve to make more effective Pakistan’s anti-extremism efforts over time (in both their political and their militarized aspects). Musharraf adamantly insists that the Pakistani military is unified in its fight against terrorism and extremism, even as he concedes that “some elements” urge a “different solution” in Afghanistan, one...

involving political dialogue with the Taliban. At a January 2008 House Armed Services Committee hearing on Afghanistan, three nongovernmental expert witnesses expressed an opinion that success in Afghanistan can only come through the close engagement and cooperation of Pakistan and that the key to stabilizing Afghanistan is to improve the longstanding animosity between Islamabad and Kabul.

The Pakistan army has deployed some 100,000 regular and paramilitary troops in western Pakistan in response to the surge in militancy there. Battles with pro-Taliban militants are ongoing and became particularly fierce in North Waziristan in October. The militants appear to be employing heavy weapons in more aggressive tactics, making frontal attacks on army outposts instead of the hit-and-run skirmishes of the past. The army also is suffering from a raft of recent suicide bomb attacks and the kidnaping of hundreds of its soldiers. Such setbacks have damaged the army’s morale, and also have caused some to question the organization’s loyalties and capabilities.

U.S.-Pakistan Counterterrorism Cooperation

Increasing Islamist militancy in Pakistan has elicited acute U.S. government attention and multiple high-level visits. In early January, America’s two top intelligence officials undertook a “secret” trip to Islamabad. Director of National Intelligence Mike McConnell and CIA Director Michael Hayden reportedly failed in their effort to convince President Musharraf to allow expanded direct U.S. military presence in his country. At month’s end, the Chairman of the U.S. Joint Chiefs of Staff, Gen. Mullen, was in Islamabad to meet with top Pakistani officials, including President Musharraf and Gen. Kayani, to discuss new ways to bolster joint counterterrorism cooperation.

With a drastic increase in violent attacks in Pakistan in the latter half of 2007 — especially those targeting the country’s security forces — Islamabad may take a more welcoming view of U.S. offers of direct military assistance in battling religious

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84 In the most egregious example of the latter development, on August 30 some 250 Pakistani soldiers, including a colonel and 8 other officers, were taken prisoner when pro-Taliban militants ambushed their convoy in South Waziristan. The troops apparently offered no resistance before surrendering to Islamist extremists reportedly loyal to fugitive commander Baitullah Mahsud. President Musharraf later criticized the troops for taking insufficient precautionary measures. Only hours after Musharraf’s November 3 emergency decree, the militants released 211 of the troops. Reports indicate that government authorities had released 25 detained militants in exchange, including several men said to be convicted aspiring suicide bombers.
militancy. U.S. officials acknowledge that the Pakistani army essentially is trained and equipped for a conventional war with India, and they have made clear that the United States stands ready to assist Pakistan in “reorienting” its army for counterinsurgency efforts. The military strength of the FATA tribes is unclear, but one estimate counts some 200,000 young, unemployed males who could be considered potential fighters, especially against what was perceived to be a foreign invasion. Also among the radical Islamist militants operating in the FATA are an estimated 2,000 battle-hardened Uzbeks (Brian Cloughley, “Insurrection in Pakistan’s Tribal Areas,” Pakistan Security Research Unit Brief 29, January 24, 2008; “Open Borders and the Militant Uzbeks of Pakistan,” Jane’s Intelligence Digest, January 25, 2008).


88 Missile strikes in Pakistan launched by unmanned American Predator aircraft have been a controversial, but sometimes effective tactic against Islamist militants in remote regions of western Pakistan. Three Predators are said to be deployed at a secret Pakistani airbase and can be launched without specific permission from the Islamabad government. Pentagon officials eager to increase the use of armed drones in Pakistan reportedly meet resistance from State Department diplomats who fear that Pakistani resentments built up in response to sovereignty violations and to the deaths of women and children are harmful to U.S. interests, outweighing potential gains. In a sign that the Pentagon view was becoming more accepted by the White House, a January 2008 strike reportedly was planned and executed without the involvement of Pakistan authorities, who were notified only when the attack was underway. After some two years without scoring a notable success against Al Qaeda forces in Pakistan, on January 29, 12 alleged militants were killed in a reported missile strike in a remote area of North Waziristan. Among the dead in the apparent Predator attack was Abu Laith al Libi, a Libyan national said to be top Al Qaeda commander.


There are concerns that a new civilian-led government in Islamabad may seek to reduce the deployment of Predators over Pakistani territory. Some in Washington express broader worries that a new civilian-led government in Islamabad would not
be as energetic in cooperating with the United States on counterterrorism in general. Reports that a PPP-led coalition might seek to reduce militarized efforts to battle religious extremists and pursue more dialogue with militant leaders fuel such concerns.90

**Other Recent Developments**

- On February 16, a suicide bomber killed at least 39 people in an attack on PPP rally in the Kurram tribal agency.
- On February 11, senior Taliban commander Mullah Mansour Dadullah was wounded and captured by Pakistani security forces along with five other Taliban fighters in Baluchistan near the Afghan border. On the same day, Pakistan’s Ambassador to Afghanistan was reported missing and feared abducted in the Khyber tribal agency.
- On February 4, a suicide bomber killed at least eight people in an attack on an army bus in Rawalpindi.
- On January 29, the House Government Reform and Oversight Subcommittee on National Security and Foreign Affairs held a hearing on Pakistan, during which Assistant Secretary of State for South and Central Asia Boucher discussed the outlook for impending Pakistan elections.
- Also on January 29, 12 people were killed in a reported missile strike in a remote area of North Waziristan. Among the dead in the apparent Predator drone attack was alleged top Al Qaeda commander Abu Laith al Libi.
- On January 20, President Musharraf began an eight-day visit to Europe that included meeting with top government officials in Brussels, Paris, Davos, and London.
- On January 17, a suicide bomber killed 12 people at a Peshawar mosque.
- On January 16, H.Res. 912, condemning the assassination of Benazir Bhutto, urging the pursuit of democracy in Pakistan, expressing support for freedom of speech and judicial independence there, and reaffirming the U.S. commitment to assist the people Pakistan, was passed by the House.
- On January 10, a suicide bomber killed at least 23 police officers near the Lahore High Court building.
- On January 6, suspected Uzbek Islamist militants in South Waziristan shot and killed eight tribal elders who were working with a government-sponsored peace movement.
- On January 5, NWFP Governor Ali Mohammed Jan Orakzai resigned his post, citing personal reasons. He was replaced by former Baluchistan governor Owais Ahmed Ghani.
- On December 26, Afghan President Karzai met with President Musharraf in Islamabad.

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• On December 21, a suicide bomber killed some 50 people at an NWFP mosque. Former Interior Minister Sherpao, believed to be a target for assassination, was unharmed.
• On December 6, the Senate Foreign Relations Committee held a hearing on Pakistan.
• On November 22, the 53-member British Commonwealth suspended Pakistan’s membership pending restoration of democracy and rule of law there.

Setting and Regional Relations

Historical Setting

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

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

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

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

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

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Pakistan as a major non-NATO ally of the United States in June 2004. One month later, a Congressional Pakistan Caucus was formed to facilitate dialogue among Pakistani-Americans and their political representatives in Congress, and to improve and strengthen bilateral relations between Pakistan and the United States.

**U.S.-Pakistan Diplomatic Engagement**

U.S. diplomatic engagement with Pakistan continues to be deep and multifaceted. President Bush traveled to Pakistan in March 2006 for the first such presidential visit in six years, and numerous high-level governmental meetings have ensued. During the visit, President Bush and President Pervez Musharraf issued a Joint Statement on the U.S.-Pakistan “strategic partnership” that calls for a “strategic dialogue” and “significant expansion” of bilateral economic ties, including mutual trade and investment, as well as initiatives in the areas of energy, peace and security, social sector development, science and technology, democracy, and nonproliferation.92 In the wake of that meeting, engagements have continued apace.

Over the past year, visits to Islamabad have been made by Secretary of State Rice, Vice President Dick Cheney, Secretary of Defense Gates, Speaker of the House Nancy Pelosi, and several top U.S. military commanders, among others. Pakistani visitors to Washington, DC, in the past year have included President Musharraf, Foreign Minister Kurshid Kasuri, Foreign Secretary Riaz Khan, and the then-Chairman of Pakistan’s Joint Chiefs of Staff Committee, General Ehsan ul-Haq. Among formal sessions were a February 2007 meeting of the U.S.-Pakistan Joint Committee on Science and Technology in Washington, and a September meeting of the U.S.-Pakistan Strategic Dialogue in Islamabad, where the U.S. delegation was led by Deputy Secretary of State John Negroponte.

**Political Setting**93

Pakistan’s political history is a troubled one, marked by tripartite power struggles among presidents, prime ministers, and army chiefs. Military regimes have ruled Pakistan for more than half of its 60 years of existence, interspersed with periods of generally weak civilian governance. From 1988 to 1999, Islamabad had democratically elected governments, and the army appeared to have moved from its traditional role of “kingmaker” to one of power broker. Benazir Bhutto (leader of the Pakistan People’s Party) and Nawaz Sharif (leader of the Pakistan Muslim League) each served twice as prime minister during this period. The Bhutto government was dismissed on charges of corruption and nepotism in 1996 and Sharif won a landslide victory in ensuing elections, which were judged generally free and fair by international observers. Sharif moved quickly to bolster his powers by curtailing those of the president and judiciary, and he emerged as one of Pakistan’s strongest-ever elected leaders. Critics accused him of intimidating the opposition and the press.

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92 See [http://usembassy.state.gov/pakistan/h06030404.html].
93 See also CRS Report RL32615, Pakistan’s Domestic Political Developments, and CRS Report RL34335, Pakistan’s Scheduled 2008 Elections.
Many observers hold Pakistan’s civilian political leaders at least as responsible as the army for the anemic state of the country’s governance institutions.  

In October 1999, in proximate response to Prime Minister Sharif’s attempt to remove him, Chief of Army Staff General Musharraf overthrew the government, dismissed the National Assembly, and appointed himself “chief executive.” In the wake of this military overthrow of the elected government, Islamabad faced considerable international opprobrium and was subjected to automatic coup-related U.S. sanctions under section 508 of the annual foreign assistance appropriations act (Pakistan was already under nuclear-related U.S. sanctions). Musharraf later assumed the title of president following a controversial April 2002 referendum. National elections were held in October of that year, as ordered by the Supreme Court. A new civilian government was seated — Prime Minister M.Z. Jamali was replaced with Musharraf ally Shaukat Aziz in August 2005 — but it has remained weak. In apparent contravention of democratic norms, Musharraf has continued to hold the dual offices of president and army chief. Many figures across the spectrum of Pakistani society welcomed Musharraf, or at least were willing to give him the benefit of the doubt, as a potential reformer who would curtail both corruption and the influence of religious extremists. Yet his domestic popularity has suffered following indications that, as with Pakistan’s previous president-generals, expanding his own power and that of the military would be his central goal.

Pakistan’s next parliamentary elections are slated to take place on February 18, 2008. President Bush has said that electoral process will be “an important test of Pakistan’s commitment to democratic reform” and, during his 2006 visit to Islamabad, said President Musharraf understands the elections “need to be open and honest.” In October 2007, Secretary of State Rice repeated the admonition, saying the expected parliamentary elections will be “a real test” of the Islamabad government’s commitment to democratization and that the U.S. government is “pressing that case very hard.” The Chairman of the Senate Foreign Relations Committee, Senator Joe Biden, warned President Musharraf in December “there will be consequences” if upcoming elections are not fair and open, saying U.S. aid levels could be decreased. Musharraf himself stood for (and controversially won) reelection as president in October 2007. Under the Pakistani system, the president is indirectly elected by a 1,170-person electoral college comprised of the membership of all national and provincial legislatures.

In September, President Musharraf promoted Gen. Kayani, a highly-regarded, pro-Western figure, to the position of Vice Chief of Army Staff. Kayani succeeded Musharraf in the powerful role of army chief upon Musharraf’s late November resignation from the army. In assuming his new role, Kayani vows to press ahead with Pakistan army efforts to root out extremists from western Pakistan. The

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constitutionally-designated successor to the office of the president is the chairman of the Pakistani Senate. Kayani appears to have become a new locus of U.S. hopes for Pakistani democratization, with U.S. officials reportedly seeing an opportunity for him to oversee a peaceful transition to civilian rule while maintaining a disinterest in pursuing his own political power.

Regional Relations

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

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

During 2004, numerous mid-level meetings, normalized diplomatic relations, and increased people-to-people contacts brought modest, but still meaningful progress toward stable relations. Regular dialogue continued in 2005 and a third round of Composite Dialogue talks was held in 2006. Numerous confidence-building measures have been put in place, most notably travel and commerce across the Kashmiri LOC for the first time in decades, and bilateral trade has increased. Yet militarized territorial disputes over Kashmir, the Siachen Glacier, and the Sir Creek remain unresolved, and Pakistani officials regularly express unhappiness that more substantive progress, especially on the “core issue” of Kashmir, is not occurring.


Following July 2006 terrorist bombings in Bombay, India, New Delhi postponed planned foreign secretary-level talks, bringing into question the continued viability of the already slow-moving process. However, after September meeting on the sidelines of a Nonaligned Movement summit in Cuba, President Musharraf and Indian Prime Minister Singh announced a resumption of formal peace negotiations and also approved implementation of a joint anti-terrorism mechanism. The Composite Dialogue resumed in November after a four-month hiatus when Foreign Secretary Khan paid a visit to New Delhi for talks with his Indian counterpart. No progress was made on outstanding territorial disputes, and India is not known to have presented evidence of Pakistani involvement in the 7/11 Bombay terrorist bombings, but the two officials did give shape to the proposed joint anti-terrorism mechanism and they agreed to continue the dialogue process in early 2007. A notable step came in December, when bilateral talks on the militarized Sir Creek dispute ended with agreement to conduct a joint survey.

In January 2007, Pakistani Foreign Minister Kasuri hosted his Indian counterpart, Pranab Mukherjee, in Islamabad for the first such visit in more than a year. The two men reviewed past progress and planned for a fourth Composite Dialogue round. In February, two bombs exploded on an Indian segment of the Samjhauta [Friendship] Express train linking Delhi, India, with Lahore, Pakistan. Resulting fires killed 68 people, most of them Pakistanis. Days later, Kasuri traveled to New Delhi, where he and Mukherjee reaffirmed a bilateral commitment to the peace process despite the apparent effort to subvert it. While India refused a Pakistani request to undertake a joint investigation into that attack, the two countries did sign an agreement to reduce the risk of accidental nuclear war.

The new joint anti-terrorism mechanism met for the first time in Islamabad in March 2007 and produced a joint statement in which both governments agreed to use the forum for exchanging information about investigations of and/or efforts to prevent terrorist acts on either side of the shared border, and to meet quarterly while immediately conveying urgent information. Hopes that the Samjhauta train bombing would provide a fitting “test case” apparently were dashed, however, when India declined to share relevant investigative information with Pakistan. Moreover, Indian officials were unhappy with Islamabad’s insistence that the “freedom struggle” underway in Kashmir should not be treated as terrorism under this framework. Still, the continuing engagement even after a major terrorist attack was widely viewed as evidence that the bilateral peace process had gained a sturdy momentum. A new round of dialogue was then launched in mid-March, when the two foreign ministers met again in Islamabad. No new agreements were reached, but both officials lauded improved bilateral relations and held “the most sustained and intensive dialogue” ever on the Kashmir problem.99 Political turmoil and uncertainty arose in Islamabad around that same time, however, and led to slowed progress in the Pakistan-India peace process.

A fourth round of bilateral talks on economic and commercial cooperation ended in August 2007 with agreements to facilitate importation of cement from

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Pakistan and tea from India, among others. Pakistani and Indian officials also held technical-level talks on the modalities of cross-border movement, and separate talks on the Tubal navigation project/Wullar barrage water dispute ended without progress. In September, Pakistan issued a formal protest and expressed “deep concern” in response to the Indian government’s announced intention to open the disputed territory of the Siachen Glacier to tourism, saying the region was “illegally occupied” by Indian troops in 1984 and its final status has yet to be determined due to an “inflexible Indian attitude.” In a more positive sign, on October 1 trucks carrying tomatoes from India to Pakistan crossed the international border for the first time in 60 years. Mid-October saw mid-level Pakistani and Indian officials meet to discuss both conventional and nuclear confidence-building measures, but no new initiatives were announced. Later that month, the countries held a second meeting of their Joint Anti-Terrorism Mechanism in New Delhi, where the two sides shared new information on terrorism and agreed to continue mutual investigatory cooperation.

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

The “IPI” Pipeline Project. Islamabad insists it is going forward with a proposed joint pipeline project to deliver Iranian natural gas to Pakistan and possibly on to India. In January 2007, officials from the three countries resolved a long-running price-mechanism dispute, opening the way for further progress. In February, the fourth meeting of the Pakistan-India Joint Working Group on the Iran-Pakistan-India (IPI) pipeline was held in Islamabad, where the two countries agreed to split equally expected gas supplies. In June, Pakistani and Indian officials reportedly reached an agreement in principle on transportation charges, and officials from all three countries suggested a final deal was imminent. Former Prime Minister Aziz described the pipeline as being critical to Pakistan’s economic growth and political stability. Doubts about financing the approximately $7 billion project combined with concerns about security in Pakistan’s Baluchistan province have some analysts skeptical about fruition. Some independent observers and Members of Congress assert that completion of the pipeline would represent a major confidence-building measure in the region and could bolster regional energy security while facilitating friendlier Pakistan-India ties (see, for example, H.Res. 353 in the 109th Congress).


102 See also CRS Report RS20871, The Iran Sanctions Act.
As part of its efforts to isolate Iran economically, the Bush Administration actively seeks to dissuade the Islamabad and New Delhi governments from participation in this project, and a State Department official has suggested that current U.S. law dictates American opposition: The Iran-Libya Sanctions Act (P.L. 107-24) requires the President to impose sanctions on foreign companies that make an “investment” of more than $20 million in one year in Iran’s energy sector. The 109th Congress extended this provision in the Iran Freedom Support Act (P.L. 109-293). No firms have been sanctioned under this act to date.

Afghanistan. Pakistani leaders have long sought access to Central Asia and “strategic depth” with regard to India though friendly relations with neighboring Afghanistan. Such policy contributed to President-General Zia ul-Haq’s support for Afghan mujahideen “freedom fighters” who were battling Soviet invaders during the 1980s and to Islamabad’s later support for the Afghan Taliban regime from 1996 to 2001. British colonialists had purposely divided the ethnic Pashtun tribes inhabiting the mountainous northwestern reaches of their South Asian empire with the 1893 “Durand Line.” This porous, 1,600-mile border is not accepted by Afghan leaders, who have at times fanned Pashtun nationalism to the dismay of Pakistanis.

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

In August 2007, an unprecedented joint “jirga,” or tribal assembly, was held in Kabul and included nearly 700 delegates from both Pakistan and Afghanistan. The meeting was endorsed by the United States as a means of bringing stability to Afghanistan. In the days immediately preceding the opening session, some 40 tribal elders from North Waziristan announced they would not attend, saying the absence of Taliban representatives rendered it pointless, and President Musharraf himself later announced his withdrawal from participation. Analysts widely considered the move a snub to both Afghan President Karzai and to the U.S. government, which expressed dismay at the decision. Musharraf made a last-minute decision to attend the final day’s session, where he offered a rare admission that support for militants emanating from Pakistan has caused problems for Afghanistan, saying “There is no doubt Afghan militants are supported from Pakistan soil. The problem that you have in your region is because support is provided from our side.” The jirga ended with
a declaration that included plans for dialogue with “the opposition,” i.e., the Taliban. In December 2007, Karzai met with President Musharraf in Islamabad for a relatively cordial meeting after which the two men issued a joint statement reaffirming their commitment to intensifying counterterrorism cooperation (see also “Infiltration into Afghanistan” section below).

**The China Factor.** Pakistan and China have enjoyed a generally close and mutually beneficial relationship over several decades. Pakistan served as a link between Beijing and Washington in 1971, as well as a bridge to the Muslim world for China during the 1980s. China’s continuing role as a major arms supplier for Pakistan began in the 1960s and included helping to build a number of arms factories in Pakistan, as well as supplying complete weapons systems. After the 1990 imposition of U.S. sanctions on Pakistan, the Islamabad-Beijing arms relationship was further strengthened (see CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*). Indian leaders have called the Islamabad-Beijing nuclear and missile “proliferation nexus” a cause of serious concern in New Delhi, and U.S. officials remain seized of this potentially destabilizing dynamic.

Analysts taking a realist, power political perspective view China as an external balancer in the South Asian subsystem, with Beijing’s material support for Islamabad allowing Pakistan to challenge the aspiring regional hegemony of a more powerful India. Many observers, especially in India, see Chinese support for Pakistan as a key aspect of Beijing’s perceived policy of “encirclement” or constraint of India as a means of preventing or delaying New Delhi’s ability to challenge Beijing’s region-wide influence.

In April 2005, the Chinese prime minister visited Islamabad, where Pakistan and China signed 22 accords meant to boost bilateral cooperation. President Musharraf’s five-day visit to Beijing in February 2006 saw bilateral discussions on counterterrorism, trade, and technical assistance. Chinese President Hu’s November 2006 travel to Islamabad was the first such visit by a Chinese president in ten years; another 18 new bilateral pacts were inked, including a bilateral Free Trade Agreement and plans for joint development of airborne early warning radars. Islamabad may seek future civil nuclear assistance from Beijing, including potential provision of complete power reactors, especially in light of Washington’s categorical refusal of Pakistan’s request for a civil nuclear cooperation similar to that being planned between the United States and India.

In May 2007, Prime Minister Aziz visited Beijing, where Pakistan and China signed 27 new agreements and memoranda of understanding to “re-energize” bilateral cooperation in numerous areas, including defense, space technology, and trade. No public mention was made regarding civil nuclear cooperation. The Chinese government has assisted Pakistan in constructing a major new port at Gwadar, near

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the border with Iran; Islamabad and Beijing aspire to make this port, officially
opened in March 2007, a major commercial outlet for Central Asian states. Some
Western and Indian analysts are concerned that the port may be used for military
purposes and could bolster China’s naval presence in the Indian Ocean region.
Pakistan continues to view China as an “all-weather friend” and perhaps its most
important strategic ally.

**Pakistan-U.S. Relations and Key Country Issues**

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

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

**Terrorism**

After the September 2001 terrorist attacks on the United States, Pakistan
pledged and has provided major support for the U.S.-led global anti-terrorism
cohesion. According to the U.S. Departments of State and Defense, Pakistan has
afforded the United States unprecedented levels of cooperation by allowing the U.S.
military to use bases within the country, helping to identify and detain extremists,
tightening the border between Pakistan and Afghanistan, and blocking terrorist
financing. Top U.S. officials regularly praise Pakistani anti-terrorism efforts. In
a landmark January 2002 speech, President Musharraf vowed to end Pakistan’s use
as a base for terrorism of any kind, and he banned numerous militant groups,

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105 See, for example, “Pakistan Key Partner in War on Terror, Defense Department Says,”
U.S. Department of State Washington File, March 6, 2006; “Pakistan ‘Indispensable’ in
including Lashkar-e-Taiba and Jaish-e-Muhammad, both blamed for terrorist violence in Kashmir and India, and both designated as terrorist organizations under U.S. law. In the wake of the speech, thousands of Muslim extremists were detained, though most of these were later released. In the spring of 2002, U.S. military and law enforcement personnel began engaging in direct, low-profile efforts to assist Pakistani security forces in tracking and apprehending fugitive Al Qaeda and Taliban fighters on Pakistani territory. Pakistani authorities claim to have captured some 700 Al Qaeda suspects and remanded most of these to U.S. custody.106

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

President Musharraf repeatedly has vowed to end the activities of religious extremists in Pakistan and to permanently prevent banned groups from resurfacing there. His policies likely spurred two lethal but failed attempts to assassinate him in December 2003. At present, Islamabad declares a four-pronged strategy to counter terrorism and religious extremism, containing military, political, administrative, and development aspects. Nonetheless, some analysts have long called Musharraf’s efforts cosmetic, ineffective, and the result of international pressure rather than a genuine recognition of the threat posed. There are indications Pakistan’s intelligence agencies have over time lost control of some of the religious militants it previously groomed to do its foreign policy bidding.107 In recent years, some Pakistani nationals and religious seminaries have been linked to Islamist terrorism plots in Western countries, especially the United Kingdom.108

In a January 2007 review of global threats, then-U.S. Director of Intelligence Negroponte issued what may have been the strongest relevant statements from a Bush Administration official to date, telling a Senate panel that, “Pakistan is a frontline partner in the war on terror. Nevertheless, it remains a major source of Islamic extremism and the home for some top terrorist leaders.” He identified Al Qaeda as

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108 Some more cynical observers — many of them Indian — identify a Pakistani connection to nearly all major jihadi terrorist attacks worldwide; a few even find a connection to elements of Pakistan’s military establishment in most jihadi terrorist attacks within Pakistan (see, for example, B. Raman, “Al Qaeda in GHQ, Rawalpindi,” South Asia Analysis Group International Terrorism Monitor (New Delhi) Paper No. 2522, December 28, 2007; Wilson John, “Pakistan’s Drift Into Extremism and Its Impact,” Observer Research Foundation, January 8, 2008).
posing the single greatest terrorist threat to the United States and its interests, and warned that the organization’s “core elements ... maintain active connections and relationships that radiate outward from their leaders’ secure hideout in Pakistan” to affiliates on four continents.109

In February 2007, Vice President Cheney and the Deputy Director of the CIA, Steve Kappes, made an unannounced four-hour visit to Islamabad, where they reportedly warned President Musharraf that a Democratic-controlled Congress could cut U.S. aid to Pakistan unless that country takes more aggressive action to hunt down Al Qaeda and Taliban operatives on its soil.110 The unusually strong admonition came after U.S. intelligence officials concluded that a “terrorist infrastructure” had been rebuilt in western Pakistan, that Islamabad’s counterterrorism efforts had been feckless to date, and that the Bush Administration was recognizing that current U.S. and Pakistani policies were not working.

When asked during a February Senate hearing about the possible source of a hypothetical future Al Qaeda attack on the United States, the new Director of National Intelligence, Mike McConnell, stated his belief that such an attack “most likely would be planned and come out of the [Al Qaeda] leadership in Pakistan.”111 The State Department’s Country Reports on Terrorism 2006, released in April 2007, said “Pakistan executed effective counterterrorism cooperation and captured or killed many terrorists” while also reiterating U.S. concerns that the Federally Administered Tribal Areas (FATA) is “a safe haven for Al Qaeda, the Taliban, and other militants.”112 According to Under Secretary of State Burns in July 2007 testimony before the Senate Foreign Relations Committee,

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

Although the United States lauded Islamabad’s anti-terrorism financing efforts earlier this decade, Under Secretary Burns also encouraged more energetic Pakistani action:

We want to see Pakistan use all tools at its disposal to choke the flow of funds to terrorist groups. We are particularly concerned about terrorist groups exploiting charitable donations, and by their tactic of re-forming under new names to evade international prohibitions on donations to terrorist

109 Statement before the Senate Select Committee on Intelligence, January 11, 2007.
111 Statement before the Senate Armed Services Committee, February 27, 2007. A July 2007 National Intelligence Estimate on the terrorist threat included the assessment that Al Qaeda has “protected or regenerated” its capability to attack the United States, in part due to its enjoying “safehaven” in Pakistan’s tribal areas (see [http://www.dni.gov/press_releases/20070717_release.pdf]).
organizations. ... We urge Pakistan to pass an Anti-Money Laundering bill that meets international standards, and to establish a Financial Intelligence Unit within the State Bank of Pakistan.\textsuperscript{113}

Pakistani officials are resentful of criticisms and doubts about their commitment to the counterterrorist fight, and they aver that U.S. pressure on Pakistan to “do more” could undermine President Musharraf and destabilize his government.\textsuperscript{114}

**Al Qaeda’s Resurgence in Pakistan.** Pakistani authorities reportedly have remanded to U.S. custody roughly 500 wanted Al Qaeda fugitives to date, including some senior alleged operatives. However, despite clear successes in disrupting Al Qaeda and affiliated networks in Pakistan since 2001, there are increasing signs that Al Qaeda is resurgent on Pakistani territory, with anti-U.S. terrorists appearing to have benefitted from what some analysts call a Pakistani policy of appeasement in western tribal areas near the Afghan border. By seeking accommodation with pro-Taliban leaders in these areas, the Musharraf government may inadvertently have allowed foreign (largely Arab) militants to obtain safe haven from which they can plot and train for terrorist attacks against U.S. and other Western targets. Moreover, many observers warn that an American preoccupation with Iraq has contributed to allowing Al Qaeda’s reemergence in Pakistan.\textsuperscript{115}

Al Qaeda founder Osama Bin Laden and his lieutenant, Egyptian Islamic radical leader Ayman al-Zawahri, are believed by many to be hiding somewhere in Pakistan’s western border region. Pakistani officials reject such suspicions and generally insist there is no evidence to support them, but numerous U.S. officials have suggested otherwise. While some 2006 reports placed the Al Qaeda founder in the remote Dir Valley of northwestern Pakistan, the country’s prime minister said those hunting Bin Laden had no clues as to his whereabouts, a claim bolstered by Western press reports indicating that the U.S. and other special forces tasked with finding Bin Laden had not received a credible lead in years.\textsuperscript{116} President Bush has said he would order U.S. forces to enter Pakistan if he received good intelligence on Osama Bin Laden’s location.\textsuperscript{117}

**Infiltration Into Afghanistan.** Tensions between the Kabul and Islamabad governments — which stretch back many decades — have at times reached alarming levels in recent years, with top Afghan officials accusing Pakistan of manipulating Islamic militancy in the region to destabilize Afghanistan. Likewise, U.S. military


\textsuperscript{116} See, for example, “The Ongoing Hunt for Osama bin Laden,” *Newsweek*, September 3, 2007.

commanders overseeing Operation Enduring Freedom have since 2003 complained that renegade Al Qaeda and Taliban fighters remain able to attack coalition troops in Afghanistan, then escape across the Pakistani frontier. They have expressed dismay at the slow pace of progress in capturing wanted fugitives in Pakistan and urge Islamabad to do more to secure its rugged western border area. U.S. government officials have voiced similar worries, even expressing concern that elements of Pakistan’s intelligence agency might be assisting members of the Taliban. In 2006, the State Department’s top counterterrorism official told a Senate panel that elements of Pakistan’s “local, tribal governments” are believed to be in collusion with the Taliban and Al Qaeda, but that the United States had no “compelling evidence” that Pakistan’s intelligence agency is assisting militants. Later that year, the Commander of the U.S. European Command told the same Senate panel it was “generally accepted” that the Taliban headquarters is somewhere in the vicinity of Quetta, the capital of Pakistan’s southwestern Baluchistan province.

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

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

119 Statement of Gen. James Jones before the Senate Foreign Relations Committee, September 21, 2006. See also “In the Land of the Taliban,” New York Times, October 22, 2006; “Next-Gen Taliban,” New York Times, January 6, 2008. The Pakistani Taliban differ from their Afghan brethren in several respects, perhaps most significantly in a lack of organization and cohesion, and they possess no unified leadership council. Moreover, the Pakistani Taliban appear to have more limited objectives, in contrast with the Afghan Taliban who are struggling to regain national power in Kabul. At the same time, however, both groups pledge fealty to a single leader — Mullah Omar — and both share fundamental policy objectives with regard to U.S. and other Western government roles in the region (see “The Emergence of the Pakistani Taliban,” Jane’s Islamic Affairs Analyst, January 1, 2008).

120 One U.S. press report claimed that Pentagon documents from 2004 gave U.S. special forces in Afghanistan authority to enter Pakistani territory — even without prior notice to Islamabad — while in “hot pursuit” of Al Qaeda and Taliban fighters or to take direct action against “the Big 3”: Osama bin Laden, Ayman al Zawahri, or Mullah Omar. A Pakistani military spokesman called the report “nonsense” and denied there was any such arrangement. As the U.S. presidential campaign gained momentum in late 2007, some candidates urged that U.S. forces should enter Pakistan to neutralize suspected Al Qaeda assets there; President Musharraf responded by saying he would consider such unauthorized crossing an invasion (“U.S. OK’d Troop Terror Hunts in Pakistan,” Associated Press, August 23, 2007; “Musharraf on Bhutto and Taliban” (interview), Straits Times (Singapore), January 11, 2008).
of 2006, exacerbated volatile anti-Musharraf and anti-American sentiments held by many Pakistani Pashtuns.\footnote{Pakistan is home to some 28 million Pashto-speaking people, most of them living near the border with Afghanistan, which is home to another 13.5 million ethnic Pashtuns (also known as Pakhtuns or Pathans). A hardy people with a proud martial history (they are disproportionately represented in the Pakistani military), Pashtuns played an important role in the anti-Soviet resistance of the 1980s.}

Kabul’s October 2004 elections were held without major disturbances, apparently in part due to Musharraf’s commitment to reducing infiltrations. Yet concerns sharpened in 2005 and, by the middle of that year, Afghan leaders were openly accusing Islamabad of actively supporting insurgents and providing their leadership with safe haven. Islamabad adamantly denied the charges and sought to reassure Kabul by dispatching additional troops to border areas, bringing the total to 80,000. Still, 2006 was the deadliest year to date for U.S. troops in Afghanistan and, at year’s end, there were growing indications that Islamabad’s efforts to control the tribal areas were meeting with little success.

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

Meanwhile, Pakistani troops operating in the region are hampered by limited communications and other counterinsurgency capabilities, meaning their response to provocations can be overly reliant on imprecise, mass firepower. This has contributed to a significant number of civilian casualties. Simultaneously, tribal leaders who cooperate with the federal government face dire threats from the extremists — as many as 200 were the victims of targeted killings in 2005 and 2006 — and the militants have sought to deter such cooperation by periodically beheading accused “U.S. spies.”

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

**Cease-Fire and North Waziristan Truce.** In June 2006, militants in North Waziristan announced a unilateral cease-fire to allow for creation of a tribal council seeking resolution with government forces. The Islamabad government began releasing detained Waziri tribesmen and withdrawing troops from selected checkpoints in a show of goodwill. Hundreds of Pashtun tribesmen and clerics later held a tribal council with government officials, and the cease-fire was extended. Then, on September 5, 2006, the Islamabad government and pro-Taliban militants in Miramshah, North Waziristan, signed a truce to ensure “permanent peace” in the region. A representative of the North West Frontier Province (NWFP) governor agreed on behalf of the government to end army operations against local tribesmen; release all detainees; lift all public sanctions, pay compensation for property damage, return confiscated vehicles and other goods; and remove all new army checkpoints. In turn, two representatives of the North Waziristan “local mujahideen students” (trans. “Taliban”) agreed to end their attacks on government troops and officials; halt the cross-border movement of insurgents to Afghanistan; and evict all foreigners who did not agree to live in peace and honor the pact.

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

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122 Author interview with a senior advisor to Prime Minister Aziz, Islamabad, September 2006; “President General Pervez Musharraf’s Address to the Nation,” July 20, 2006, at [http://www.presidentofpakistan.gov.pk/SpeechAddressList.aspx].


124 A translated version of the pact is at [http://www.pbs.org/wgbh/pages/frontline/taliban/etc/nwdeal.html].
The FATA in 2007. Instability in the FATA only increased in 2007, with a large trust deficit between government forces and tribal leaders, and a conclusion by top U.S. officials that President Musharraf’s strategy of making truce deals with pro-Taliban militants had failed. In January, the director of the U.S. Defense Intelligence Agency, Lt. Gen. Michael Maples, told a Senate panel that tribal leaders in Waziristan had not abided by most terms of the September 2006 North Waziristan agreement. In March, Undersecretary of Defense for Policy Eric Edelman reported to the same panel that there was “an almost immediate and steady increase of cross-border infiltration and attacks” just after that agreement had been reached. Some reports even describe anecdotes of the Pakistani military providing fire support for Taliban units operating in Afghanistan. Combat between Pakistani troops and militants in the two Waziristan agencies reportedly has killed roughly 1,000 Islamist extremists (many of them foreigners), along with a similar number of Pakistani soldiers and many hundreds of civilians.

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

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

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125 Statement before the Senate Select Committee on Intelligence, January 11, 2007.
that the agreement had failed to produce the desired results for both Pakistan and the United States, and they suggested the tack should be abandoned.129

Meanwhile, it appears the “Pakistani Taliban” of North Waziristan has succeeded in establishing a local administrative infrastructure much as was done in South Waziristan following the April 2004 Shakai agreement. In the words of one Washington-based expert,

“[W]e cannot ignore the fact that across much of Pakistan’s border with Afghanistan, Islamabad has, for now, lost the battle to fight militancy and terrorism.... [T]oday the Pakistan state has virtually ceded North and South Waziristan to powerful radical forces. Justice, education, and social policies are in the hands of the Pakistani militants who practice a strongly conservative form of Islam.... By indulging and supporting extremists as a tool to retain and hold influence in Afghanistan, Pakistan has introduced changes that undermined its ability to maintain its writ within its own borders.”130

Reports also continue to indicate that the FATA increasingly provides a base for a new generation of Islamist militants and is the site of numerous terrorist training camps, some associated with Al Qaeda.131

Despite acknowledged setbacks, the Bush Administration claims to strongly support President Musharraf’s efforts to adopt a more comprehensive approach to include economic and social development, and governance reform in the region, flowing in part from an acknowledgment that purely military solutions are unlikely to succeed.132 Yet international donors and lending agencies appear hesitant to finance projects in the region while the security situation remains tense, and some in the U.S. government reportedly are wary of infusing development aid that could end up in the hands of elements unfriendly to U.S. interests.133 Many analysts insist that only by bringing the tribal areas under the full writ of the Pakistani state and facilitating major economic development there can the FATA problem be resolved.134


130 Statement of Prof. Marvin Weinbaum before the House Armed Services Committee, October 10, 2007.


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

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

Following conflicting reports from Indian government officials about the criminal investigation into July 2006 Bombay terrorist bombings, India’s prime minister stated that India had “credible evidence” of Pakistani government complicity in the plot. Islamabad rejected Indian accusations as “propaganda” designed “to externalize an internal [Indian] malaise.” Several other terrorist attacks against Indian targets outside of Kashmir have been linked to Pakistan-based groups, including lethal assaults on civilians in Delhi and Bangalore in 2005, in Varanasi in 2006, and in Hyderabad in 2007. Indian security officials also routinely blame Pakistan’s intelligence service for assisting the infiltration of Islamist militants into India from Nepal, Bangladesh, and Bhutan, as well as across the Kashmiri LOC.

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

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

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

A leading pro-Taliban militant in the South Waziristan tribal agency, Baitullah Mehsud, issued vows to avenge Pakistani military and paramilitary attacks in the region in early 2007; he reportedly has been linked to at least four anti-government suicide bombings in Pakistan and in 2007 emerged as a major challenge to Islamabad’s writ in the tribal areas. Some analysts believe that, by redirecting Pakistan’s internal security resources, an increase in such violence can ease pressure on Al Qaeda and affiliated groups and so allow them to operate more freely there. In June 2007, Pakistan’s National Security Council reportedly warned President Musharraf that Islamist militancy was rapidly spreading beyond western tribal areas and that a “policy of appeasement” had emboldened the Taliban. The Council was said to have formulated new plans to address the issue, including the deployment of

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pilotless reconnaissance drones, bolstering local law enforcement capabilities, and shifting more paramilitary troops to the region from other parts of Pakistan.138

Other Security Issues

Pakistan-U.S. Security Cooperation. U.S.-Pakistan security cooperation accelerated rapidly after 2001, and President Bush formally designated Pakistan as a major non-NATO U.S. ally in June 2004. The close U.S.-Pakistan security ties of the cold war era — which came to a near halt after the 1990 aid cutoff — have been restored as a result of Pakistan’s role in the U.S.-led anti-terrorism campaign. In 2002, the United States began allowing commercial sales that enabled Pakistan to refurbish at least part of its fleet of American-made F-16 fighter aircraft. In 2005, the United States announced that it would resume sales of new F-16 fighters to Pakistan after a 16-year hiatus. A revived high-level U.S.-Pakistan Defense Consultative Group (DCG) — moribund since 1997 — again sits for high-level discussions on military cooperation, security assistance, and anti-terrorism; its most recent session came in May 2006. In 2003, a U.S.-Pakistan-Afghanistan Tripartite Commission was established to bring together military commanders for discussions on Afghan stability and border security; a session held in Pakistan in January 2007 included establishment of the first joint intelligence sharing center in Kabul to boost cooperation against Taliban and other extremists. Officers from NATO’s International Security Assistance Force in Afghanistan have joined the body.

In response to ever-increasing rates of Islamist-related violence in Pakistan, the Bush Administration reportedly is in 2008 considering giving a freer hand to the CIA and Pentagon to conduct covert military operations in that country’s tribal areas. Critics argue that U.S. military intervention is likely to be ineffective and perhaps even counterproductive by alienating the Pakistani army and increasing local support for the militants. Islamabad vigorously rejects any suggestions that foreign military operations will be allowed on Pakistani territory.139

Defense Supplies. Major government-to-government arms sales and grants to Pakistan since 2001 have included items useful for counterterrorism operations, along with a number of “big ticket” platforms more suited to conventional warfare. In dollar value terms, the bulk of purchases are made with Pakistani national funds — the Pentagon reports total Foreign Military Sales agreements with Pakistan worth $863 million in FY2002-FY2005; in-process sales of F-16s and related equipment raised the value to $3.5 billion in FY2006 alone. The United States also has provided Pakistan with about $1.23 billion in Foreign Military Financing (FMF) since 2001, with a “base program” of $300 million per year since FY2005. These funds are used to purchase U.S. military equipment. Pakistan also has been granted U.S. defense supplies as Excess Defense Articles (EDA). Major post-2001 defense supplies under FMF include:

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eight P-3C Orion maritime patrol aircraft and their refurbishment (valued at $295 million);
about 5,250 TOW anti-armor missiles ($186 million);
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); and
20 AH-1F Cobra attack helicopters granted under EDA, then refurbished ($48 million).

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

- up to 60 mid-life upgrade kits for F-16A/B combat aircraft (total value of $891 million, with $108 million of this in FMF); 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);
- 500 AMRAAM air-to-air missiles ($629 million);
- 100 Harpoon anti-ship missiles ($298 million);
- 600 Sidewinder air-to-air missiles ($95 million); and
- six Phalanx close-in naval guns ($80 million).  

The Pentagon is negotiating the possible transfer to Pakistan of three P-3B aircraft as EDA grants that would be modified to carry the E-2C Hawkeye airborne early warning suite in a deal worth up to $855 million. If implemented, FMF could be used toward this purchase. Major EDA grants since 2001 also include four F-16A combat aircraft (24 more such aircraft will be transferred to Pakistan as they become excess to the U.S. Air Force). Under Coalition Support Funds (part of the Pentagon budget), Pakistan also received 26 Bell 412 helicopters, along with related parts and maintenance, valued at $235 million. The Department of Defense has characterized F-16 fighters, P-3C patrol aircraft, and anti-armor missiles as having significant anti-terrorism applications. The State Department claims that, since 2005, FMF funds have been “solely for counterterrorism efforts, broadly defined.” These claims elicit skepticism from some analysts.

Other security-related U.S. assistance programs for Pakistan are said to be aimed especially at bolstering Islamabad’s counterterrorism and border security efforts, and have included U.S.-funded road-building projects in the NWFP and FATA; and the provision of night-vision equipment, communications gear, protective vests, and transport helicopters and aircraft. The United States also has undertaken to train and equip new Pakistan Army Air Assault units that can move quickly to find and target

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

terrorist elements. Modest U.S.-funded military education and training programs seek to enhance the professionalism of Pakistan’s military leaders, and develop respect for rule of law, human rights, and democratic values.

Some reports indicate that U.S. military assistance to Pakistan has failed to effectively bolster the paramilitary forces battling Islamist militants in western Pakistan. Such forces are said to remain underfunded, poorly trained, and “overwhelmingly outgunned.”142 As part of a five-year, $750 million FATA development assistance plan for Pakistan, the Bush Administration has launched an initiative to strengthen the capacity of the Frontier Corps (FC), an 80,000-man paramilitary force overseen by the Pakistani Interior Ministry. The FC has primary responsibility for border security in the NWFP and Baluchistan provinces. The Pentagon in 2007 began using its funds to train and equip the FC, as well as to increase the involvement of the U.S. Special Operations Command in assisting with Pakistani counterterrorism efforts. Fewer than 100 Americans reportedly have been engaged in training Pakistan’s elite Special Service Group commandos with a goal of doubling that force’s size to 5,000.143

One former Pakistani police official, presently a Harvard-based analyst, opines that, without fundamental structural reforms, the prospects for meaningfully improving Frontier Corps capabilities are dim. Among his recommended changes are the appointment of more local tribesmen into command positions and a restoration of the authority of local political agents.144 A potential effort to bolster the capabilities of tribal leaders near the Afghan border would target that region’s Al Qaeda elements and be similar to U.S. efforts in Iraq’s Anbar province. Employing this tack in Pakistan presents new difficulties, however, including the fact that the “neo-Taliban” is not alien to Pakistan’s western regions but is, in fact, comprised of the tribes’ ethnolinguistic brethren.145

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.146

142 “U.S. Aid to Pakistan Misses Al Qaeda Target,” Los Angeles Times, November 5, 2007.
146 See, for example, Seth Jones, et al., “Securing Tyrants or Fostering Reform?,” RAND (continued...)
**Renewed F-16 Sales and Congressional Concerns.**\(^ {147}\) In June 2006, the Pentagon notified Congress of a possible Foreign Military Sale to Pakistan worth up to $5.1 billion. The deal involves 18 newly-built advanced F-16 combat aircraft (and an option for 18 more), along with related munitions and equipment, and would represent the largest-ever weapons sale to Pakistan. Associated munitions for new F-16s and for mid-life upgrades on others include 500 AMRAAM air-to-air missiles and 700 BLU-109 bombs. Congressional concerns about the sale and displeasure at the Bush Administration’s apparently improper notification procedures spurred a July 2006 hearing of the House International Relations Committee. During that session, many Members worried that F-16s were better suited to fighting India than to combating terrorists; some warned that U.S. military technology could be passed from Pakistan to China. The State Department’s lead official on political-military relations sought to assure the committee that the sale would serve U.S. interests by strengthening the defense capabilities of a key ally without disturbing the regional balance of power and that all possible measures would be taken to prevent the onward transfer of U.S. technologies. H.J.Res. 93, disapproving the proposed sale, was introduced in the House, but died in committee.

Secretary of State Rice subsequently informed Congress that no F-16 combat aircraft or related equipment would be delivered to Pakistan until Islamabad provided written security assurances that U.S. technology will not be accessible by third parties. Islamabad has denied that any “extraordinary” security requirements were requested; however, congressional concerns appear to have been satisfactorily addressed. After further negotiations on specifics, including a payment process that will require a major outlay from the Pakistani treasury, the United States and Pakistan signed a September 2006 letter of acceptance for the multi-billion dollar F-16 deal. Since then, several major U.S. defense corporations have won contracts worth hundreds of millions of dollars to supply F-16 parts and munitions to Pakistan, including a December 2007 award to Lockheed-Martin worth about $500 million.

**Nuclear Weapons and Missile Proliferation.**\(^ {148}\) Many policy analysts consider an apparent arms race between India and Pakistan to be among the most likely potential causes of the future use of nuclear weapons by states. In May 1998, India conducted unannounced nuclear tests, breaking a 24-year, self-imposed moratorium on such testing. Despite U.S. and world efforts to dissuade it, Pakistan quickly followed. The tests created a global storm of criticism and represented a serious setback to two decades of U.S. nuclear nonproliferation efforts in South Asia. Pakistan currently is believed to have enough fissile material, mainly enriched uranium, for 55-90 nuclear weapons; India, with a program focused on plutonium, may be capable of building a similar number. Both countries have aircraft capable of delivering nuclear bombs (U.S.-supplied F-16 combat aircraft in Pakistan’s air

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\(^{146}\) (...continued)

\(^{147}\) See also CRS Report RL33515, *Combat Aircraft Sales to South Asia*

\(^{148}\) See also CRS Report RL32115, *Missile Proliferation and the Strategic Balance in South Asia*; and CRS Report RS21237, *Indian and Pakistani Nuclear Weapons*. 
Pakistan’s military has inducted short- and medium-range ballistic missiles (allegedly acquired from China and North Korea), while India possesses short- and intermediate-range missiles. Both countries have tested cruise missiles with radar-evading capabilities. All missiles are assumed to be capable of delivering nuclear warheads over significant distances. In 2000, Pakistan placed its nuclear forces under the control of a National Command Authority led by the president. According to the director of the U.S. Defense Intelligence Agency, Pakistan is building its stockpile of fission weapons and is likely to continue work on advanced warhead and delivery systems.

The A.Q. Khan Nuclear Proliferation Network. Press reports in late 2002 suggested that Pakistan assisted Pyongyang’s covert nuclear weapons program by providing North Korea with uranium enrichment materials and technologies beginning in the mid-1990s and as recently as July 2002. Islamabad rejected such reports as “baseless,” and Secretary of State Powell was assured that no such transfers were occurring. If such assistance is confirmed by President Bush, all non-humanitarian U.S. aid to Pakistan may be suspended, although the President has the authority to waive any sanctions that he determines would jeopardize U.S. national security. In early 2003, the Administration determined that the relevant facts “do not warrant imposition of sanctions under applicable U.S. laws.” Press reports during 2003 suggested that both Iran and Libya benefitted from Pakistani nuclear assistance. Islamabad denied any nuclear cooperation with Tehran or Tripoli, although it conceded in December 2003 that certain senior scientists were under investigation for possible “independent” proliferation activities.

The investigation led to the February 2004 “public humiliation” of metallurgist Abdul Qadeer Khan, known as the founder of Pakistan’s nuclear weapons program and a national hero, when he confessed to involvement in an illicit nuclear smuggling network. Khan and at least seven associates were said to have sold crucial nuclear weapons technology and uranium-enrichment materials to North Korea, Iran, and Libya. President Musharraf, citing Khan’s contributions to his nation, issued a pardon that was later called conditional. The United States has been assured that the Islamabad government had no knowledge of such activities and indicated that the decision to pardon is an internal Pakistani matter. Some independent observers have insisted that Khan’s activities were, in fact, well known to top Pakistani authorities and that elements of the U.S. government turned a blind eye to the proliferation while seeking Pakistan’s continued cooperation with other foreign policy efforts.

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

152 In May 2007, Pakistan’s Ambassador to the United States reportedly said that if Khan had not been a national hero, “we would have strung him from the highest tree” (“A ‘Worrisome’ Time in Pakistan” [interview], USA Today, May 23, 2007).
While President Musharraf did promise President Bush that all information learned about Khan’s proliferation network would be shared, Pakistan has refused to allow any direct access to Khan by U.S. or international investigators.153 In May 2006, days after releasing from detention nuclear scientist and suspected Khan collaborator Mohammed Farooq, the Islamabad government declared the investigation “closed.” Some in Congress remained skeptical, however, and a House panel subsequently held a hearing at which three nongovernmental experts insisted that U.S. and international investigators be given direct access to Khan, in particular to learn more about assistance given to Iran’s nuclear program. No alleged Pakistani participants, including Khan himself, have faced criminal charges in the case.

In May 2007, the London-based International Institute for Strategic Studies released a report on the Khan network, finding that “at least some of Khan’s associates appear to have escaped law enforcement attention and could, after a period of lying low, resume their black-market business.”154 Shortly after, a House panel held another hearing on the Khan network, at which several Members and nongovernmental experts called for Pakistan to allow direct access to Khan for U.S. investigators. In July, Islamabad reportedly eased house arrest restrictions on Khan, although the Foreign Ministry denied any change in Khan’s status. Some observers say Iran’s strides in uranium enrichment and the related international crisis are almost wholly attributable to Khan’s past assistance to Tehran’s nuclear program.155

Major New Plutonium Facilities? Revelations in July 2006 that Pakistan is in the midst of constructing a major heavy water nuclear reactor at the Khushab complex brought a flurry of concern from analysts who foresee a regional competition in fissile material production, perhaps including China. A subsequent report identified a third plutonium production reactor at Khushab. Upon completion, which could be several years away, two new reactors with combined 1,000-megawatt capacity might boost Pakistan’s weapons-grade plutonium production capabilities to more than 200 kilograms per year, or enough for up to 50 nuclear weapons. Moreover, a January 2007 report warned that Pakistan may soon be reprocessing weapons-grade plutonium at its Chashma facility, further adding to its potential stockpile and aiding in the development of thermonuclear weapons.156 While Islamabad does not comment directly on the constructions, government officials there insist that Pakistan will continue to update and consolidate its nuclear program for the purpose of minimum credible deterrence. The Bush Administration responded

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153 At least one report indicates that U.S. investigators have, in fact, had direct access to Khan (Seymour Hersh, “The Iran Plans,” New Yorker, April 17, 2006).


to the 2006 revelations by claiming it had been aware of Pakistani plans and that it
discourages the use of the facilities for military purposes. 157

Pakistan’s Nuclear Transparency and Security. 158 During 2006, Islamabads
appeared to launch a public relations effort aimed at overcoming the
stigma caused by Khan’s proliferation activities. The effort included dispatching to
Washington the chief of the country’s Strategic Plans Division, Khalid Kidwai, a
retired lieutenant general who attempted to make more transparent Pakistan’s nuclear
command and control structure, and who acknowledged that Pakistan’s past
proliferation record had been “poor and indefensible.” 159 Many analysts now assert
that meaningful efforts have been made to improve the physical security of Pakistan’s
strategic arsenal.

Among the most urgent concerns of U.S. officials during Pakistan’s political
crisis has been the security of Pakistan’s nuclear weapons and materials, which could
be degraded as instability persists. While the danger of Islamist extremist gaining
possession of a nuclear explosive device is considered remote, the risk of rogue
scientists or security officials seeking to sell nuclear materials and/or technology is
seen to be higher in a setting of deteriorating security conditions. Pentagon officials
backpedaled from early expressions of concern, saying they believe Pakistan’s
arsenal was “under the appropriate control.” The United States reportedly has spent
nearly $100 million since 2001 on a classified program to help secure Pakistan’s
strategic weapons. Islamabad says the amount is closer to $10 million and it
emphatically rejects suggestions that the country’s nuclear arsenal is anything but
fully secure. 160

Most analysts appear to have concluded that the security of Pakistan’s nuclear
weapons and facilities is much improved in recent years. More worrisome, many
claim, is the possibility that Pakistan’s nuclear know-how or technologies could
remain prone to leakage. 161 Even India’s national security advisor — a figure not
expected to downplay the dangers — has stated an opinion that Pakistan’s nuclear
arsenal is “largely safe.” 162 Still, in January 2008, IAEA Director-General

158 See also CRS Report RL34248, Pakistan’s Nuclear Weapons.
159 Speech at the Carnegie Endowment for International Peace, Washington, DC, October
24, 2006.
160 “Pakistan’s Nuclear Arsenal a U.S. Worry,” Los Angeles Times, November 8, 2007; “US
Says Not Concerned About Pakistani Nukes,” Reuters, November 14, 2007; “U.S. Secretly
Aids Pakistan in Guarding Nuclear Arms,” New York Times, November 18, 2007; Pakistan
PR_281_07.htm].
161 See, for example, Andrew Koch and Kristin Rayhack, “Political Fallout: The Threat to
162 Farhan Bokhari, “Pakistan’s Nuclear Assets — Myths Vs Reality” (op-ed), Tehran Times,
December 11, 2007; “Pakistan Nukes Safely Guarded: Narayanm,” Hindu (Chennai),
(continued...)
Mohammed ElBaradei expressed fear that continued “chaos” could lead to Pakistan’s nuclear weapons falling into the hands of extremist elements. Unsurprisingly, the Islamabad government angrily rejected such fears as unrealistic, but even some Pakistani commentators aver that such warnings should not be dismissed.163

Pakistan reportedly has since 2005 been employing a multilayered system of checks that most prominently includes a Personnel Reliability Program modeled after that used by the United States. The program carefully vets and monitors potential and serving employees at the country’s nuclear facilities with a particular emphasis on religious sentiments. Other aspects include biometric scanners and what Pakistani officials call their indigenously developed versions of Permissive Action Links (PALs), sophisticated locks put on U.S. nuclear weapons to prevent their unauthorized use. Kidwai claims that 10,000 soldiers are devoted to the task of guarding the country’s nuclear weapons. Reports of U.S. “war-gaming” scenarios to intervene in Pakistan to secure the country’s nuclear weapons in a crisis suggest that U.S. options are severely limited and that the cooperation of the Pakistani government and military would be crucial to the success of such efforts. Such reports may themselves antagonize Islamabad.164

**U.S. Nonproliferation Efforts.** The United States has long sought to halt or limit the proliferation of nuclear weapons in South Asia. In May 1998, following the Indian and Pakistani nuclear tests, President Clinton imposed full restrictions on all non-humanitarian aid to both countries as mandated under Section 102 of the Arms Export Control Act. However, Congress and the President acted almost immediately to lift certain aid restrictions and, in October 2001, all remaining nuclear-related sanctions on Pakistan (and India) were removed. Officially, the United States continues to urge Pakistan and India to join the Nuclear Nonproliferation Treaty (NPT) as non-nuclear weapon states and it offers no official recognition of their nuclear weapons capabilities, which exist outside of the international nonproliferation regime.

During the latter years of the Clinton Administration, the United States set forth nonproliferation “benchmarks” for Pakistan and India, including halting further nuclear testing and signing and ratifying the Comprehensive Test Ban Treaty (CTBT); halting fissile material production and pursuing Fissile Material Control Treaty negotiations; refraining from deploying nuclear weapons and testing ballistic missiles; and restricting any and all exportation of nuclear materials or technologies. The results of U.S. efforts were mixed, at best, and neither Pakistan nor India are signatories to the CTBT or the NPT. The Bush Administration quickly set aside the benchmark framework. Concerns about onward proliferation, fears that Pakistan could become destabilized by the U.S.-led counterterrorism efforts in Afghanistan,

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162 (...continued)
December 18, 2007.


and concern over the issue of political succession in Islamabad have heightened U.S. attention to weapons proliferation in the region. Section 1601 of P.L. 107-228 outlined U.S. nonproliferation objectives for South Asia. Some Members of Congress have identified “contradictions” in U.S. nonproliferation policy toward South Asia, particularly as related to the Senate’s rejection of the CTBT and indications that the United States seeks to build new nuclear weapons.

During a July 2007 policy review for the Senate Foreign Relations Committee, Under Secretary of State Burns said,

We welcome the action Pakistan has taken to bring its export controls in line with international standards, including the recent establishment of a Strategic Export Control Division within its Ministry of Foreign Affairs to centralize licensing and enforcement. Pakistan continues its cooperation with the United States under the Export Control and Related Border Security (EXBS) program. We welcome Pakistan’s participation in the Container Security Initiative and the Secure Freight Initiative.... We are also pleased that, in early June, Pakistan joined the Global Initiative to Combat Nuclear Terrorism.... Additionally, the U.S. Department of Energy is working with their counterparts in Pakistan on radiation source security and is in the process of finalizing an agreement to install radiation detection equipment at Pakistani ports and border crossings. We hope Pakistan will continue to take steps to join additional international nonproliferation programs and regimes so it can finally move beyond the stigma of the A.Q. Khan era.165

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

The 2002 Crisis. Secretary of State Powell visited South Asia in mid-October 2001 in an effort to ease escalating tensions over Kashmir, but a bombing at the Jammu and Kashmir state assembly building later that month was followed by a December assault on the Indian Parliament in New Delhi (both incidents were blamed on Pakistan-based terrorist groups). India mobilized some 700,000 troops along the Pakistan-India frontier and threatened war unless Islamabad ended all “cross-border infiltration” of Islamic militants. This action triggered a corresponding Pakistani military mobilization. Under significant international diplomatic pressure (and likely also the threat of India’s use of force), President Musharraf in January

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2002 gave a landmark address in which he vowed to end the presence of terrorist entities on Pakistani soil, and he outlawed five militant groups, including those most often named in attacks in India: Lashkar-e-Taiba and Jaish-e-Mohammed.166

Despite the Pakistani pledge, infiltrations into Indian-held Kashmir continued, and a May 2002 terrorist attack on an Indian army base at Kaluchak killed 34, most of them women and children. This event again brought Pakistan and India to the brink of full-scale war, and caused Islamabad to recall army troops from patrol operations along the Pakistan-Afghanistan border. Intensive international diplomatic missions to South Asia reduced tensions during the summer of 2002 and appear to have prevented the outbreak of war. Numerous top U.S. officials were involved in the effort and strenuously urged the two countries to renew bilateral dialogue.167

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

Although militant infiltration did not end, New Delhi acknowledged that it was significantly decreased and, combined with other confidence-building measures, relations were sufficiently improved that the Indian prime minister attended a January 2004 summit meeting of the South Asian Association for Regional Cooperation in Islamabad. There Pakistan and India issued a joint “Islamabad Declaration” calling for a renewed “Composite Dialogue” to bring about “peaceful settlement of all bilateral issues, including Jammu and Kashmir, to the satisfaction of both sides.” 168 A major confidence-building development came in April 2005, when a new bus service was launched linking Muzaffarabad in Pakistani Kashmir and Srinagar in Indian Kashmir, and a summit meeting produced an agreement to address the Kashmir issue “in a forward looking manner for a final settlement.” Still, many Kashmiris reject any settlement process that excludes them.

Even as the normalization of India-Pakistan relations moves forward — and likely in reaction to their apparent marginalization in the face of this development — separatist militants continue their attacks, and many observers in both India and the

166 Text at [http://www.presidentofpakistan.gov.pk/FilesSpeeches/Addresses/1020200475758AMword%20file.pdf]
United States believe support for Kashmiri militants remains Pakistani state policy. Yet many indicators show positive long-term trends. Steadily reduced rates of infiltration may be attributed to the endurance of the Pakistan-India dialogue. Moreover, President Musharraf has made considerable efforts to exhibit flexibility, including December 2006 statements that Pakistan is “against independence” for Kashmir, and his offering of a four-point proposal that would lead to “self-governance ... falling between autonomy and independence.”169 This was seen by many analysts as being roughly in line with New Delhi’s Kashmir position. Indeed, the Indian prime minister welcomed Musharraf’s proposals, saying they “contribute to the ongoing thought process.” Prospects for a government-to-government accommodation may thus be brighter than ever before. However, political and security crises in Pakistan have slowed the process in 2007.

India has watched Pakistan’s late 2007 political and security turmoil with great interest, but little public comment. A destabilized Pakistan represents a major security concern for New Delhi, but at the same time history shows that as Pakistan’s internal difficulties grow, Pakistani interference in Indian affairs tends to decrease.170

**Baluchistan Unrest.** Pakistan’s vast southwestern Baluchistan province is about the size of California and accounts for 44% of the country’s land area, but only 5% of its population. The U.S. military has made use of bases in the region to support its operations in neighboring Afghanistan. The province is the proposed setting for a pipeline that would deliver Iranian natural gas to both Pakistan and India, a project which, if brought to fruition, could bring hundreds of millions of dollars in annual transit fees to Islamabad’s national treasury. The United States opposes this “IPI” pipeline project as part of its effort to isolate Iran internationally. Security problems in Baluchistan reduce the appeal to investors of building a pipeline across the province. The presence in Baluchistan of Jundallah, a trans-border militant group that claims to fight on behalf of Baloch rights, has caused friction between Islamabad and Tehran. More broadly, such problems raise serious questions about Pakistan’s internal stability and national cohesion.171

Over the decades of Pakistani independence, many of the ethnic Baloch and some of the Pashtun tribes who inhabit this relatively poor and underdeveloped province have engaged in armed conflict with federal government forces, variously seeking more equitable returns on the region’s rich natural resources, greater autonomy under the country’s federal system, or even outright independence and formation of a Baloch state that might include ethnic brethren and some territories in both Afghanistan and Iran. Non-Baloch (mostly Punjabis) have been seen to benefit disproportionately from mineral and energy extraction projects, and indigenous Baloch were given only a small role in the construction of a major new port at Gwadar. Many Baloch thus complain of being a marginalized group in their own homeland. Long-standing resentments sparked armed conflicts in 1948, 1958, 1973, and 1978.

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171 See also “Simmering Balochistan,” *Jane’s Islamic Affairs Analyst*, March 1, 2008.
and 1973. The latter insurrection, which lasted four years, involved tens of thousands of armed guerillas and brought much destruction to the province; it was put down only after a major effort by the Pakistan Army, which made use of combat helicopters provided by Iran. Some 8,000 rebels and Pakistani soldiers were killed.

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

President Musharraf calls Baloch rebels “miscreants” and “terrorists;” the Islamabad government officially banned the separatist Baluchistan Liberation Army as a terrorist organization in April 2006 and at times suggests that Baloch militants are religious extremists. Yet most rebel attacks are taken against military and infrastructure targets, and — despite a government campaign to link the two movements — Islam appears to play little or no role as a motive for Baloch militancy. Islamabad has employed helicopter gunships and fixed-wing aircraft in its effort to defeat the rebel forces.

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

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173 “Bugti’s Killing Is the Biggest Blunder Since Bhutto’s Execution” (editorial), Daily Times (Lahore), August 28, 2006.
“normalization” and decrease in violence in Baluchistan, although a low-intensity insurgency continues and the overarching problem remains unresolved.\footnote{See also “Pakistan: The Forgotten Conflict in Balochistan,” International Crisis Group Asia Briefing No. 69, October 22, 2007.}

**Narcotics.**\footnote{See also CRS Report RL32686, *Afghanistan: Narcotics and U.S. Policy.*} Pakistan is a major transit country for opiates that are grown and processed in Afghanistan then distributed worldwide by Pakistan-based traffickers. The State Department indicates that Pakistan’s cooperation on drug control “remains strong,” and the Islamabad government has made impressive strides in eradicating indigenous opium poppy cultivation. However, opium production spiked in post-Taliban Afghanistan, which is now said to supply 92% of the world’s heroin.\footnote{United Nations, *World Drug Report 2007.*} Elements of Pakistan’s intelligence agency are suspected of past involvement in drug trafficking; in March 2003, a former U.S. Ambassador to Pakistan told a House panel that their role in the heroin trade from 1997-2003 was “substantial.” Taliban militants are reported to benefit significantly by taxing Afghan farmers and extorting traffickers.\footnote{“Taliban Reaping Opium Profits,” *Associated Press,* April 11, 2007.} Other reports indicate that profits from drug sales are financing the activities of Islamic extremists in Pakistan and Kashmir.

U.S. counternarcotics programs aim to reduce the flow of opiates through Pakistan, eliminate Pakistan as a source of such opiates, and reduce the demand for illegal drugs within Pakistan. Islamabad’s own counternarcotics efforts are hampered by lack of full government commitment, scarcity of funds, poor infrastructure, and likely corruption. Since 2002, the State Department’s Bureau of International Narcotics and Law Enforcement Affairs has supported Pakistan’s Border Security Project by training border forces, providing vehicles and surveillance and communications equipment, transferring helicopters and fixed-wing aircraft to the Interior Ministry’s Air Wing, and road-building in western tribal areas. Congress funded such programs with roughly $50 million for FY2007.

**Islamization, Anti-American Sentiment, and Madrassas**

With some 160 million citizens, Pakistan is the world’s second-most populous Muslim country, and the nation’s very foundation grew from a perceived need to create a homeland for South Asian Muslims in the wake of decolonization. However, religious-based political parties traditionally have fared poorly in national elections. An unexpected outcome of the country’s 2002 polls saw the Muttahida Majlis-e-Amal (MMA or United Action Front), a coalition of six Islamic parties, win 11% of the popular vote and 68 seats in the National Assembly — about one-fifth of the total. It also gained control of the provincial assembly in the North West Frontier Province (NWFP) and leads a coalition in the Baluchistan assembly. These Pashtun-majority western provinces border Afghanistan, where U.S.-led counterterrorism operations are ongoing. In 2003, the NWFP provincial assembly passed a Shariat (Islamic law) bill. In both 2005 and 2006, the same assembly passed a Hasba (accountability) bill that many fear could create a parallel Islamic legal body.
Pakistan’s Supreme Court, responding to petitions by President Musharraf’s government, rejected most of this legislation as unconstitutional, but in February 2007 it upheld most of a modified Hasba bill re-submitted by the NWFP assembly. Such developments alarm Pakistan’s moderates and Musharraf has decried any attempts to “Talibanize” regions of Pakistan.178

Pakistan’s Islamists are notable for expressions of anti-American sentiment, at times calling for “jihad” against the existential threat to Pakistani sovereignty they believe alliance with Washington entails. Most analysts contend that two December 2003 attempts to assassinate President Musharraf were carried out by Islamist militants angered by Pakistan’s post-September 2001 policy shift. The “Pakistani Taliban” that has emerged in western tribal areas has sought to impose bans on television and CD players, and has even instigated attacks on girls schools in an effort to prevent female education. Some observers identify a causal link between the poor state of Pakistan’s public education system and the persistence of xenophobia and religious extremism in that country.

Anti-American sentiment is not limited to Islamic groups, however. Many across the spectrum of Pakistani society express anger at U.S. global foreign policy, in particular when such policy is perceived to be unfriendly or hostile to the Muslim world (as in, for example, Palestine and Iraq).179 In 2004 testimony before a Senate panel, a senior U.S. expert opined: “Pakistan is probably the most anti-American country in the world right now, ranging from the radical Islamists on one side to the liberals and Westernized elites on the other side.”180 In a 2005 American magazine interview, President Musharraf conceded that “the man on the street [in Pakistan] does not have a good opinion of the United States.” He added, by way of partial explanation, that Pakistan had been “left high and dry” after serving as a strategic U.S. ally during the 1980s Afghan war.181

A Pew poll taken shortly before the catastrophic October 2005 earthquake found only 23% of Pakistanis expressing a favorable view of the United States, the lowest percentage for any country surveyed. That percentage doubled to 46% in an ACNielsen poll taken after large-scale U.S. disaster relief efforts in earthquake-affected areas, with the great majority of Pakistanis indicating that their perceptions had been positively influenced by witnessing such efforts. However, a January 2006 missile attack on Pakistani homes near the Afghan border killed numerous civilians and was blamed on U.S. forces, renewing animosity toward the United States among segments of the Pakistani populace. An October 2006 missile attack in the same

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

179 Author interviews in Islamabad, September 2006.

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

border area ostensibly was launched by Pakistani forces, but widespread suspicions of U.S. involvement further engendered anti-Americanism and concerns about Pakistani sovereignty. A further noteworthy episode in 2006 saw Pakistani cities hosting major public demonstrations against the publication in European newspapers of cartoons deemed offensive to Muslims. These protests, which were violent at times, included strong anti-U.S. and anti-Musharraf components, suggesting that Islamist organizers used the issue to forward their own political ends. Subsequently, a June 2006 Pew Center poll found only 27% of Pakistanis holding a favorable opinion of the United States, and this dropped to 19% in a September 2007 survey by the U.S.-based group Terror Free Tomorrow, suggesting that public diplomacy gains following the 2005 earthquake had receded.

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

- 64% of Pakistanis do not trust the United States to “do the right thing in world affairs;”
- more than two-thirds believe the U.S. military presence in Afghanistan is “a critical threat to Pakistan’s interests;”
- only 27% feel that Pakistan-U.S. security cooperation has benefitted Pakistan; and
- 86% now believe that weakening and dividing the Muslim world is a U.S. goal (70% believe this is “definitely” the case).182

Another public opinion survey, conducted in January 2008, found nearly three-quarters of Pakistanis agreeing that religious extremism represented a serious problem for their country, yet only one-third supported Pakistani army operations against religious militants in western Pakistan, and a scant 9% thought Pakistan should cooperate with the United States in its “war on terror.”183

**Pakistan’s Religious Schools (Madrassas).**184 Afghanistan’s Taliban movement itself began among students attending Pakistani religious schools (madrassas). Among the more than 10,000 madrassas training some 1.5 million children in Pakistan are a small percentage that have been implicated in teaching militant anti-Western, anti-American, anti-Hindu, and even anti-Shia values. Former Secretary of State Colin Powell once identified these as “programs that do nothing but prepare youngsters to be fundamentalists and to be terrorists.”185 Contrary to popularly held conceptions, however, research indicates that the great majority of Pakistan’s violent Islamist extremists does not emerge from the country’s madrassas, but rather from the dysfunctional public school system or even from private, English-

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182 See [http://www.worldpublicopinion.org/pipa/pdf/jan08/Pakistan_Jan08_rpt.pdf].
medium schools. One study found that only 17% of international terrorists sampled had Islamic education backgrounds.186

Many of Pakistan’s madrassas are financed and operated by Pakistani Islamist political parties such as the JUI-F (closely linked to the Taliban), as well as by multiple unknown foreign entities, many in Saudi Arabia.187 As many as two-thirds of the seminaries are run by the Deobandi sect, known in part for traditionally anti-Shia sentiments and at times linked to the Sipah-e-Sahaba terrorist group. In its 2006 report on international religious freedom, the U.S. State Department said, “Some unregistered and Deobandi-controlled madrassas in the FATA and northern Baluchistan continued to teach extremism” and that schools run by the Jamaat al-Dawat — considered to be a front organization of the proscribed Lashkar-e-Taiba terrorist group — serve as recruitment centers for extremists. President Musharraf himself has acknowledged that a small number of seminaries were “harboring terrorists” and he has asked religious leaders to help isolate these by openly condemning them.188

International attention to Pakistan’s religious schools intensified during the summer of 2005 after Pakistani officials acknowledged that suspects in July’s London terrorist bombings visited Pakistan during the previous year and may have spent time at a madrassa near Lahore. While President Musharraf has in the past pledged to crack down on the more extremist madrassas in his country, there continues to be little concrete evidence that he has done so, and even the president himself has admitted that movement on this issue has been slow.189 Some observers speculate that Musharraf’s reluctance to enforce reform efforts is rooted in his desire to remain on good terms with Pakistan’s Islamist political parties, which are seen to be an important part of his political base.190 When asked in late 2007 about progress in reforming the country’s madrassa system, Musharraf made a rare admission of “lack of achievement,” but went on to call the registration campaign and efforts to

189 See “Pakistan: Reforming the Education Sector,” International Crisis Group Report 84, October 7, 2004; “Radical Teachings in Pakistan Schools,” Boston Globe, September 29, 2006. Author interviews with Pakistani government officials and scholars have tended to confirm that movement on madrassa reform is slow, at best.
mainstream the curriculum successful. In the lead-up to Pakistan’s February 2008 parliamentary elections, 16 of the country’s major parties committed to raising the federal education budget to 4% of GDP, up from the current 2.4%.

The U.S. Congress has appropriated many millions of dollars to assist Pakistan in efforts to reform its education system, including changes that would make madrassa curriculum closer in substance to that provided in non-religious schools. More than $200 million has been allocated for education-related aid programs since 2002. In November 2006, the U.S.-Pakistan Education dialogue was launched in Washington to bolster further engagement.

Democratization and Human Rights

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

Pakistan’s Military-Dominated Government. General Musharraf’s assumption of the presidency ostensibly was legitimatized by a controversial April 2002 referendum marked by evidence of fraud. In August 2002, Musharraf announced sweeping constitutional changes to bolster the president’s powers, including provisions for presidential dissolution of the National Assembly. The United States expressed concerns that the changes could make it more difficult to build democratic institutions in Pakistan. The 2002 elections nominally fulfilled Musharraf’s promise to restore the National Assembly that was dissolved in the wake of his extra-constitutional seizure of power. The pro-military Pakistan Muslim League-Quaid-e-Azam (PML-Q) won a plurality of seats, while a coalition of Islamist parties made a surprisingly strong showing.

191 “Full Transcript Musharraf Interview,” ABC News (online), November 30, 2007. As of January 2008, more than 14,600 madrassas were reportedly registered with the government, leaving up to 1,500 yet to register (“Madressah Reforms Put on Hold for Next Government,” Dawn (Karachi), January 12, 2008).
192 See also CRS Report RL34240, Pakistan’s Political Crises.
The civilian government was hamstrung for more than a year by fractious debate over the legitimacy of constitutional changes and by Musharraf’s continued status as army chief and president. A surprise December 2003 agreement between Musharraf and the MMA Islamist opposition ended the deadlock by bringing the constitutional changes before Parliament and by eliciting a promise from Musharraf to resign his military commission before 2005. Non-Islamist opposition parties unified under the Alliance for the Restoration of Democracy (ARD) accused the MMA of betrayal and insisted that the new arrangement merely institutionalized military rule in Pakistan. Pakistan’s nominally non-party 2005 municipal elections saw major gains for candidates favored by the PML-Q and notable reversals for Islamists, but were also marked by widespread accusations of rigging. The Bush Administration made no public comment on reported irregularities.

Other apparent reversals for Pakistani democratization came in 2004, including the sentencing of ARD leader and PML-N stalwart Javed Hashmi to 23 years in prison for sedition, mutiny, and forgery (Hashmi was released in August 2007), and the “forced” resignation of Prime Minister Jamali for what numerous analysts called his insufficient deference to President Musharraf. Musharraf “shuffled” prime ministers to seat his close ally, Finance Minister Shaukat Aziz. Aziz is seen to be an able financial manager and technocrat favored by the military, but he has no political base in Pakistan. Moreover, in the final month of 2004 Musharraf chose to continue his role as army chief beyond the stated deadline. One senior Pakistani scholar offers a critical summary of the country’s political circumstances under President Musharraf’s rule:

The current power structure, often described as the “Musharraf model of governance,” is narrow and suffers from a crisis of legitimacy. Its major features are: a concentration of power in the presidency, with backup from its army/intelligence and bureaucratic affiliates; induction of retired and serving military officers into important civilian institutions and thus an undermining of the latter’s autonomy; co-option of a section of the political elite, who are given a share of power and patronage in return for mobilizing civilian support, on President Musharraf’s terms; a reluctant partnership with the Islamic parties, especially the Muttahida Majlis-i-Amal (MMA), and soft-peddling towards Islamic groups; manipulation of the weak and divided political forces and exclusion of dissident political leaders.194 Many analysts have opined that, despite being a self-professed “enlightened moderate,” Musharraf has in practice strengthened the hand of Pakistan’s Islamist extremist forces and that, while he “talks a good game about liberalizing Pakistani society ... his choice of allies suggests he’s not serious.”195 In the meantime, the Pakistan army has further entrenched itself in the country’s corporate sector, generating billions of dollars in annual profits from businesses ranging from

construction to breakfast cereal. One estimate has this “milbus” (military business) accounting for 6% of the country’s gross domestic product.\textsuperscript{196}

Some analysts argue that much of the criticism leveled at Musharraf is unfair and that he has been a relatively benign “military dictator.” Such analysts will, for example, point out that Musharraf’s policies vis-a-vis India have allowed for a reduction of bilateral tensions and an ongoing peace dialogue, that he appears to have clamped down on Kashmiri militancy, and that he has not come under fire for corruption, as did Bhutto and other leaders.\textsuperscript{197}

In May 2007, a delegation from the Washington-based National Democratic Institute issued a report on its visit to Pakistan, calling expected national elections there “critical to the nation’s future;” warning that tainted elections could strengthen the position of extremist elements or further consolidate the role of the military in governance; urging President Musharraf to retire his military commission in the interest of public confidence; and calling for a significantly strengthened Pakistan Election Commission to ensure credible polls.\textsuperscript{198} An October follow-on report lamented what it said was almost no progress on efforts to resolve problems noted in May. Such problems include long-standing provincial vacancies on the Election Commission; correction of suspect voter rolls; an absence of normal political activity in the FATA; insufficient measures to protect women’s political rights; and a perceived need for the issuance and publicizing of government orders to prevent security forces such as the ISI from interfering in the political process.\textsuperscript{199} In an indication that the Commission’s credibility remains in doubt, former Prime Minister Bhutto in June 2007 filed a petition with the Pakistani Supreme Court on the removal of tens of millions of Pakistanis from election rolls, and the Hong Kong-based Asian Human Rights Commission later claimed that the Commission was illegitimately denying voting rights to 38 million people, most of them women.

The leadership of the country’s leading moderate, secular, and arguably most popular party — the Pakistan People’s Party — seek greater U.S. support for Pakistani democratization and warn that the space in which they are allowed to operate is so narrow as to bring into question their continued viability as political forces.\textsuperscript{200} They also identify a direct causal link between nondemocratic governance and the persistence of religious militancy in Pakistan. In a December 2007 opinion article, Benazir Bhutto argued that the all the countries of the world had a direct interest in Pakistani democratization, reiterating her long-held view that dictatorship had fueled extremism in her country and that credible elections there were a necessary condition for the reduction of religion militancy. As for U.S. policy, she opined that, “At the very least, America can and should prod Musharraf to give

\textsuperscript{198} [http://www.accessdemocracy.org/library/2157_pk_pre_election_statement_051707.pdf].
\textsuperscript{199} See [http://www.accessdemocracy.org/library/2208_pakistan_peam_stamt_102107.pdf].
Pakistanis an independent election commission, a neutral caretaker administration, and an end to blatant vote manipulation.”

**Judicial/Political Crisis in 2007.** On March 9, President Musharraf summarily dismissed the Chief Justice of Pakistan’s Supreme Court, Iftikhar Chaudhry, on unspecified charges of misconduct and nepotism. Analysts widely believe the dismissal was an attempt by Musharraf to remove a potential impediment to his continued roles as president and army chief, given Chaudhry’s recent rulings that exhibited independence and went contrary to government expectations. The move triggered immediate outrage among numerous Pakistani lawyers and others who claimed Musharraf had acted unconstitutionally. Several judges and a deputy attorney general resigned in protest, ensuing street protests by lawyers grew in scale and were joined by both secular and Islamist opposition activists. By providing an issue upon which anti-Musharraf sentiments could coalesce, the imbroglio soon morphed from a judicial crisis to a full-fledged political crisis and the greatest threat to Musharraf’s government since it was established in 1999. Numerous analyses concluded that the developments severely weakened Musharraf politically and could threaten the viability of his continued rule.

The U.S. State Department at first declared the issue to be a purely internal matter and withheld further comment but, as a sense of crisis increased in Pakistan, a Department spokesman called Chaudhry’s dismissal “a matter of deep concern” that the U.S. government was “monitoring very closely,” and he called for the issue to be handled in a transparent manner in accordance with Pakistani law. However, in a statement that triggered concern among many Pakistanis and skeptical analysts alike, the spokesman also claimed President Musharraf was “acting in the best interest of Pakistan and the Pakistani people.”

In refusing to be cowed by the Musharraf government and voluntarily resign his post, the suspended Chief Justice became a popular figure in Pakistan. In May, tens of thousands of supporters lined the streets as Chaudhry drove from Islamabad to Lahore to address the High Court there (a normally 4-hour drive took more than 24 hours). Chaudhry later flew to Karachi but was blocked from leaving the city’s airport, reportedly by activists of the regional, government-allied Muttahida Qaumi Movement (MQM) party. Ensuing street battles between MQM cadres and opposition activists left at least 40 people dead on May 12, most of them PPP members. Reports had local police and security forces standing by without intervening while the MQM attacked anti-Musharraf protesters, leading many

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observers to charge the government with complicity in the bloody rioting. The incidents did significant further damage to President Musharraf’s standing.

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

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

Bush Administration officials repeatedly have emphasized that democratization is key to the creation of a more moderate and prosperous Pakistan. However, numerous critics of Administration policy assert that the Islamabad government has for more than five years been given a “free pass” on the issue of representative government, in part as a means of enlisting that country’s continued assistance in U.S.-led counterterrorism efforts. At the same Senate Foreign Relations Committee hearing cited above, one former U.S. diplomat offered that, “Overall U.S. policy toward Pakistan until very recently gave no serious attention to encouraging democracy in Pakistan.” Numerous other U.S. officials have opined that the Bush Administration’s relatively meager attention to Pakistani democratization has been rooted in an aversion to any moves that could alienate Musharraf and so reduce his cooperation on counterterrorism. U.S. congressional committees have long expressed concern with “the slow pace of the democratic development of Pakistan” and “the lack of progress on improving democratic governance and rule of law” there.

Many commentators have criticized the Bush Administration’s perceived over-emphasis on relations with Musharraf and the Pakistani military at the expense of...
positive ties with the broader Pakistan society. In the representative commentary of a former Pakistani diplomat,

The United States made a critical mistake in putting faith in one man — General Pervez Musharraf — and one institution — the Pakistani military — as instruments of the U.S. policy to eliminate terrorism and bring stability to the Southwest and South Asia. A robust U.S. policy of engagement with Pakistan that helps in building civilian institutions, including law enforcement capability, and eventually results in reversing Pakistan’s military to its security functions would be a more effective way of strengthening Pakistan and protecting United States policy interests there.208

The U.S. State Department’s *Country Report on Human Rights Practices 2006*, issued by the Bureau of Democracy, Human Rights, and Labor in March 2007, does not use the word “democracy” or any of its derivatives in discussing Pakistan, but does note that “restrictions on citizens’ right to change their government” represent a “major problem.”209 In a June 2007 letter to Secretary of State Rice, several Members of Congress decried the “spiral of civil unrest and harshly suppressed protest in Pakistan” and asserted that U.S. and Pakistani national interests “are both served by a speedy restoration of full democracy to Pakistan and the end to statesponsored intimidation — often violent — of Pakistani citizens protesting government actions in a legal and peaceful manner.” Leading opposition political figures in Islamabad have warned that unconditional U.S. support for Musharraf’s military-dominated government could result in an anti-American backlash among Pakistan’s moderate forces.210 Yet others opine that overt U.S. conditionality is unlikely to be effective and may only foster anti-U.S. resentments in Pakistan.211 One analysis by a former Bush State Department official concluded that “the United States should resist the urge to threaten [Musharraf] or demand a quick democratic transition,” arguing that the Pakistani military must be pushed toward political reform in ways that do not jeopardize its “core interests.”212

Human Rights Problems. The State Department’s most recent *Country Report on Human Rights Practices* (issued March 2007) again determined that the Pakistan government’s record on human rights “remained poor.” Along with concerns about anti-democratic practices, the report lists extrajudicial killings, torture, and abuse by security forces; “widespread” government and police corruption; lack of judicial independence; political violence; terrorism; and “extremely poor” prison conditions among the major problems. It further notes an

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

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


increase in restrictions on press freedoms and in reports of “disappearances” of political activists. Improvement was noted, however, with government efforts to crack down on human trafficking.\textsuperscript{213} The most recent State Department report on trafficking in persons (issued in June 2007) again said, “Pakistan does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so.”\textsuperscript{214}

According to the Department of State, the Islamabad government is known to limit freedoms of association, religion, and movement, and to imprison political leaders. In June 2007, the House Appropriations Committee (H.Rept. 110-197) expressed concern about the Pakistani government’s apparent lack of respect for human rights. Senate reports have expressed similar concerns. The Human Rights Commission of Pakistan and international human rights groups periodically issue reports critical of Pakistan’s lack of political freedoms, lawlessness in many areas (especially the western tribal agencies), and of the country’s perceived abuses of the rights of women and minorities.

\textbf{Gender Discrimination.} Discrimination against women is widespread in Pakistan and traditional constraints — cultural, legal, and spousal — keep women in a subordinate position in society. In 2005, Pakistani gang rape victim Mukhtaran Mai — and Islamabads’ (mis)handling of her case — became emblematic of gender discrimination problems in Pakistan. The Hudood Ordinance was promulgated during the rule of President General Zia ul-Haq and is widely criticized for imposing stringent punishments and restrictions under the guise of Islamic law. Among its provisions, the ordinance criminalizes all extramarital sex and makes it extremely difficult for women to prove allegations of rape (those women who make such charges without the required evidence often are jailed as adulterers). In November 2006, the Hudood laws were amended in the Women’s Protection Bill. President Musharraf supported the changes and the ruling PML-Q party joined with the opposition PPP to overcome fierce resistance by Islamist parties. The step was viewed as a landmark in efforts to create more a moderate Pakistani state. However, with the February 2007 murder of a female provincial minister in Punjab by a radical Islamist and threats being issued against girls’ schools and female health workers in the NWFP, among other incidents, well-entrenched societal discrimination continues.

\textbf{Religious Freedom.} The State Department’s most recent \textit{International Religious Freedom Report} (released in September 2007) again found that in practice the Islamabad government imposes limits on the freedom of religion in Pakistan:

The Government took some steps to improve its treatment of religious minorities during the period covered by this report, but serious problems remained. Law enforcement personnel abused religious minorities in custody. Security forces and other government agencies did not adequately prevent or address societal abuse against minorities. Discriminatory legislation and the Government’s failure to take action against societal forces hostile to those who practice a different

\textsuperscript{213} See [http://www.state.gov/g/drl/rls/hrprt/2006/78874.htm]. A Pakistan Foreign Ministry spokeswoman claimed the report “lacks objectivity and contains inaccuracies.”

\textsuperscript{214} See [http://www.state.gov/g/tip/rls/tiprpt/2007/82806.htm].
faith fostered religious intolerance, acts of violence, and intimidation against religious minorities. Specific laws that discriminate against religious minorities include anti-Ahmadi and blasphemy laws that provide the death penalty for defiling Islam or its prophets.215

The State Department has rejected repeated U.S. Commission on International Religious Freedom recommendations that Pakistan be designated a “country of particular concern.” The 2007 annual report from that Commission claims that, “Sectarian and religiously motivated violence persists in Pakistan ... and the government’s somewhat improved response to this problem continues to be insufficient and not fully effective.”216

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

Pakistani journalists have taken to the streets to protest perceived abuses and they complain that the government seeks to intimidate those who would report the facts of Pakistani counterterrorism operations. In May 2007, the New York-based Committee to Protect Journalists placed Pakistan sixth in a list of the ten countries where press freedom had most deteriorated since 2002.217 In early June, in apparent reaction to media coverage of rallies in support of Pakistan’s suspended Chief Justice, the Musharraf government issued an ordinance allowing the Pakistan Electronic Media Regulatory Agency to impose strict curbs on television and radio station operations. Human Rights Watch later called the decree a “disgraceful assault on media freedom.”218 Implementation of the ordinance subsequently was halted. In September 2007, the U.S. Embassy in Islamabad expressed concern about recent incidents in which Pakistani journalists were subject to assaults and harassment.219

**“Disappeared” Persons.** According to the U.S. State Department, there was an increase of politically motivated disappearances in Pakistan in 2006, with police and security forces holding prisoners incommunicado and refusing to provide

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215 See [http://www.state.gov/g/drl/rls/irf/2007/90233.htm].
217 See [http://cpj.org/backsliders/index.html].
218 See [http://hrw.org/english/docs/2007/06/06/pakist16084.htm].
219 See [http://usembassy.state.gov/pakistan/h07092101.html].
information on their whereabouts, particularly in terrorism and national security cases. In November 2006, Pakistan’s Supreme Court ordered the government to disclose the whereabouts of 41 suspected security detainees who had “disappeared.” Human rights groups claim to have recorded more than 400 cases of such secret detentions since 2002. London-based Amnesty International has criticized Islamabad for human rights abuses related to its cooperation with the U.S.-led “war on terror,” including the arbitrary detention, enforced disappearance, and torture of hundreds of people. In late 2007, Pakistan’s military and intelligence agencies reportedly released from detention nearly 100 terrorism suspects without charges. No official explanation for the releases was offered and some analysts assert that the primary motive was avoiding the embarrassment of having to reveal that the suspects were being held “on flimsy evidence in [a] secret system.” Islamabad denies involvement in extralegal detentions.

Economic Issues

Overview. Pakistan is a poor country, but the national economy has gathered significant positive momentum in recent years, helped in large part by the government’s pro-growth policies and by post-2001 infusions of foreign aid. Overall growth has averaged nearly 7% over the past five years. However, poverty remains widespread and presently high rates of domestic inflation (near 8%) have many analysts concerned about the country’s macroeconomic stability, with some observers warning that the domestic capacity to sustain growth does not exist. According to the World Bank, nominal GDP per capita in 2006 was only $771, even as poverty rates dropped from 34% to 24% in the first half of the current decade. Severe human losses and property damage from an October 2005 earthquake in northern Pakistan have had limited follow-on economic impact, given a large influx of foreign aid and the stimulus provided by reconstruction efforts. Even as the bulk of criticism of Musharraf focuses on the authoritarian aspects of his rule, many ordinary Pakistanis are unhappy with his government’s economic policies, which are seen to benefit only a fraction of the country’s people.

Pakistan’s political crises in 2007 harmed what had been a generally strong national economy. The country’s main stock market lost nearly 5% of its value when trading opened following the November 3 emergency imposition — the market’s worst-ever one-day decline — and the country’s attractiveness for foreign investors almost certainly has suffered with ensuing instability. In the wake of Bhutto’s killing, the market again fell by nearly 5%. Credible estimates have some $1.3

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billion in damage being caused by rioting in the wake of Bhutto’s death. Food prices have spiked, contributing to inflationary pressures that have in turn sapped exports.223

Still, the long-term economic outlook for Pakistan is much improved since 2001, even as it remains clouded in a country still dependent on foreign lending and the importation of basic commodities. Substantial fiscal deficits and dependency on external aid have been chronic (public and external debt equal nearly three-fifths of GDP), counterbalancing a major overhaul of the tax collection system and what have been major gains in the Karachi Stock Exchange, which nearly doubled in value as the world’s best performer in 2002 and was up by 40% in 2007. Along with absolute development gains in recent years, Pakistan’s relative standing has also improved: The U.N. Development Program ranked Pakistan 136th out of 177 countries on its 2007/2008 human development index (between Laos and Bhutan), down from 134th the previous year, but up from 144th in 2003.224

Pakistan’s real GDP grew by 7% in the fiscal year ending June 2007, driven by booming manufacturing and service sectors. Output from both of these sectors has grown substantially since 2002, but the agricultural sector continues to lag considerably (in part due to droughts), slowing overall growth. Agricultural labor accounts for nearly half of the country’s work force, but only about one-fifth of national income and 2% of tax revenue. Expanding textile production and the government’s pro-growth measures have most analysts foreseeing solid expansion ahead, with predictions near 6% for the next two years. More recently, a relatively small but rapidly growing entrepreneurial class has brought a boom in the consumption of luxury goods.225

In June 2007, the Musharraf government unveiled a 1.6 trillion rupee ($26.5 billion) federal budget plan for FY2007-FY2008 calling for a 22% boost in public development spending and a 10% jump in defense spending. This latter expenditure combines with interest on public debt to consume two-thirds of total revenues, thus squeezing out development funds. Pakistan stabilized its external debt at about $33 billion by 2003, but this has risen above $40 billion in 2007. Still, such debt is less than one-third of GDP today, down from more than one-half in 2000. The country’s reported total liquid reserves reached $13.7 billion by May 2007, an all-time high and a nearly five-fold increase since 1999. Foreign remittances have exceeded $4 billion annually since 2003 (at around $5.5 billion in FY2006/2007), up from slightly more than $1 billion in 2001. High oil prices and high food commodity prices have driven inflationary pressures, resulting in year-on-year consumer rates near 9% in December 2007. Inflationary pressures are projected to remain strong during 2008; many analysts call rising prices the single most important obstacle to future growth. Pakistan’s resources and comparatively well-developed entrepreneurial skills may


hold promise for more rapid economic growth and development in coming years. This is particularly true for the country’s textile industry, which accounts for two-thirds of all exports (and up to 90% of exports to the United States).

Analysts point to the pressing need to further broaden the country’s tax base in order to provide increased revenue for investment in improved infrastructure, health, and education, all prerequisites for economic development. Serious environmental degradation also retards growth: a September 2007 World Bank report conservatively estimated that at least 6% of Pakistan’s GDP is lost to illness and premature mortality caused by air pollution (both outdoor and indoor); diseases caused by inadequate water supplies, sanitation, and hygiene; and reduced agricultural productivity due to soil degradation.226

Attempts at macroeconomic reform historically have floundered due to political instability, but the Musharraf government has had notable successes in effecting such reform. Rewards for participation in the post-September 2001 anti-terror coalition eased somewhat Pakistan’s severe national debt situation, with many countries, including the United States, boosting bilateral assistance efforts and large amounts of external aid flowing into the country. According to the Asian Development Bank’s Outlook 2007:

Buoyant growth, improved macroeconomic fundamentals, and strengthened international credit ratings have been the economy’s hallmarks in recent years. In FY2006, high oil prices, a weak agricultural performance, as well as the effect of the October 2005 earthquake, trimmed the expansion, while strong demand-side pressures have exposed macroeconomic stresses. The economy is expected to pick up slightly in FY2007, reflecting some strengthening in agriculture and manufacturing. Inflation is set to moderate, after a further tightening of monetary policy, but still come in above the central bank’s target. Spurred by an expansionary, pro-growth fiscal policy, the budget deficit will widen slightly, as will the current account deficit. The medium-term outlook remains positive, but macroeconomic stability has to be maintained and structural issues addressed.227

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

Trade and Investment. Pakistan’s primary exports are cotton, textiles and apparel, rice, and leather products. The United States is by far Pakistan’s leading export market, accounting for about one-quarter of the total. During 2007, total U.S. imports from Pakistan were worth an estimated $3.9 billion (up about 5% over 2006). Some 90% of this value came from purchases of textiles and apparel. U.S. exports to Pakistan during 2007 were worth an estimated $2 billion (virtually unchanged from 2006). Civilian aircraft and associated equipment accounted for about one-

quarter of this value; electricity generating machinery is another notable U.S. export. Pakistan is the 54th largest export market for U.S. goods.

According to the 2007 National Trade Estimate of the U.S. Trade Representative (USTR), Pakistan has made substantial progress in reducing import tariff schedules, though a number of trade barriers remain. While estimated trade losses due to copyright piracy in Pakistan were notably lower in 2005 and 2006, book piracy accounted for about half of the 2006 losses and remains a serious concern. Pakistan also has been a world leader in the pirating of music CDs and has appeared on the USTR’s “Special 301” Watch List for 17 consecutive years (in 2004, continuing violations caused the USTR to move Pakistan to the Priority Watch List; improved intellectual property rights protection saw it lowered back to the Watch List in 2006). From the USTR report:

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

In April 2007, the USTR again named Pakistan to its Special 301 watch list, lauding Islamabad for progress on intellectual property rights enforcement, but also expressing ongoing concerns about Pakistan’s lack of effective protections in the pharmaceutical sector.

According to Pakistan’s Ministry of Finance, total foreign direct investment in Pakistan exceeded $7 billion for the year ending June 2007 — an unprecedented amount doubling that of the previous year — but many investors remain wary of the country’s uncertain political-security circumstances. About one-third of the foreign investment value came from U.S.-based investors; much of the remainder originates in Saudi Arabia and other Persian Gulf states. Islamabad is eager to finalize a pending Bilateral Investment Treaty and reach a Free Trade Agreement with the United States, believing that its vital textile sector will be bolstered by duty-free access to the U.S. market. The establishment of Reconstruction Opportunity Zones that could facilitate development in Pakistan’s poor tribal regions, an initiative

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228 See [http://www.census.gov/foreign-trade/statistics/country/index.html].
of President Bush during his March 2006 visit to Pakistan, may be forwarded for consideration by the 110th Congress.

The Heritage Foundation’s 2007 Index of Economic Freedom — which may overemphasize the value of absolute growth and downplay broader quality-of-life measurements — again rated Pakistan’s economy as being “mostly unfree” and ranked it 89th out of 157 countries. The index identified restrictive trade policies, a heavy fiscal burden, weak property ownership protections, and limited financial freedoms.233 Corruption is another serious problem: in September 2007, Berlin-based Transparency International placed Pakistan 138th out of 179 countries in its annual ranking of world corruption levels.234

U.S. Aid and Congressional Action

U.S. Assistance. A total of about $16.5 billion in direct U.S. aid went to Pakistan from 1947 through 2007, including some $4.5 billion for military programs. Since the 2001 renewal of large U.S. assistance packages, Pakistan has received or is set to receive nearly $11 billion, including some $2.8 billion for economic purposes and $2 billion for security-related purposes, along with about $6 billion in coalition support reimbursements (see Table 2). As asserted by the Bush Administration, U.S. assistance to Pakistan will maintain Pakistan’s support in the Global War on Terrorism and efforts to build peaceful and positive relations with its neighbors, India and Afghanistan. [It] also will encourage Pakistan’s participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and society.235

In June 2003, President Bush hosted President Musharraf at Camp David, Maryland, where he vowed to work with Congress on establishing a five-year, $3 billion aid package for Pakistan. Annual installments of $600 million each, split evenly between military and economic aid, began in FY2005.236 When additional funds for development assistance, law enforcement, earthquake relief, and other programs are included, the non-food aid allocation for FY2007 was $810 million. FY2007 was the first year of the Administration’s new plan to devote $750 million in U.S. development aid to Pakistan’s tribal areas over a five-year period.

FATA Development Plan. The U.S.-assisted development initiative for the Federally Administered Tribal Areas, launched in 2003, seeks to improve the quality

233 See [http://www.heritage.org/research/features/index/country.cfm?id=Pakistan].
234 See [http://www.transparency.org].
236 The Foreign Operations FY2005 Appropriations bill (P.L. 108-447) established a new “base program” of $300 million for military assistance for Pakistan.
of education, develop healthcare services, and increase opportunities for economic growth and micro-enterprise specifically in Pakistan’s western tribal regions. A senior USAID official estimated that, for FY2001-FY2007, about 6% of U.S. economic aid to Pakistan has been allocated for projects in the FATA. There has been considerable skepticism about the potential for the new policy of significantly boosted funding to be effective. Corruption is endemic in the tribal region and security circumstances are so poor that Western nongovernmental contractors find it extremely difficult to operate there. Moreover, as much as half of the allocated funds likely will be devoted to administrative costs. Islamabad is insisting that implementation is carried out wholly by Pakistani civil and military authorities and that U.S. aid, while welcomed, must come with no strings attached.

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

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

Within the Administration’s FY2005-FY2009 assistance plan for Pakistan it was agreed that $200 million of ESF each year (two-thirds of the category total)

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


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

**Coalition Support Funds.** Congress has appropriated billions of dollars to reimburse Pakistan for its operational and logistical support of U.S.-led counterterrorism operations. As of December 2007, a total of about $8.2 billion had been appropriated or authorized for FY2002-FY2008 Defense Department spending for coalition support payments to “key cooperating nations.” Pentagon documents show that disbursements of coalition support funds (CSF) to Islamabad — at an estimated $6 billion or an average of about $79 million per month — account for roughly four-fifths of these funds. The amount is equal to more than one-quarter of Pakistan’s total military expenditures. According to Secretary of Defense Gates, CSF funds have been used to support approximately 90 Pakistani army operations and help to keep some 100,000 Pakistani troops in the field in northwest Pakistan by paying for food, clothing, and housing. They also compensate Islamabad for ongoing coalition usage of Pakistani airfields and seaports.

The Defense Department Appropriations Act, 2007 (P.L. 109-289) allowed up to $900 million in Pentagon funds be used for FY2007 reimbursements. The Bush Administration requested another $1 billion in emergency supplemental CSF for FY2007, however, the supplemental bill signed into law (P.L. 110-28) allowed for only $200 million in new CSF appropriations, bringing the FY2007 CSF authorization to $1.1 billion. The National Defense Authorization Act for FY2008 (P.L. 110-181) authorizes up to $1.2 billion more for such purposes, $500 million less than the Administration request. The act also for the first time requires the Secretary of Defense to submit to Congress itemized descriptions of coalition support reimbursements to Pakistan.

Concerns have grown in Congress and among independent analysts that standard accounting procedures were not employed in overseeing these large disbursements from the U.S. Treasury. The State Department claims that Pakistan’s requests for CSF reimbursements are carefully vetted by several executive branch agencies, must be approved by the Secretary of Defense, and ultimately can be withheld though specific congressional action. However, a large proportion of CSF funds may have


243 Statement before the Senate Armed Services Committee, February 6, 2008.
been lost to waste and mismanagement, given a dearth of adequate controls and oversight. Senior Pentagon officials reportedly are taking steps to overhaul the process through which reimbursements and other military aid is provided to Pakistan, perhaps including linking payments to specific objectives.244

Possible Adjustments to U.S. Assistance Programs. Numerous commentators on U.S. assistance programs for Pakistan have recommended making adjustments to the proportion of funds devoted to military versus economic aid and/or to the objectives of such programs. For most of the post-2001 period, funds have been split roughly evenly between economic and security-related aid programs, with the great bulk of the former going to a general economic (budget) support fund and most of the latter financing “big ticket” defense articles such as airborne early warning aircraft, and anti-ship and anti-armor missiles. Only about one-tenth of the roughly $10 billion provided to Pakistan since 2001 (including coalition support) has been specifically devoted to development and humanitarian programs.245 Many Pakistan-watchers argue that it could be useful to better target U.S. assistance programs in such a way that they more effectively benefit the country’s citizens. Some analysts call for improving America’s image in Pakistan by making U.S. aid more visible to ordinary Pakistanis.246

One idea commonly floated by analysts is the “conditioning” of aid to Pakistan, perhaps through the creation of “benchmarks.” For example, in 2003, a task force of senior American South Asia watchers issued a report on U.S. policy in the region which included a recommendation that the extent of U.S. support for Islamabad should be linked to that government’s own performance in making Pakistan a more “modern, progressive, and democratic state” as promised by President Musharraf in January 2002. Specifically, the task force urged directing two-thirds of U.S. aid to economic programs and one-third to security assistance, and conditioning increases in aid amounts to progress in Pakistan’s reform agenda.247 A more recent perspective is representative of ongoing concerns about the emphases of U.S. aid programs:

[T]he United States has given Musharraf considerable slack in meeting his commitments to deal with domestic extremism or his promises to restore authentic democracy. The U.S. partnership with Pakistan would probably be on

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245 For an extensive review of the U.S. assistance strategy for Pakistan, see Craig Cohen, “A Perilous Course,” Center for Strategic and International Studies, August 2007.


Some commentators emphasize that, to be truly effective, conditionality should be applied by many donor countries rather than just the United States and should be directed toward the Pakistani leadership — especially the military — to the exclusion of the general populace. In the wake of political crises and deteriorating security circumstances in Pakistan in late 2007, some senior Members of Congress have been more vocal in calling for conditions on further U.S. assistance in lieu of improvements in these areas.

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

For Pakistanis themselves, aid conditionality in U.S. congressional legislation can raise unpleasant memories of 1985’s so-called Pressler Amendment, which led to a near-total aid cutoff in 1990. Islamabad’s sensitivities are thus acute: in July 2007, the Pakistan Foreign Ministry said aid conditions legislated in the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53) “cast a shadow” on existing U.S.-Pakistan cooperation and create linkages that “did not serve the interest of bilateral cooperation in the past and can prove to be detrimental in the future.” Late 2007 and early 2008 calls for further conditionality from some in Congress led Islamabad to again warn that such moves could harm the bilateral relationship and do damage to U.S. interests. Nevertheless, the State

250 See, for example, “Senate Leader Wants Bush to Pressure Pakistan,” Reuters, January 10, 2008.
251 See, for example, Daniel Markey, “A False Choice in Pakistan,” Foreign Affairs, July 2007.
Department reports being “comfortable” with congressional conditions and “confident” that required reports can be issued.\footnote{254}

**Coup-Related Legislation.** Pakistan’s October 1999 military coup triggered U.S. aid restrictions under Section 508 of the annual foreign assistance appropriations act. Post-September 2001 circumstances saw Congress take action on such restrictions. P.L. 107-57 (October 2001) waived coup-related sanctions on Pakistan through FY2002 and granted presidential authority to waive them through FY2003. A November 2003 emergency supplemental appropriations act (P.L. 108-106) extended the President’s waiver authority through FY2004. The foreign operations FY2006 appropriations bill (P.L. 109-102) extended it through FY2006. The Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53) provided a further two-year extension through FY2008. In issuing the waiver, the President must certify for Congress that it “would facilitate the transition to democratic rule in Pakistan” and “is important to United States efforts to respond to, deter, or prevent acts of international terrorism.” President Bush has exercised this waiver authority five times, most recently in June 2007.\footnote{255}

**Proliferation-Related Legislation.** Through a series of legislative measures, Congress incrementally lifted sanctions on Pakistan resulting from its nuclear weapons proliferation activities.\footnote{256} After the September 2001 terrorist attacks on the United States, policymakers searched for new means of providing assistance to Pakistan. President Bush’s issuance of a final determination that month removed remaining sanctions on Pakistan (and India) resulting from the 1998 nuclear tests, finding that restrictions were not in U.S. national security interests. Some Members of the 108th Congress urged reinstatement of proliferation-related sanctions in response to evidence of Pakistani assistance to third-party nuclear weapons programs. However, the Nuclear Black-Market Elimination Act (H.R. 4965) died in committee. Legislation in the 109th Congress included the Pakistan Proliferation Accountability Act of 2005 (H.R. 1553), which sought to prohibit the provision of military equipment to Pakistan unless the President can certify that Pakistan has verifiably halted all proliferation activities and is fully sharing with the United States all information relevant to the A.Q. Khan proliferation network. This bill also did not emerge from committee.

In the 110th Congress, the House-passed version of the Implementing the 9/11 Commission Recommendations Act of 2007 (H.R. 1) included provisions to suspend

\footnote{254}{“Pakistan Rejects Call for Conditions on U.S. Aid,” *Reuters*, January 11, 2008; State Department claim at [http://www.state.gov/p/sca/rls/rm/2007/97946.htm].}

\footnote{255}{See [http://www.whitehouse.gov/news/releases/2007/06/20070629-2.html].}

all arms sales licenses and deliveries to any “nuclear proliferation host country”
unless the President certifies that such a country is, _inter alia_, fully investigating and
taking actions to permanently halt illicit nuclear proliferation activities. Related
Senate-passed legislation (S. 4) contained no such language and the provisions did
not appear in the subsequent law (P.L. 110-53).

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

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

Selected Pakistan-Related Legislation in the 110th Congress

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

- Ends U.S. military assistance and arms sales licensing to Pakistan in
  FY2008 unless the President reports to Congress that Islamabad is
  “undertaking a comprehensive military, legal, economic, and
  political campaign” to “eliminating from Pakistani territory any
  organization such as the Taliban, al Qaeda, or any successor,
  engaged in military, insurgent, or terrorist activities in Afghanistan,”
  and “is currently making demonstrated, significant, and sustained
  progress toward eliminating support or safe haven for terrorists.”
- Requires the President report to Congress a long-term U.S. strategy
  for engaging Pakistan.
- Provides an extension of the President’s authority to waive coup-
  related sanctions through FY2008.

- Provides up to $200 million in further coalition support payments to “Pakistan, Jordan, and other key cooperating nations” in FY2007.
- Provides up to $60 million in counterdrug funds for Pakistan and Afghanistan in FY2007.
- Allows that up to $110 million in Pentagon funds may be used for Economic Support Funds (ESF) for development projects in Pakistan’s tribal areas in FY2007.
- Withholds all FY2007 supplemental ESF for Pakistan until the Secretary of State submits to Congress a report on the oversight mechanisms, performance benchmarks, and implementation processes for such funds.
- Earmarks $5 million in FY2007 ESF for the Human Rights and Democracy Fund of the Bureau of Democracy, Human Rights, and Labor, Department of State, for political party development and election observation programs in Pakistan.


- Provides $250 million in FY2008 Foreign Military Financing for Pakistani counterterrorism activities. Another $50 million will be provided for such purposes after the Secretary of State reports to Congress that Pakistan is “making concerted efforts” to combat both Al Qaeda and Taliban forces on Pakistani territory and is “implementing democratic reforms.”


- Authorizes up to $75 million in FY2008 Section 1206 funding to enhance the counterterrorism capabilities of Pakistan’s paramilitary Frontier Corp. Such assistance is to provided in a manner that “promotes respect for human rights and fundamental freedoms and respect for legitimate civilian authority within Pakistan.”
- Authorizes up to $1.2 billion in FY2008 Pentagon coalition support reimbursements to “any key cooperating nation” in connection with U.S. military operations in Iraq or Afghanistan.
- Withholds coalition support reimbursements to Pakistan unless the Secretary of Defense submits to Congress by March 31, 2008, a report on enhancing security and stability along the Afghanistan-Pakistan border. The report must include “detailed description” of Pakistan’s efforts to “eliminate safe havens for the Taliban, Al Qaeda and other violent extremists on the national territory of Pakistan” and to “prevent the movement of such forces across the border of Pakistan into Afghanistan ....”
• Requires the Secretary of Defense to submit to Congress itemized descriptions of coalition support reimbursements to Pakistan for the period February 2008-September 2009.

**S.Res. 445** (referred to Senate committee on February 7, 2008):

• Would express the sense of the Senate on the assassination of former Prime Minister of Pakistan Benazir Bhutto, and the political crisis in Pakistan.

**H.Res. 912** (passed by the House on January 16, 2008):

• Condemns the assassination of Benazir Bhutto, urges the pursuit of democracy in Pakistan, expresses support for freedom of speech and judicial independence there, and reaffirms the U.S. commitment to assist the people Pakistan.

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

• Would require the President to report to Congress on implementation of policies to encourage greater Pakistan-Arab country reconstruction assistance to Afghanistan and on Pakistan-Afghanistan cooperation.
• Would authorize the President to appoint a new special envoy to promote closer Pakistan-Afghanistan cooperation.
• Would require the President to report to Congress on actions taken by Pakistan to permit or impede transit of Indian reconstruction materials to Afghanistan across Pakistani territory.

**S.Res. 99** (referred to Senate committee on March 7, 2007):

• Would express the sense of the Senate that U.S. military assistance to Pakistan should be guided by demonstrable progress by the government of Pakistan in achieving certain objectives related to counterterrorism and democratic reforms.
Table 2. Direct Overt U.S. Assistance and Military Reimbursements to Pakistan, FY2001-FY2009
(rounded to the nearest millions of dollars)

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<tbody>
<tr>
<td>Economic Support Funds a</td>
<td>—</td>
<td>615</td>
<td>188 b</td>
<td>200 b</td>
<td>298</td>
<td>297</td>
<td>284</td>
<td>407 c</td>
<td>2,289</td>
<td>453</td>
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<tr>
<td>Other Development Aid d</td>
<td>—</td>
<td>50</td>
<td>50</td>
<td>75</td>
<td>50</td>
<td>141</td>
<td>118</td>
<td>60</td>
<td>544</td>
<td>28</td>
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<tr>
<td><strong>Total Economic Aid</strong></td>
<td>—</td>
<td>665</td>
<td>238</td>
<td>275</td>
<td>348</td>
<td>437</td>
<td>402</td>
<td>467</td>
<td>2,833</td>
<td>481</td>
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<tr>
<td>Foreign Military Financing</td>
<td>—</td>
<td>75</td>
<td>225</td>
<td>75</td>
<td>299</td>
<td>297</td>
<td>297</td>
<td>298</td>
<td>1,566</td>
<td>300</td>
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<tr>
<td>Other Security-Related Aid e</td>
<td>4</td>
<td>102</td>
<td>32</td>
<td>38</td>
<td>50</td>
<td>102</td>
<td>111</td>
<td>89</td>
<td>524</td>
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<tr>
<td><strong>Total Security-Related Aid</strong></td>
<td>4</td>
<td>177</td>
<td>257</td>
<td>112</td>
<td>349</td>
<td>399</td>
<td>408</td>
<td>399</td>
<td>2,090</td>
<td>345 k</td>
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<tr>
<td>Coalition Support Funds (CSF) f</td>
<td>—</td>
<td>1,169 h</td>
<td>1,247</td>
<td>705</td>
<td>964</td>
<td>862</td>
<td>1,050 h</td>
<td>1</td>
<td>5,797 h</td>
<td>1</td>
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<tr>
<td><strong>Total Non-Food Aid Plus Coalition Support Funds</strong></td>
<td>4</td>
<td>2,010</td>
<td>1,741</td>
<td>1,093</td>
<td>1,661</td>
<td>1,698</td>
<td>1,860</td>
<td>900</td>
<td>10,720</td>
<td>826</td>
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<tr>
<td>Food Aid j</td>
<td>86</td>
<td>90</td>
<td>19</td>
<td>24</td>
<td>18</td>
<td>26</td>
<td>—</td>
<td>—</td>
<td>177</td>
<td>—</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>90</td>
<td>2,100</td>
<td>1,760</td>
<td>1,117</td>
<td>1,679</td>
<td>1,724</td>
<td>1,562</td>
<td>900</td>
<td>10,897</td>
<td>826 k</td>
</tr>
</tbody>
</table>

**Sources:** U.S. Departments of State, Defense, and Agriculture; U.S. Agency for International Development. FY2008 figures are estimates; FY2009 figures are requested. Figures may not add up due to rounding.

**Notes:**

a. From FY2005-FY2007, $200 million per year in ESF was delivered in the form of “budget support” — cash transfers to Pakistan. Such funds will henceforth be projectized.

b. Congress authorized Pakistan to use the FY2003 ESF allocation to cancel $988 million and the FY2004 allocation to cancel $495 million in concessional debt to the U.S. government.

c. Includes a $60 million supplemental ESF request.

d. Includes Child Survival and Health; Development Assistance; Emergency Refugee and Migration Assistance; and International Disaster and Famine Assistance.

e. Includes International Military Education and Training; International Narcotics Control and Law Enforcement; Nonproliferation, Anti-Terrorism, Demining and Related; Pentagon Section 1206 train and equip funds; and Pentagon counterterrorism funds.

f. CSF is Pentagon funding to reimburse Pakistan for its support of U.S. military operations. It is not officially designated as foreign assistance, although it is often portrayed as such.

g. Includes $220 million in Peacekeeping Operations Emergency Response Funds reported by the State Department.

h. Includes CSF payments made through February 2008 for support provided through June 2007.

i. The National Defense Authorization Act for FY2008 (P.L. 110-181) authorizes up to $1.2 billion in further CSF payments to “any key cooperating nation” in connection with U.S. military operations in Iraq or Afghanistan. To date, no CSF requests have been made for FY2009.

j. P.L.480 Title I (loans), P.L.480 Title II (grants), Section 416(b) of the Agricultural Act of 1949, as amended (surplus agricultural commodity donations), and Food for Progress.

k. Does not include anticipated Pentagon-funded security-related assistance for FY2009.
Figure 1. Map of Pakistan

Source: Map Resources. Adapted by CRS.