

Instability in Pakistan and its Impact on the World

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Pakistan Prime Minister Imran Khan blocked a no-confidence vote he looked sure to lose and advised the president to order fresh elections, fueling anger among the opposition and deepening the country's political crisis which adds on to the already alarming economic crisis.

Pakistan, the nuclear-armed nation of more than 220 million people lies between Afghanistan to the west, China to the northeast and nuclear rival India to the east, making it of vital strategic importance.

Reasons behind the Crisis

Rising Inflation Levels:

- Numerous reports have suggested that Pakistan is undergoing a deep economic crisis. A study by the Intelligence Unit of The Economist, after Pakistan's Bureau of Statistics reported a 9.2% increase in inflation in a year since October 2020, concluded that the country shall face this economic crisis for another 6 months.

- The rupee has been depreciating at a high rate and the inflation rate in Pakistan is the fourth highest in the world.

The Saudi Loan Grants:

- Pakistan is being said to have lost its financial sovereignty owing to the loan grant of \$3 billion granted by Saudi Arabia. The clauses of the loan contains a lot of restrictions and is being charged at an interest rate of 4% per year.
- One of the clauses say that Pakistan has to pay back the debt in just 48 hours in case it defaults. The definition of default has a very wide scope, as has been mentioned by the Saudis, and can immensely hurt the Pakistani economy.

The FATF Greylisting:

- The retainment of Pakistan in this list has severe consequences for the country since it shall not be provided aid from external sources. Even if provided, there shall be many reforms sought from the country. There will be greater surveillance of activities being carried out on Pakistani soil.

Afghanistan and Taliban Issue:

- Afghanistan is now ruled by the Taliban who are extremely unpredictable. Pakistan has its Embassy and other diplomatic channels open in Afghanistan, and there has been no air of hostility between the two countries as of now. But there could be any adverse consequences due to the terror activities carried out by the Taliban inside Pakistan.
- The 2-decade long friendship between the US and Pakistan has been majorly shaped by the former's interest in Afghanistan. With the fall of the civilian government in Afghanistan and the rise of the Taliban, the US certainly does not need to endure its friendship with Pakistan.

Issues Between PM Imran Khan and the Army:

- The issue was surrounding the appointment of the new chief of the ISI, the Pakistani intelligence agency. General Bajwa wanted to replace Lt General Faiz Hamid with Lt General Nadeem Anjum as the Chief of the ISI. But since PM Khan had a good rapport with Lt General Hamid, he declined to approve of the appointment of Lt General Anjum. It is widely seen as the PM's attempt to assert his supremacy over the army.

The Internal Political Crisis:

- The Pakistan PM's blocking of the 'No-Confidence' vote and the announcement of fresh elections have created huge uncertainty in Islamabad.
- Since coming to power in 2018, Khan's rhetoric has become more anti-American and he has expressed a desire to move closer to China and, recently, Russia – including talks with President Vladimir Putin on the day the invasion of Ukraine began.
- At the same time, U.S. and Asian foreign policy experts said that Pakistan's powerful military has traditionally controlled foreign and defence policy, thereby limiting the impact of political instability.

Way Forward

Pakistan has been at the receiving end of backlashes globally for its inefficiency in combatting terrorism. It desperately needs to correct all the wrongdoings so that other countries can provide them aid in times of such distress. Pakistan now has very few allies, out of which Turkey is itself not in a position to help Pakistan, and China never gives grants but only loans.

The implementation of stringent measures to fight terrorism is the only option left with Pakistan. It is only then that the global community would be willing to help Pakistan overcome its economic crisis.