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INTERNATIONAL CENTRE FOR POLITICAL VIOLENCE AND TERRORISM RESEARCH
**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

Editorial Note

South Asia Focus

We are pleased to publish the June 2014 (Volume 6, Issue 5) of the Counter Terrorist Trends and Analysis (CTTA) at www.cttajournal.org and www.pvtr.org. The three articles in this issue review the counterterrorism efforts of India and Pakistan, the two states central to the stability of the South Asian region.

Abdul Basit examines the impact of the Pakistani government's peace talks with the Pakistani Taliban, also known as the Tehrik-e-Taliban Pakistan (TTP). In this, he discusses the fundamental and complex challenges in achieving peace in Pakistan, such as the uncompromising jihadist ideology of the TTP, the widening rift between the government and military leadership and Pakistan's diverse terrorist and militant landscape.

Muhammad Ramzan Shahid assesses the impact of the US-led 'War on Terror' on Pakistan. Shahid argues that the war has greatly weakened Pakistan's economy and security, despite the significant military and economic assistance that the country has received from Washington since 2001.

Antara Desai explores how the new Narendra Modi-led government in India would respond to the multifaceted terrorist threat in the country. While counterterrorism under the previous government was characterized by inaction and paralysis at the policy level, the challenge for the new government would be to reassure the minorities, especially the Muslims, particularly in view of the rightist orientation of the Bharatiya Janata Party and the communal baggage that the Prime Minister unfortunately carries.

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Editor Arabinda Acharya, Ph.D.

Associate Editor Iromi Dharmawardhane

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Talking Peace with the Pakistani Taliban

Abdul Basit

The Pakistan government's peace negotiations with the TTP appear to be an exercise in futility as the group and its allies are anti-democratic, fighting to overthrow the system. This is further complicated by the government's confusing and over-simplistic approach and the disconnect between the government and the military leadership.

Background

After coming to power in Pakistan in a landslide victory in the May 2013 general election, the incumbent Pakistan Muslim League Nawaz (PML-N) government made the decision to initiate a peace dialogue with the Pakistani Taliban to tackle issues of extremism, militancy and terrorism. On 9 September 2013, the government convened an All Parties Conference (APC) that consensually approved the government's strategy of negotiating with the Tehrik-e-Taliban Pakistan (TTP), the umbrella group of the Pakistani Taliban.

Since then, the government has been engaged in a series of peace talks with the TTP, albeit without making any major breakthrough. So far, the best outcome of this eight-month long peace process has been a 40-day ceasefire from 1 March to 10 April 2014. The TTP, however, did not extend the ceasefire further, stating that the government was insincere and not serious in their efforts to secure peace. The government in turn blamed the TTP for being inflexible and deceitful.

Why Negotiate with TTP?

Notwithstanding the widespread local, regional and international opposition to negotiations with the TTP, the Pakistani government is compelled to engage them in a peace process due to the pledges made to the masses during its election campaign. During the election campaign, the PML-N party vowed to find a peaceful solution to issues of militancy and terrorism. The fundamental justification driving this approach was the limitations and failures

of the heavily militarized measures over the last decade.

The government argues that the current wave of terrorism and extremism befell on Pakistan when it willy-nilly became part of the US-led war on terrorism. It blames the then military regime of General (Retired) Pervez Musharraf (2002-2007) of not only bringing the US war inside Pakistan's borders, but also of sending Pakistani army troops to fight under US command in the Federally Administered Tribal Areas (FATA). Thus, for the Pakistani government, the starting point of finding a long-term solution to militancy and terrorism in Pakistan involves disengaging from the US-led war and looking for local political solutions.

The government leadership is convinced that the US military campaign in Afghanistan and the Pakistani army's military operations in FATA have neither achieved a strategic victory over the Afghan or Pakistani Taliban, nor a reduction in the rising tide of extremism. On the contrary, the government believes that the overly militarized approach to tackling terrorism and extremism has been counter-productive, and that it has subdued the possible political avenues in overcoming these challenges. The present government of Pakistan considers military operations to be only one component of a wider, less expensive and more sustainable political strategy to combat terrorism and extremism.

Challenges to Peace Talks

Islamic Caliphate vs. the Nation-State

The biggest challenge to secure peace is the fact that the Pakistani Taliban (TTP) are wedded to Al Qaeda's ideology comprising of transnational jihad and the Islamic caliphate system. They have no stakes in the existing nation-state system of Pakistan. Ideologically, the TTP is fighting the very



Figure 1 – Joint press conference addressed by Irfan Siddiqui, head of the Pakistani Government Peace Negotiation Committees (left) and Maulana Sami-ul-Haq, head of the Tehrik-e-Taliban Pakistan (TTP) Negotiation Committee (right) in Islamabad on 10 February 2014, after their first meeting.

Image source: Voice of America, <http://www.voanews.com/content/taliban-takes-positive-approach-to-pakistan-peace-talks/1848135.html>

system which the government is trying to secure by engaging in talks with the Pakistani Taliban. Despite accepting the government's peace offer, TTP has given no indication that they are willing to compromise on their central demand of the implementation of Shariah (Islamic law) in Pakistan. For TTP, a democratic system is non-Islamic and unacceptable. In fact, TTP appears to be skillfully exploiting the present government's diplomatic stance to propagate their ideological and political propaganda through extensive media activity.

The Pakistani government's policy to seek a country-specific, home-grown solution to terrorism also does not stand the test of empirical scrutiny: no solution to terrorism and extremism in Pakistan is sustainable if it is not part of a regional strategy which engages the Taliban insurgency in Afghanistan. Thus, the government's political moves at the tactical level appear cursory, and its broader strategy fails to appreciate the complex ideological and political underpinnings of religious extremism and terrorism in Pakistan.

The 'Talk-and-Fight' Paradox

A major challenge to peace talks between the government and the TPP has been the 'talk-and-

fight' paradox – they have been talking and fighting at the same time, except for the duration of the recent 40-day ceasefire agreement. This demonstrates that the government's approach to peace has not been successful, and that it is seemingly divorced from the complex dynamics of the conflict on the ground. The government's insistence on continuing with peace negotiations has made it look politically naïve and weak, and over-simplistic in its counterterrorism strategy. The obstinate position of the TTP has also put the government in a tight spot politically. Critics are questioning the sagacity of the Pakistani government's insistence on more dialogue since this has not gained any substantial concessions from the TTP. Some believe that the government's peace overtures are meant to appease the TTP. This was evident from the statement of Pakistan's Interior Minister Chaudhry Nisar Ali Khan on the floor of the national assembly on 7 March 2014 when he referred to the Pakistani Taliban as patriotic Pakistani citizens. He said that "A clear majority of the [Pakistani] Taliban are not enemies of Pakistan. Taliban had complaints of excess by the government of former military ruler General (Retired) Pervez Musharraf, but they were not anti-Pakistan."

The government's 'no-strings-attached' approach has made it difficult to obtain compromises from the TTP, and thus it is now apparently bending backwards to extract even a meaningless concession from the TTP to justify continuing with peace talks. The loose criterion for initiating dialogue has turned the peace process into an open-ended series of moots and parleys between the government and the TTP representatives.

Disconnect between the Civilian and Military Leadership

The disconnect between the civilian and military leadership in Pakistan is another key impediment

hampering the peace process. The top brass in the Pakistani military is uncomfortable with the way the government has pursued peace talks with the TTP. Although in principle they support a political approach, they oppose the unilateral concessions granted to the TTP, such as the release of TTP prisoners in March and April this year. The military leadership finds it difficult to talk with those responsible for the deaths of over 50,000 Pakistani civilians and 5,000 military personnel since 2001, and believes that political concessions for the Pakistani Taliban, if any, should be on a reciprocal basis.

“Critics are questioning the sagacity of the PML-N government's insistence on more dialogue, despite not having gained any substantial concessions from the TTP.”

After a spate of terrorist incidents across Pakistan in January 2014, there was pressure from all quarters on the political leadership to initiate a crackdown against the TTP in North Waziristan Agency (NWA), which borders Afghanistan. In a meeting convened on 28 January 2014 to discuss the deteriorating internal security situation, the majority of parliamentarians supported initiation of a military operation. There was a general consensus that the audacious TTP attacks have

effectively put an end to the government's offer for peace. All the preparations for a major military offensive were undertaken accordingly. The military was only waiting for a positive nod from the political leadership, which was expected during Prime Minister Nawaz Sharif's speech in the parliament on 29 January 2014. However, the Prime Minister had a last-minute change of heart; declaring instead that his government will give peace a final chance. Ever since this political somersault, the Pakistani military has shown its open reservations to the government's dealings with the TTP.

Too Many Cooks in the Kitchen

Too many stakeholders in the peace initiatives have also become a great obstacle for the Sharif

Government. A plethora of religious-political groups as well as left-leaning liberal political circles have been involved in lobbying in favour or against the peace talks with the TTP. One major reason for the PML-N-led government to push ahead with the peace talks has been to compete with the cricketer-turned politician Imran Khan, PML-N's biggest political opponent, whose Tehrik-e-Insaf party (PTI/ Justice Party) is the staunchest proponent of peace talks with the Pakistani Taliban. Also, it is difficult for PML-N to initiate a military operation in FATA without the consent of the PTI-dominated provincial government of the north-western Khyber Pakhtunkhwa (KP) province which is adjacent to FATA, as the KP province will be directly affected in the event of a military operation.

PTI's arch rival in KP is the Jamiat-e-Ulam-e-Islam (JUI-F) led by notable politician and religious leader Maulana Fazlur Rehman. Although Maulana Fazal is an ally of the PML-N party and supports peace talks with the TTP, he disagrees with the PML-N-led government's strategy in engaging with the TTP for the same. He has proposed to reach out to the TTP through a tribal jirga (council of tribal elders) instead of national negotiation committees, as the Pakistani government's direct engagement with the TTP would constitute (premature) acceptance of TTP as a stakeholder in Pakistan's political system. On its part, the government has requested Maulana Sami-ul-Haq, an influential religious cleric considered the 'Father of the Taliban' with close ties to Mullah Mohammed Omar and head of the Jamiat-e-Ulama-e-Islam Sami group, to help the government in its negotiations with the TTP. Sami ul Haq is a staunch political opponent of Maulana Fazal. It is interesting to explore why the government sought support of Sami-ul-Haq instead of Maulana Fazal, its political ally. It could possibly be due to the rivalry of Maulana Fazal with Imran Khan - whose support the government seeks in pursuing peace talks with the TTP.



Figure 2 – Members of Pakistan Sunni Tehrek, a Sunni-Brelvi political party, carrying out a rally against the peace talks and demanding a military operation against the Pakistani Taliban.

Image source: Reuters, <http://www.trust.org/item/20140228144651-Igzi3/>

Conversely, political parties such as Pakistan People's Party (PPP), Mutahida Qaumi Movement (MQM) and Awami National Party (ANP) believe that a military offensive is the only manner of ending violent extremism and terrorism. At every step of the floundering peace process, these parties have questioned its intentions and political wisdom and have demanded outcomes from the PML-N-led government's eight-month long engagement with the TTP.

The presence of US forces in Afghanistan and the US-led drone campaign in Pakistan's tribal areas further complicate the political dynamics within Pakistan. The US views the TTP in the Pakistani-Afghan border areas as a regional challenge. The US also opposes peace talks with the TTP, and asserts that the TTP was only buying time to reorganize and recuperate, until they were ready to launch their summer offensive starting in June of 2014. The failure of all the previous peace agreements between the Pakistani government and the TTP has also hardened this stance. However, due to its own plan to withdraw much of its troops from Afghanistan later this year, the US has become cautious in its criticism of the Pakistani government's dealings with the TTP.

The Afghan government views the peace talks between the Pakistani government and TTP as an effort to divert the militancy from Pakistan to Afghanistan. Many in Afghanistan believe that these talks are part of Pakistan's strategy to manage Afghanistan after the US and International Security Assistance Force (ISAF) leave the country. There is a perception that a joint effort by the Pakistani government and TTP is underway to wage a concerted armed insurgency in Afghanistan in the coming years. According to the Afghan government, the peace talks between the Pakistani government and the TTP have actually resulted in a spike in violence and cross-border militancy in Afghanistan.

Terrorist Threat to Pakistan is not Monolithic

Another difficulty of pursuing peace talks with the TTP is the fact that it is not a monolithic entity. More than 56 militant groups, big and small, operate under the TTP banner. The leadership of the TTP central *shura* (leadership/advisory council) hardly exercises any influence over the various militant groups operating in different areas. While the government has been engaged in a peace dialogue with TTP, other groups have splintered from the movement and have announced their outright opposition to peace talks with the government. They have vowed to continue the so-called *jihad* to overthrow the current political system and bring the Islamic caliphate system to Pakistan. The formation of TTP's splinter group Ahrar-ul-Hind ("Freedom Fighters of India"), which believes in an armed struggle against the Pakistani state, is a case in point. Thus, a peace settlement with 'TTP central' alone would not have an impact on the militant activities of other Taliban groups in FATA. At the same time, entering into individual peace agreements with over 50 groups is neither politically pragmatic nor viable.

“... given the diversity and complexity of the militant and terrorist landscape in Pakistan, pacification of the TTP-specific threat will only partially reduce the violence in the country.”

Moreover, TTP is not the sole driver of the extremist and terrorist threat in Pakistan. For example, there is a visible threat from sectarian militancy by anti-Shia (Sunni) militant organizations like Jandulla and Lashkar-e-Jhangvi (LeJ). Also, a host of Baloch militant organizations are waging a war of separatism in Pakistan's largest and mineral-rich Balochistan province in the south-west. Over the last few years, the Baloch insurgency has evolved from a small-scale tribal group engaged in guerilla warfare to a sophisticated, urban terrorist movement.

Conclusion

In assessing the impact of peace talks with the Pakistani Taliban (TTP), it is crucial to bear in mind that the group is not likely to compromise on the demand for the enforcement of its own version of Shariah in Pakistan, as that would result in TTP losing its authority as a jihadist and ideological movement. The TTP is also a part of the Al Qaeda-inspired global militant Islamist movement committed to establishing an Islamic caliphate. Members of the TTP kill and get killed for this. They also do not accept the

Pakistani constitution or its internationally-recognized national borders.

During its negotiations with the TTP over the past eight months, the Pakistani government has made it clear that the country's constitution is non-negotiable. Equally, the TTP has been unequivocal in the demand that whether it is "war or peace, Shariah is the ultimate objective." Thus, the fundamental conflict between the Pakistani government and the TTP is ideological, and this will ultimately determine the final outcome of the on-going peace talks. Continuing militant violence by the TTP, such as the recent attack on the Jinnah International Airport in Karachi on 9 June 2014, is likely also to increase pressure on the government to take decisive military action on the

group. Moreover, given the diversity and complexity of the militant and terrorist landscape in Pakistan, pacification of the TTP-specific threat will only partially reduce the violence in the country. What Pakistan requires is a solution which can address all its political challenges simultaneously.

Abdul Basit is a Senior Analyst with ICPVTR.

“... the TTP has been unequivocal in the demand that whether it is “war or peace, Shariah is the ultimate objective.”

Pakistan's Economic Aid and Losses in the War on Terror

Muhammad Ramzan Shahid

What has been the impact of the US-led 'War on Terror' on Pakistan in general and its economy in particular? From a Pakistani perspective, a major objective of becoming a key coalition partner in the War on Terror was to use the opportunity to strengthen its economy, besides bolstering its security apparatus. The benefits to Pakistan's security sector from its alliance with the US have been much in the limelight, whereas the economic impact of this partnership remains poorly studied.

Introduction

After the 9/11 attacks, Pakistan became the frontline state in the US-led 'War on Terror'. The impact of this partnership was not merely strategic, but it had implications for all aspects of the Pakistani polity and its economy. The War on Terror disturbed Pakistan's normal trading activities, and the increased frequency and scale of terrorist attacks in Pakistan since 2001 has caused the death of approximately 50,000 civilians and 5,000 security personnel, destruction of infrastructure, displacement of about three million individuals from parts of north-western Pakistan, besides plummeting economic output in all major sectors of the economy.

Then Pakistani President General Pervez Musharraf casted his position with the US mostly due to fear of US enmity in case of non-compliance, and what that would imply for Pakistan's longstanding rivalry with India. Addressing the nation on 19 September 2001, Musharraf stated that not joining the war might also hamper Pakistan's efforts at financial renewal and an atomic weapons program. Pakistan also wanted to avail the opportunity to sway the localized extremist religious factions. However, contrary to the assurance by the US to supply vast amounts of economic aid, Pakistan has obtained only trifles from Washington in comparison to the economic losses endured due to the war.

Post-9/11, US aid to Pakistan increased spectacularly and included a USD 600 million emergency cash transfer in September 2001. According to the Congressional Research Service (CRS) report - "Pakistan: US Foreign Assistance" (4 October 2012, updated 1 July,

2013) - US aid increased five-fold from USD 36.76 million in FY 2000-2001 to USD 187.7 million in FY2001-2002. In FY 2002-2003, it increased by another almost eleven-fold to USD 2 billion. As per the five-year USD 3 billion US aid package for Pakistan discussed during the Camp David meeting between President George W. Bush and President Pervez Musharraf in 2003, annual instalments of USD 600 million, divided evenly between military and economic aid for civilians, began in the (US) financial year 2005-2006.

Aid continued to increase annually from 2007 to 2010. In FY 2007-2008, the Bush Administration dedicated USD 750 million in US development aid to Pakistan's tribal areas, to be continued annually as part of a five-year aid plan. In FY 2010-2011, US aid to Pakistan reached a peak of approximately USD 4.3 billion, representing a boost of 2,185% from the pre-9/11 level in FY 2000-2001. In FY 2010-2011, Pakistan ranked second amongst US aid recipients in the world, after Afghanistan and above Israel. It ranked third in FY 2012-2013, with US aid estimated at USD 2.2 billion (about half of the FY 2010-2011 height of USD 4.3 billion). Needless-to-day, the US has been and continues to be the principal bilateral aid donor to Pakistan.

Of the Obama Administration's 2.2 billion aid request for Pakistan in FY 2012-2013, USD 800 million was allocated for the Pakistan Counterinsurgency Capability Fund (PCCF), which was considered short-term and temporary aid as the PCCF is part of the Overseas Contingency Operations (OCO) fund. However, USD 1.4 billion was given as non-military, enduring (or normal) funding. The aim to provide USD 1.5 billion in annual non-military aid to Pakistan for FY

2010 through FY2014, was authorized by the Enhanced Partnership with Pakistan Act of 2009 (EPPA), also known as the Kerry-Lugar-Berman bill or 'KLB bill'.

EPPA aid fell short in FY 2011 by USD 414 million, in FY 2012 by approximately USD 500 million, and in FY 2013 by USD 428 million. Some other disbursements of aid have also not met appropriated amounts; for example, of the USD 400 million to the Pakistan Counterinsurgency Capability Fund (PCCF) in 2009, only USD 125 million was received by Pakistan. However, over the years, disbursements of aid to Pakistan generally track appropriation levels. According to the CRS report, about two-thirds of US aid (including Coalition Support Funds/ CSF reimbursements) from FY 2002-2003 to FY 2012-2013, i.e. approximately USD 15.8 billion, took the form of security assistance to Pakistan. Of that, about USD 9.5 billion was funded through the US Defence Department.

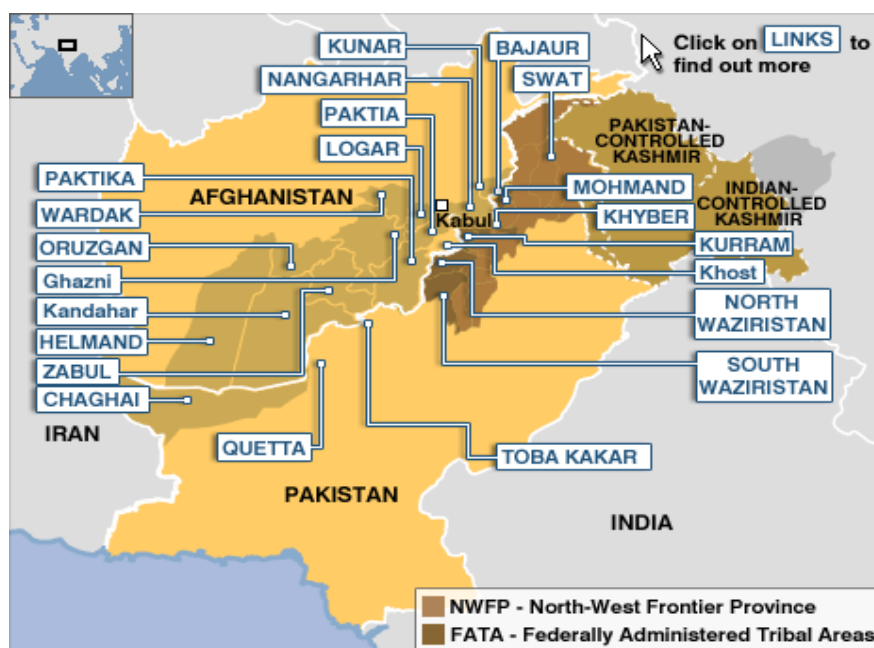


Figure 1 – Terrorism-affected areas of Pakistan: Former North-West Frontier Province (NWFP) now Khyber Pakhtoon Khah (KPK), Federally Administered Tribal Areas (FATA), Pakistan-controlled Kashmir, Quetta and Chaghi (and affected adjacent areas of Afghanistan: Kunar, Paktia, Logar, Kandhar)

Source: Jim Sinclair's MineSet, <http://jsmineset.com/wp-content/uploads/2009/04/clip-image0011.gif>

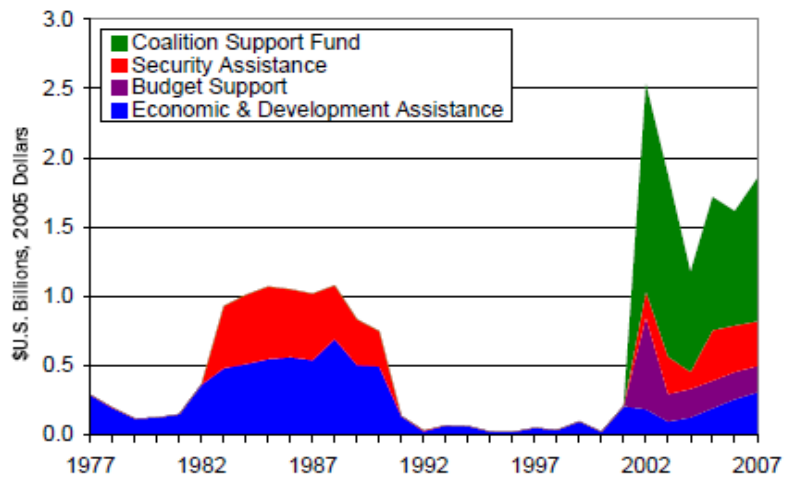
Cost of War

In an article in *The Express Tribune* on 1 June 2012, former Finance Minister of Pakistan, Dr. Abdul Hafeez Shaikh argued, “For how long will we highlight the influence of the war on terrorism on the country?” Dr. Hafeez was justifying the conclusion of the special section “Cost of the War on Terror for Pakistan’s Economy” in the annual report of Pakistan’s Ministry of Finance. He added that the recurring focus on Pakistan’s weakened economy has hurt investor sentiments: foreign direct investment (FDI) in 2011-2012 stood at USD 666 million, nearly half of what it was in the preceding year (2010-2011). As the War on Terror proceeded to gain impetus since 2004 when Pakistan deployed regular army troops to the Federally Administered Tribal Areas (FATA), the country’s economic and trading activities have deteriorated.

The War on Terror has caused direct and indirect economic costs to Pakistan. Direct costs due to increased terrorist attacks have included human casualties, collateral damage to building and transport infrastructure and standing crops, interruption or shutdown of economic activities and the high cost of supporting and rehabilitating displaced persons. Indirect costs of war and terrorism have included a sharp decline in investment, increased unemployment and poverty, falling tourist rates and the inability to proceed with development work.

According to the *Pakistan Economic Survey 2013-14* conducted by Pakistan’s Ministry of Finance, the estimated direct and indirect costs of the War on Terror for the period 2001-2014 is USD 102.51 billion (Figure 4) – far exceeding the average aid

Historical US engagement with Pakistan FY, 1977-2007



Data from USAID greenbook, till the near end of Musharraf era

Figure 2 – US Aid to Pakistan from 1977 to 2007:

In the Zia ul Haq and Musharraf Eras (1977 – 2007), annual US Economic and Development Assistance for Pakistan did not exceed USD 0.75 billion. Annual Security Assistance was close to USD 1 billion from 1982 to 1987 during the US-supported Afghan Jihad against the Soviets. Aid as part of the Coalition Support Fund (CSF) and Budget Support (primarily given to off-set military expenditure incurred in engaging in the War on Terror) was introduced after 9/11, and reached a height of USD 2.5 billion in 2002 during the depicted period.

Source: Congressional Research Service (CRS) Report on “Pakistan: US Foreign Assistance”, 4 October 2012.

of USD 1.7 billion received annually. The Finance Ministry of Pakistan also recently assessed the impact of terrorism on key affected areas for FY 2011-2012 to 2013-2014 (Figure 3). For the three years, Pakistan has borne economic losses amounting to USD 8 billion in foreign direct investment, USD 6.48 billion in tax collection, loss of USD 2.47 billion in physical infrastructure, loss of USD 2.29 billion in exports, among other substantial losses to the economy (Figure 3).

Direct Costs of War: Human, Security, Economic

From 2001 to present, the human cost of the War on Terror has been 50,000 civilian casualties and 5,000 security personnel casualties, as terror spread all across Pakistan in the form of suicide attacks, bomb blasts and targeted killings. The civilian casualty figure includes the more than 100 journalists and religious leaders who lost their lives due to the war. This is not discounting the

S.No	Organization	Years			Total
		2011-12	2012-13	2013-14*	
1.	Exports	1237.00	730.00	323.13	2290.13
2.	Compensation to Affectees	24.28	20.96	13.97	59.21
3.	Physical Infrastructure	1266.18	766.99	437.36	2470.53
4.	Foreign Investment	4597.00	210.00	3260.00	8067.00
5.	Privatization	277.00	4719.46	0.00	4996.46
6.	Industrial Output	331.69	308.49	129.61	769.79
7.	Tax Collection	2431.76	2315.79	1732.39	6479.94
8.	Cost of Uncertainty	121.83	50.34	32.61	204.78
9.	Expenditure Over run	111.96	324.58	207.98	644.52
10.	Others	1398.88	522.00	556.65	2477.53
Total Losses		11797.58	9968.61	6693.70	28459.89

*Estimated on the basis of 9 months actual data (July-March)

Source: M/o Finance, M/o Interior, M/o Foreign Affairs, Joint Ministerial Group

Figure 3 – Summary of estimated annual economic losses for selected areas from FY 2011-2012 to 2013-2014 due to terrorism.

Source: "Annexure III", *Pakistan Economic Survey 2013-14*, Ministry of Finance of Pakistan, <http://finance.gov.pk/>

psychological impact of terrorism and war among the public - fear and a feeling of uncertainty.

As a result of the increased scale and frequency of terrorist attacks, there has been a progressive deterioration of security in Pakistan since 2001. Furthermore, Pakistan was compelled to increase its defence budget to meet the rise in militant recruitment and militant involvement in arms and drug smuggling, respectively.

Direct economic costs borne by Pakistan due to the War on Terror include the loss of human resources and physical infrastructure and disruption to economic activity in conflict-affected areas. For the three years FY 2011-12 to FY 2013-14, losses to physical infrastructure is estimated at USD 2.47 billion (Figure 3). The costs associated with resettling and rehabilitating conflict-affected persons for FY 2011-12 to 2013-14 is estimated at USD 59 million.

The economic output of conflict-affected regions has dropped sharply. For example, the local media reported that when the insurgency took root in 2007 in Swat, a major fruit-producing district in Pakistan, 55 to 70 percent of its fruit production went to waste, amounting to a loss of USD 350 million from 2007 to 2009. According to Pakistan's National Agriculture Research Centre (NARC),

Years	\$ Billion	Rs. Billion	% Change
2001-02	2.67	163.90	-
2002-03	2.75	160.80	3.0
2003-04	2.93	168.80	6.7
2004-05	3.41	202.40	16.3
2005-06	3.99	238.60	16.9
2006-07	4.67	283.20	17.2
2007-08	6.94	434.10	48.6
2008-09	9.18	720.60	32.3
2009-10	13.56	1136.40	47.7
2010-11	23.77	2037.33	75.3
2011-12	11.98	1052.77	-49.6
2012-13	9.97	964.24	-16.8
2013-14*	6.69	701.26	-32.9
	102.51	8264.40	

* Estimated on the basis of 9 months actual data (Jul-Mar)

Source: M/o Finance, M/o Interior M/o Foreign Affairs Joint Ministerial Group

Figure 4 – The direct and indirect costs of the War on Terror for Pakistan for the period 2001-2014 is estimated at USD 102.51 billion.

Source: "Annexure III", *Pakistan Economic Survey 2013-14*, Ministry of Finance of Pakistan, <http://finance.gov.pk/>

48 percent of Pakistan's total fruit production comes from the conflict-affected, north-western Khyber-Pakhtunkhwa (KPK) province, of which Swat is a district.

Indirect Costs of War

The pervasive indirect economic costs of the war to Pakistan include great losses in industrial output and exports as well as plunging foreign direct investment (FDI). The overall slowdown of the economy has also caused investment outflow and a reduced demand for imports, which has also caused a drop in related tax revenue.

Industry sectors including power looms, precious and semi-precious stone mining, wood and marble work, consumer goods, textiles and apparel, food processing and pharmaceuticals have been hard-hit due to the poor economic environment. Between FY 2011-12 and FY 2013-14, the estimated losses in industrial output is approximately USD 770 million (Figure 3). The conflict caused disruption in production cycles and business activities, which resulted in delays in meeting orders for exporters. Pakistani exports have in fact progressively lost market share to competitors over the past decade. During the years FY2011-12 to 2013-14, the losses in exports are estimated at USD 2.29 billion (Figure 3).

Pakistan's participation in the War on Terror has led to a substantial increase in the country's credit risk, which has resulted in a low credit rating for Pakistan with the World Bank. As higher levels of terrorism risk are naturally associated with lower levels of FDI into an affected country, Pakistan, now suffers from a significant reduction in the flow of FDI. FDI fell by over 58 percent during the first quarter of the current fiscal year from the same period in 2013. This is further worsened by the poor law and order situation in the country and related political instability.

The indirect economic costs of war borne by the conflict-affected regions (FATA and KPK) include widespread unemployment, which has also led to a substantial increase in poverty levels (poverty reached a height of 37.5 percent in 2009 in FATA

and KPK). Moreover, the increased militancy in and displacement of the local population have severely affected the general socioeconomic fabric of the conflict-affected regions, as well as in adjacent areas such as Dera Ismail (D.I.) Khan District and Bhakar District, where the civilian administrations have become paralyzed, the standard of living has greatly decreased and the cost of living has increased. It can also be noted that Gilgit-Baltistan and KPK regions were traditionally important destinations for tourism in Pakistan. According to the World Economic Forum, Pakistan ranked 122 out of 140 countries in 2013 as a tourist destination, with the low ranking attributed to incidents of terrorism.

“FDI fell by over 58 percent during the first quarter of the current fiscal year from the same period in 2013.”

Unaccountable Use of US Aid

There is also ambiguity on the part of the Pakistani government about the aid that it receives from the US. Objectives have generally been short-term, mostly focusing on security operations required for the killing, capture or detention of domestic and international terrorists. Beyond this, there has been a lack of strategy for how US aid will be used. Additionally, there has never been clear oversight by the Pakistani government or the US government of how aid received is utilized by Pakistan.

Most of the US arms supplies to Pakistan since 2001 have encompassed items helpful for counterterrorism operations, although at times a number of 'big ticket' platforms, more matched towards conventional warfare, were included. Security assistance is often justified to the US Congress as providing weapons that play a critical role in the War on Terror. The Pentagon accounted the total foreign military sales affirmations with Pakistan to be worth USD 5.4 billion between 2002 and 2010. About 54.9 percent of the same was spent on fighter aircrafts and weapons, 26.6 percent was spent on support and other aircrafts and 10 percent on advanced

weapons systems.

In his testimony to the Senate Permanent Subcommittee on Investigations, Lawrence J. Korb said that the vast majority of foreign military financing (FMF) in Pakistan has gone toward the purchase of major weapons systems such as F-16 fighters and other aircrafts (from the companies SAAB of Sweden, AWACS and JF-17 of China and P-3 C Orion of the US) and anti-ship and antimissile capabilities. Although these defence purchases have strengthened Pakistan's conventional warfare ability, the country has become more insecure and a less safe place to live over the years due to the increased terrorism within its borders.

According to Azeem Ibrahim's Belfer Center Discussion Paper (July 2009) entitled "US Aid to Pakistan: US Tax Payers have Funded Pakistani Corruption," the aid approved for weapons purchases for Pakistan was about USD 9.7 billion from 2002 to 2007. According to the same article, until the year 2009, the US provided funds to Pakistan without a set of expected outcomes to be achieved in counterterrorism.

Conclusion

After becoming a coalition partner in the US-led War on Terror, Pakistan has received billions of dollars in economic aid from the US under different programs. If the aid was effectively utilized, it would have certainly led to the overall improvement of Pakistan's security and economy. However, due to a lack of decided aims and proper accountability, the funds received have been misused. A large portion of its resources, both human and material, have been and continue to be consumed by the war. Economic losses endured by Pakistan include decreased economic output, minimal inflows of foreign investment, capital flight, loss of livelihoods, destruction of infrastructure, low organizational revenues, a delay in the planned privatization program, lower

standards of living in most areas and other direct and indirect economic costs of war.

Pakistan desperately needs an end to this war so that its economy and society can recover. However, sadly, peace seems out of sight, as the Pakistani Taliban continues to conduct attacks against the state and the people, despite efforts towards peace undertaken by the Nawaz Sharif Government. Pakistan is also likely to remain a key player in the US-led counterterrorism efforts in the coming years. Politically motivated violence by other terror groups persists as well, creating more insecurity and instability in the country, as well as in the region.

“... the US provided funds to Pakistan without a set of expected outcomes to be achieved in counterterrorism.”

Muhammad Ramzan Shahid
(Ph.D.) is an Assistant Professor at the Department of Political Science and International Relations, University of Gujrat, Pakistan.

India: Counterterrorism under the New Government

Antara Desai

The Bharatiya Janata Party (BJP)'s win with a clear majority in India's 2014 national elections could play a critical role in shaping the country's counterterrorism policies. Whether the government's strong posturing will help reduce terror incidents or lead to more agitation amongst terrorist and insurgent groups remains to be seen.

From a counterterrorism perspective, the Bharatiya Janata Party (BJP)'s win in the general elections with a clear majority has great significance for India. First, this win marked the end of coalition politics in India after 30 years, thereby making it possible for the government to formulate and implement major counterterrorism measures without constantly having to be pulled in different directions by its alliance partners, as was the case with the previous governments. Second, a stronger government could be a deterrent to terrorists and their sponsors and supporters, as there would be a perception that the reaction to acts of terrorism could be more focused and decisive than before. While Narendra Modi is reputed for turning the state of Gujarat into an economic powerhouse during his tenure as Chief Minister and has extensive support among India's middle classes and business community, the communal baggage which he unfortunately carries and the ideological orientation of the BJP, could lead to a hardening of minority sentiments, especially those of the Muslims. The possibility of terrorist attacks with a view to discredit the government, stoke communal sentiments in the country and create tensions with Pakistan cannot be ruled out. Therefore, much depends on how the new government positions itself with both policies and practical implementation of the same, in respect of the complex terrorist threat in the country.

Between December 2013 and January 2014, the Pew Research Centre conducted a survey in India to assess the population's views and concerns about its neighbourhood, attempting to understand how people felt about the way foreign policy had been handled as well as what they expected from the new government (2,464 adults were randomly selected for the survey from states and territories that constitute about 91% of the Indian population). The findings from the survey suggested that nine out of every ten Indians believed that terrorism was one of the biggest challenges to India's security. Two out of every three Indians surveyed felt that

Islamist extremist groups were a major threat to India. Overall, only 19% of Indians expressed a positive view of Pakistan. When asked which of the following posed the greatest threat to India – Pakistan, China, the Lashkar-e-Taiba or Naxalite insurgents – 47% selected Pakistan. Additionally, 64% of the people hoped that the new government would be able to strengthen relations with Pakistan.

Responding to a Complex Threat

During the election campaigns, the BJP raised the issue of terrorism in India and included policies in its manifesto to counter this challenge. The BJP leaders accused the United Progressive Alliance (UPA) government under Manmohan Singh for lack of clear policies and for systematically dismantling the anti-terror mechanism in the country during its ten-year rule.

After the attacks in Mumbai in 2008, the UPA government enacted the National Investigation Agency Act (NIAA) and made amendments to the Unlawful Activities (Prevention) Act of 1967 (UAPA). The former government also reinstated several of the provisions of the Terrorist and Disruptive Activities (Prevention) Act (TADA) and the Prevention of Terrorism Act (POTA). Despite this, the general perception was that the UPA had neglected to take adequate retaliatory steps and that it appeared to be 'soft' on Pakistan.

Islamist terrorism however is not the only security challenge for India. India has been dealing with the 'Naxalite' issue for decades. Naxalism refers to a movement in the district of Naxalbari in West Bengal where peasants staged an uprising in 1967. Today, 'Naxalism' or left-wing extremism

has new manifestations and affects many of India's territories, forming what is known as a 'red corridor' from the border with Nepal in the north to Karnataka in the south which covers more than a quarter of India's total land mass. Although the UPA government took a number of measures to counter the Naxalite threat, the government's focus was largely on law enforcement measures and not in addressing the causes that led to the consolidation of the movement. Moreover, the UPA government's initiatives were undermined due to the lack of coordination among the concerned provincial governments. The funds allotted for the development of Naxalite areas were misused due to the endemic corruption in the country.

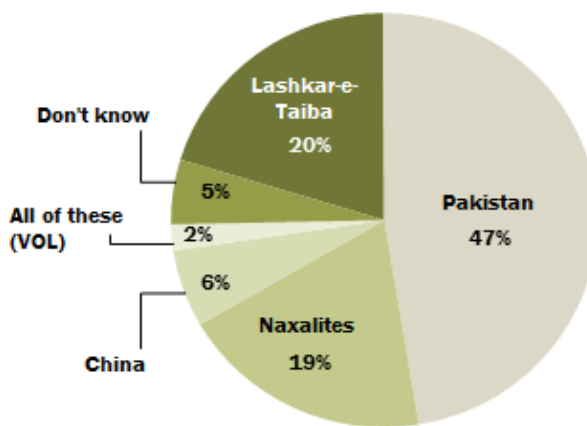
Coalition Politics and Counterterrorism under the UPA

When the UPA government took the decision to set up the National Counter Terrorism Centre (NCTC) after the 2008 Mumbai attacks (in which several intelligence and operational failures revealed the need for an overarching national agency for counterterrorism), there was opposition from a number of provincial governments. The NCTC

was to coordinate the anti-terrorism efforts of the Centre and the Provinces. Its main functions were to be the analysis of intelligence related to terrorism and associated criminal activities and the maintaining of relevant data bases, developing appropriate responses and producing threat assessments. The NCTC was to have an Operations Division whose officers would have the authority to carry out arrests and conduct search operations anywhere in the country, and when required, requisition the NSG or other special forces like Navy's Marcos, Army's Para-

Pakistan Seen as India's Biggest Threat

% greatest threat to country



Source: Dec. 2013-Jan. 2014 Global Attitudes survey in India. Q145.

PEW RESEARCH CENTER

Figure 1 – About half (47%) of the Indians surveyed in the Dec 2013-Jan 2014 Pew Research Centre study believed that the biggest threat to India's national security emanates from Pakistan.

Source: Pew Research Centre (31 March 2014), <http://www.pewglobal.org/2014/03/31/indians-reflect-on-their-country-the-world/>.

Commandos and 'Garud' (special force of the Indian Air Force trained in counterterrorism and counterinsurgency operations).

The main opposition to the NCTC was that its authority would infringe upon the rights of the provincial governments. According to the Indian constitution, the provinces are responsible for 'law and order', under which counterterrorism operations have primarily been dealt with thus far. Although this was more of a jurisdiction issue, it was fought under the shadow of power politics. While the BJP blamed the UPA for not being able to set up the NCTC, and that this posed serious challenges to national security, both internal and external, the UPA hit back saying that it was the chief ministers in the non UPA-ruled states like Odisha, West Bengal and Tamil Nadu, among others, that opposed the move.

Statistically, however, the UPA government could claim credit for a reduction of terrorism related incidents in the country. During its tenure, terrorist attacks in Kashmir - which were 3,401 in the year 2003 - fell to 170 in 2013. Additionally, in the Naxalite-affected areas, terrorist incidents reduced to 1,136 in 2013 from 1,597 in 2003. Terrorist attacks in the hinterland have roughly been in the range of 0 to 6 in the period 2003 to 2013. According to a report by the South Asia Terrorism Portal (SATP), incidents of terrorism and insurgency in India as a whole fell from 5,839 in 2001 to 885 in 2013.

Expectations from the New Government

The new government came to power riding on the hopes and expectations of the people for a stronger India, which includes the fortification of its security platform and greater economic development. While it is premature to discuss the specific policies related to security that the Modi government will adopt, some ideas can be formed according to statements made by BJP leaders



Figure 2 – Narendra Modi addressing an election rally in Gujarat in 2013.

Source: Reuters, <http://www.bbc.com/news/world-middle-east-24080193>

during the election campaign, including Narendra Modi's statement that India must have a zero-tolerance policy against terrorism.

Reports suggest that Prime Minister Modi would like to separate the issue of internal security from the Ministry of Home Affairs and bring it under the ambit of the Prime Minister's Office to ensure better coordination and action. In the meantime, the Home Ministry has put together several items for the Modi government to address which includes tackling home-grown terrorist outfits like the Indian Mujahideen and the Naxalites, revamping the intelligence agencies and reforming the criminal justice system. The Home Ministry has also asked for permission to station its choice of district magistrates (DMs) and superintendents of police (SPs) in the 20 worst Naxalite-affected districts, along with an inspector general (IG) of operations of its preference at the zonal level who would be directly under the authority of the Union Home Ministry. Additionally, the Home Ministry has requested for 25 combat-ready battalions (25,000 personnel) from the Central Armed Police Forces (CAPFs) in addition to the more than 70 battalions which already exist. The Naxalite issue, however, only finds a rhetorical mention in the BJP manifesto, and it is likely that this government will follow the same 'carrot and stick' approach to the issue as the former.

The BJP party has made a promise to strengthen the National Investigation Agency (NIA), the

functioning of which was recently heavily criticized by the BJP. The party also hopes to make the National Security Council (NSC) the hub of all sector-related assessments, which will be accountable for real-time intelligence dissemination.

The new government is also looking to reinforce anti-terrorism laws in a way that make confessions before a senior police officer legally admissible, ensure the presumption of guilt on part of the accused and make bail for the terror accused difficult. The new law would also encompass newer forms of security threats such as cyber attacks, narco-terrorism and terrorist financing. Modi has been categorical in emphasizing that India will not be able to effectively fight terrorism, including left-wing extremism, without powerful anti-terror laws.

Co-opting the Neighbours

In an attempt to signal to the members of the South Asian Association for Regional Cooperation (SAARC) that India now has a neighbourhood-friendly government, Prime Minister Narendra Modi invited the heads of these countries to be present during his swearing-in ceremony. The invitation to the Pakistani Prime Minister is being seen as a very positive gesture in terms of normalizing bilateral relations, which were tainted mostly by terrorism-related issues. Modi is not against dialogue with Pakistan. In fact, he has pledged to improve relations with its neighbour on the condition that Pakistan reins in terrorists acting against India in its territory.

Terrorists on the Move?

Despite the public euphoria in India, terrorist elements have made their intentions clear towards the Modi government. When Afghan President Hamid Karzai accepted the invitation to attend Modi's swearing-in ceremony, the Indian consulate in the Herat province of Afghanistan was attacked. Within India, the Student Islamic Movement of

India (SIMI), a banned organization, issued an open threat to Modi at a Bhopal court chanting slogans such as "*Ab kibaar Modika number*" ("This time it is Modi's turn") and "*Taliban zindabad*" ("Long live the Taliban"). Another militant group calling itself the *Ansar-ut-Tawheed fi Bilaad Hind* ("Brotherhood for Monotheism in the land of Hind") released a video calling for militant organizations across the Middle East and South Asia to attack India and Indian interests abroad.

'Toilets first, temples later'

BJP with its right-wing orientation will have a challenge dealing with the Muslim minority in India

in its battle against Islamic extremism.

Muslims constitute a little over 13 percent of the Indian population and this allows the Muslim community the opportunity to determine the fate of candidates in several constituencies. In the recent election, a remarkable trend was the voting pattern of the Muslim voter. Traditionally, Muslim voters have been loyal largely to the Indian

National Congress (INC) and to parties like the Samajwadi Party (SP) or regional Muslim parties. Prior to this election, the BJP never managed to secure a sizeable chunk of the Muslim vote.

A post-poll survey conducted by the Lokniti Centre for the Study of Developing Societies (CSDS) shows that 9 percent of the Muslim population voted for the BJP in the recent election, comparing to 4 percent in 2009. The BJP won nearly all of the Muslim majority seats in north-west Uttar Pradesh (UP), despite not fielding a single Muslim candidate from that state. This could make Prime Minister Modi more responsive to the minority community, as even a small error in judgement could cause a major backlash especially due to the communal baggage that he carries.

Underdevelopment, poverty and previously unfulfilled electoral promises have probably outweighed Narendra Modi's alleged communal credentials for the Muslim voters in this election.

“Despite the public euphoria in India, terrorist elements have made their intentions clear towards the Modi Government.”

The BJP manifesto has a section dedicated to the welfare of the Muslim community. The BJP has promised to start a 'National Madrasa (Islamic School) Modernisation Programme' and empower the Waqf boards that manage Muslim affairs. The establishment of a permanent intercommunity consultative mechanism to promote harmony amongst various communities is also being planned. The successful implementation of these initiatives would lead to the continuing and increased support of the Muslims to BJP.

Two issues that could however stir Muslim sentiments are reconstruction plans of the Ram Mandir (Temple) in Ayodhya, which has been in the limelight since the demolition of the Babri Mosque by Hindu fanatics in 1992. Hindus allege that the Babri Mosque was built by the Moghul Emperor Babur at an originally Hindu place of worship for the God Ram. The second is the BJP's proposal to abrogate Article 370 of the constitution which gives a special status to Jammu and Kashmir. While much has been said about the reconstruction of the temple, BJP's stance has mellowed down over the years as is evident from the transformation in language used in its manifestos: from a more aggressive proclamation of its commitment for the construction of Ram Temple in the 2009 manifesto, BJP now seems open to explore all possibilities within the framework of the constitution with regard to the construction of the temple. The controversial Allahabad High Court verdict directing that the land at the disputed site be divided into three parts, paved way for the possibility of the reconstruction of the temple on the portion of land allotted to the Hindus. This verdict was however challenged in the Supreme Court of India and the apex court stayed the order

and decreed that status quo shall continue with regard to the dispute. It is likely that the issue of

the temple will see little progress in the immediate future owing to difficulties in establishing and proving historical data by respective parties. Thus, by making 'constitutionality' a prerequisite, the BJP has played it safe. On his own, Narendra Modi has also said that his priority would be development rather than construction of the temple (to "build toilets first, and temples later").

What the Modi government does for the welfare and security of the people of India is yet to be seen. While the perception among the people is that Prime Minister Narendra Modi has a strong personality and will very likely be decisive in his policies and actions, his path will not be an easy one. Thus, although Narendra Modi has the mandate to orchestrate effective policies for the development and security of India, the new government must demonstrate that it can deliver what was promised to the people of the country.

“... although Narendra Modi has the mandate to orchestrate effective policies for the development and security of India, the new government must demonstrate that it can deliver what was promised to the people of the country.”

Antara Desai is a Research Fellow at the Centre for Peace and Development Studies, India. She holds a Master's Degree in Geopolitics and International Relations and has a special interest in international relations, counterterrorism and Indian national politics.

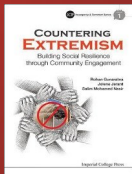


The International Centre for Political Violence and Terrorism Research (ICPVTR) is a specialist research centre within the S. Rajaratnam School of International Studies (RSIS) at Nanyang Technological University (NTU), Singapore.

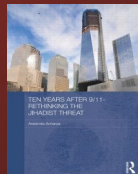
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The Centre is staffed by academic specialists, counter-terrorism analysts and other research staff. The Centre is culturally and linguistically diverse, comprising of functional and regional analysts as well as Islamic religious scholars from Asia, the Middle East, Africa, Europe and North America.

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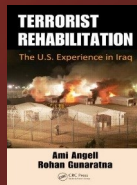
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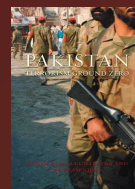
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For further inquiries regarding subscription and access to the Global Pathfinder database, please contact Elena Ho Wei Ling at isewlho@ntu.edu.sg.