



Crises in Pakistan Continue to Strengthen the Military



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Pakistan's political and economic crisis in recent years has once again reflected the inherent fragility of the state and the limitations of the leadership to address the underlying factors for long-term dividends. Crises are not new for any state, but what distinctly surfaces in Pakistan's economic, political, and security challenges is that the crises have further strengthened the military, which has actually been a critical contributor to Pakistan's perpetual bedlam.

After months of negotiations and exhausting rounds of meetings, on July 12, 2023, the International Monetary Fund (IMF) approved a 9-month Stand-By Arrangement (SBA) for Pakistan for an amount of about US \$3 billion in order to support the economic stabilisation program.¹ The IMF's assistance increases the likelihood of additional funding channels for Pakistan. Also, the IMF program for Pakistan implies its credibility as a state and is, in a way, symbolic of Pakistan's relationship with the US. After the signing of the IMF SBA, Pakistan's foreign exchange reserves have increased to about US \$8.7 billion, bringing some relief to the cash-starved economy.² The IMF's assistance, deposits from China, Saudi Arabia, and the UAE, and debt rescheduling and rollovers by China will bring temporary relief to Pakistan's economy and provide it with breathing space. But how Pakistan uses this respite period, and the seriousness of the leadership to address the structural challenges in the economy will be assessed in the coming time.

The government has constituted the Special Investment Facilitation Council (SIFC) "to serve as a 'One-Window' platform to fast-track decision-making and promote as well as facilitate Foreign Direct Investment."³ The members of the SIFC include provincial chiefs, federal ministers, and the head of the Pakistan Army.⁴ The regime is very optimistic about the potential of the SIFC to attract

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foreign investment. The intention behind the SIFC is to maintain a coherent policy structure, allow an uninterrupted inflow of foreign investment, and overcome the hurdles of bureaucratic procedures and rapidly changing economic policies with regime changes. The initiative will increase the military's active engagement in the economy and has the potential to compromise the position of the democratic government. General Asim Munir has been proactively engaged in getting commitments for foreign direct investments. These developments indicate sustained engagement of the military in the economy, which is a crucial factor in Pakistan's repeated cycle of financial desperation.

The Pakistani military is making efforts to revive its image within the country after going on an aggressive drive against Pakistan Tehreek-e-Insaf (PTI) supporters who challenged its position, credibility, and authority. The May 9th violence, which was considered a 'black day' in Pakistan's history, not only united the military (to some extent) but also provided the Army with unquestionable authority and rationale to take harsh actions against the perpetrators of the violence and create examples for the masses. The caretaker government under caretaker Prime Minister Anwaar-ul-Haq Kakar has been set up and is likely to play an extended role. The announcement of the Election Commission of Pakistan regarding the fresh delimitation of constituencies on the basis of the latest consensus has put a question mark on the timing of the elections. Whether the elections take place this year or early next year remains to be seen, but the probability of Imran Khan occupying an active political space is certainly low. PTI disintegrated after the formation of the new political party under Jahangir Tareen, the Istehkam-e-Pakistan Party, where a large number of PTI members signed up. Looking into the history and current trends, there is a strong likelihood of a hybrid regime coming into power, with the military holding the power strings for key decision-making.

Constitutional amendments have been made to protect the Army's stature, and in this regard, two acts have been significant: the Pakistan Army (Amendment) Act, 2023, and the Official Secrets (Amendment) Act, 2023. The Pakistan Army Act (Amendment) 2023 brings crucial dimensions regarding protecting the stature of the military establishment, restricting the political activities of military personnel, and, very importantly, expanding the role of the military in national development. Amendments have been made to the Official Secrets Act of 1923 to secure the security of official documents and military installations. The Official Secrets (Amendment) Act 2023 says anyone who "attacks, destroys, or otherwise undermines any prohibited place" will be committing an offence. There are speculations regarding President Alvi finally signing or declining to sign the Amendment

Acts, and there have been conflicting reports with less clarity on this front. But the interesting part is that the amendment acts have been included in the Gazette of Pakistan.

On the external front, Pakistan's all-weather ally, China, remains committed to the partnership. Pakistan's reliance on China is likely to increase as Beijing has been a consistent defence partner, diplomatic support, and a major economic player in Pakistan. China has provided substantive and crucial support to Pakistan in terms of relieving the debt repayment burden and building foreign reserves. Although the exact figures of the Chinese assistance remain unclear, on the basis of reports published in Pakistani media, it is estimated that China has provided relief by granting a debt rollover or refinanced loans of around US \$5 billion. The second phase of the China-Pakistan Economic Corridor has been announced. Pakistan is also reviving its relationship with the United States. Although the US has been talking about cooperation in non-traditional security domains, Pakistan has been keen on reviving its defence relationship with the US.

Pakistan's military has consolidated its position and is taking a step-by-step approach to emerge stronger than ever before. Whenever elections take place, political leadership sanctioned by the military is likely to come to power. The military elite will dominate economic decisions, and that once again reduces the chances of rectifying fiscal mismanagement or, for that matter, even focusing on developmental expenditures. The military will sooner or later inevitably display its military power to deal with the growing menace of the Tehreek-e-Taliban Pakistan (TTP). Counter-terror military operations have been restrained till now, but that looks like the only solution left, given the fact that the Pakistani leadership has not been successful in persuading the Afghan Taliban to control the TTP and restrict its tactical and strategic support to the terror group.

The military gained more power in Pakistan, and the democratic forces have been undermined. Pakistan's relationship with India is unlikely to change much as Pakistan's strategy vis-à-vis India remains unaltered. Pakistan has escalated its covert operations, such as arms dropping and drug dropping, through drones in Punjab (India). Islamabad's proxy war in the Valley and narrative on Kashmir will be kept up with varying intensity by the military and (present and future) elected governments. While Pakistan sails through its crisis, New Delhi cannot let its guard down and needs to carefully watch the developments.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes:

¹ International Monetary Fund, "IMF Executive Board Approves US\$3 billion Stand-By Arrangement for Pakistan", July 12, 2023, <https://www.imf.org/en/News/Articles/2023/07/12/pr23261-pakistan-imf-exec-board-approves-us3bil-sba>. Accessed on July 20, 2023.

² "China Agrees to reschedule USD 2 billion debt to Pakistan", *The Economic Times*, July 21, 2023, <https://economictimes.indiatimes.com/news/international/world-news/china-agrees-to-reschedule-usd-2-billion-debt-of-pakistan/articleshow/102006365.cms>. Accessed on July 22, 2023.

³ Ministry of Foreign Affairs, Government of Pakistan, "Briefing Session on Special Investment Facilitation Council (SIFC) to the Heads of Mission Abroad", September 11, 2023, <https://mofa.gov.pk/briefing-session-on-special-investment-facilitation-council-sifc-to-the-heads-of-missions-abroad/>. Accessed on September 12, 2023

⁴ Investment Policy Hub, UNCTAD, "Pakistan – Established the Special Investment Facilitation Council", June 20, 2023, <https://investmentpolicy.unctad.org/investment-policy-monitor/measures/4366/pakistan-establishes-the-special-investment-facilitation-council-sifc->. Accessed on September 9, 2023.

