

DAILY PAKISTAN WATCH

02 June 2026

Security

- ◆ **Sharp Rise in Terror Attacks Reverses Security Gains**— Pakistan’s security situation worsened significantly in May 2026 after two months of improvement, according to the Pakistan Institute for Conflict and Security Studies (PICSS). **Terrorist attacks rose by 27 per cent, from 101 in April to 128 in May, leading to steep increases in casualties.** Civilian deaths climbed 92 per cent to 71, while security personnel fatalities surged 143 per cent to 68. **Six suicide attacks, including four vehicle-borne bombings, marked a sharp escalation in militant tactics.** Balochistan remained the worst-affected province, recording 71 attacks and 52 of the country’s 54 reported kidnappings. Security forces killed 270 militants during counterterrorism operations. (*Dawn*, [2 June 2026](#))
- ◆ **Gwadar Port Gains Traction Amid Regional Shifts**—Gwadar Port’s utilisation has risen to 30% as the US–Iran war reshapes trade corridors, prompting Pakistan to offer on-dock and off-dock facilities and open six land routes for stranded Iranian cargo. Maritime Affairs Minister **Muhammad Junaid Anwar Chaudhry** said, “**We have been able to operate Gwadar Port at 20-30% capacity. We will continue taking measures to utilise the remaining 70% capacity under a master plan.**” Tariff cuts and free storage incentives aim to make Gwadar competitive against Dubai and Chabahar. Future growth hinges on connectivity and security. (*The Express Tribune*, [02 June 2026](#))
- ◆ **Waiting for Reform, Not Godot**— In his column, **Dr Raashid Wali Janjua** likens Pakistan’s political predicament to Samuel Beckett’s *Waiting for Godot*, where hope for rescue never materialises. He argues Pakistan has experimented with multiple governance models but failed to shed colonial-era bureaucratic structures. Unlike China, which empowered local governments and achieved consistency, Pakistan suffers from **inconsistency and weak accountability.** He stresses that “without sincerity, no reforms are sustainable, and without discipline, no reforms are implementable.” To end its wait for a saviour, Pakistan must embrace fundamental reforms promoting stability, growth and public welfare. (*The News*, [02 June 2026](#))
- ◆ **Russia’s Calculated Gamble in Afghanistan**— Russia’s deepening ties with the Taliban, including **military and technical cooperation agreements signed by Defence Minister Mullah Yaqoob in Moscow**, highlight a striking contradiction. While Moscow was the first to recognise the Taliban, its own security officials warn Afghanistan hosts **around 20,000 militants**, including ISIS-K, Al-Qaeda and TTP. As columnist **Faisal Ahmad** notes, Russia views engagement as more practical than isolation, yet “**enhanced military capabilities in an environment where extremist groups continue to operate may increase concerns about weapons proliferation, militant mobility and regional instability.**” (*Pakistan Observer*, [02 June 2026](#))
- ◆ **Nuclear Risks in South Asia** — One year after the **2025 Pahalgam conflict**, India and Pakistan remain locked in an arms race, with **precision-strike weapons and tactical nuclear systems**

heightening instability. Pakistan has tested the **Fatah-II and Fatah-IV missiles**, while India pursues multi-domain warfare. Existing confidence-building measures—hotlines, missile test notifications, and pledges not to target nuclear sites—are fragile. Analysts, including **Sidra Hameed**, urge tougher steps: verifiable bans on nuclear testing, risk-reduction centres, and Track 2 dialogue. Yet political constraints and China’s role complicate progress. Deterrence held—barely; the next crisis may not be forgiving. (*Pakistan Today*, [2 June 2026](#))

Economy

- ◆ **Development Budget Strains Amid Coalition Costs**— The federal government has cleared a **Rs 4.3 trillion national development programme**, with provinces funding three-fourths. The **federal PSDP stands at Rs1.126 trillion**, though Planning Minister **Ahsan Iqbal** admitted it was “effectively negative by Rs15 billion” after fixed allocations. He stressed that “**the Rs 87 billion is the cost of the coalition government**,” nearly equal to allocations for three strategic dams. Punjab’s Rs1.45 trillion plan is **one-third larger than the federal budget**, highlighting fiscal imbalance. Pressing demands now exceed Rs10.8 trillion, risking decade-long delays. (*The Express Tribune*, [02 June 2026](#))
- ◆ **Govt Endorses Modest Growth Amid External Strains** —The government has approved a **4% GDP growth target** for FY 2026-27, alongside **8.2% inflation**, reflecting fiscal constraints and external pressures. Planning Minister **Ahsan Iqbal** cautioned that “**borrowing loans by issuing bonds and then celebrating it is shameful**,” urging reliance on exports rather than debt rollovers. Imports are projected to exceed **\$70 billion**, with a trade deficit of \$37 billion cushioned by remittances. The plan anticipates two million new jobs, but sustaining growth hinges on stable external conditions. (*The Express Tribune*, [02 June 2026](#))
- ◆ **Shehbaz Sharif Hails New Phase in China Ties**— Prime Minister **Muhammad Shehbaz Sharif** has declared that the surge in **Pakistan–China private sector cooperation** marks a “new era” in economic partnership. Chairing a review meeting, he directed swift conversion of **207 MoUs worth \$7.54 billion**, signed at the recent Hangzhou B2B conference, into joint ventures. He emphasised that **industrial, agricultural and technological collaboration** would boost exports and jobs, noting agriculture could see “revolutionary transformation” through joint research. The PM vowed monthly reviews and urged focus on export-led growth. (*The News*, [02 June 2026](#))
- ◆ **IMF and Pakistan’s Elite Capture**— In his column, **Zulfiqar Rao** traces Pakistan’s IMF history from Ayub Khan’s 1958 standby arrangement, noting the Fund often served as a “**certificate of credibility**” rather than a genuine reform compact. He argues Pakistan’s ruling elite repeatedly subverted progressive conditionalities, such as taxing agriculture, property and retail, while protecting privileges in sugar and real estate. Despite IMF mandates to “**tax the rich, protect the poor**”, elite interests prevailed, leaving the burden on ordinary citizens. Rao concludes IMF programmes act as periodic receiverships for a **captured state**, with costs borne by the poor. (*The News*, [02 June 2026](#))
- ◆ **Tax Burden on the Formal Economy**—Pakistan’s taxation regime has become increasingly **punitive and counterproductive**, disproportionately burdening the corporate sector, salaried individuals and compliant taxpayers while leaving large informal segments untaxed. The **turnover-**

based minimum tax penalises businesses simply for operating, eroding profitability and discouraging formal expansion. A **withholding tax regime** further inflates costs across supply chains. Studies show higher corporate tax rates suppress investment and new business entry. Meanwhile, agriculture and retail remain shielded by political influence. Genuine reform requires **broadening the tax net** and simplifying compliance, not just appeasing powerful constituencies. (*Business Recorder*, [02 June 2026](#))

- ◆ **Budget FY27 Offers Little Relief**—Expectations of a shift from stabilisation to growth have dimmed as the **FY27 budget is being shaped under IMF constraints**. Promises of relief for formal businesses, salaried individuals and exporters are unlikely to materialise. Reliance on the **petroleum levy**, which yields far more than FBR taxes, means fuel prices will stay high, keeping inflation elevated. The salaried class may see token relief, while corporates face continued disadvantages. Traders and real estate remain favoured, but ending cross-subsidies for small power consumers could trigger fresh inflationary pressures. (*Business Recorder*, [01 June 2026](#))
- ◆ **Features of Pakistan’s Taxation System**— In his analysis, **Dr Hafiz A Pasha** highlights that Pakistan’s tax-to-GDP ratio has improved to **12.6% in 2025-26**, up from a low of 7.1% in 2003-04, though still below the potential 15%. The system remains **imbalanced**, with federal taxes forming 92% of revenues and provinces contributing only 8%. Direct taxes now account for 45% of revenues, making the system more progressive, yet the **petroleum levy has added regressivity**. Major tax gaps exist in **agriculture (Rs880bn potential vs Rs10bn actual)**, services, and property. Pasha urges reforms to broaden provincial taxes, rationalise personal income tax, reduce petroleum levy rates, and incentivise investment and exports. (*Business Recorder*, [02 June 2026](#))

Foreign Policy

- ◆ **Pakistan–EU Strategic Partnership Gains Momentum** —In Islamabad, **EU foreign policy chief Kaja Kallas praised Pakistan as a “major regional power”**, crediting Islamabad’s mediation between the US and Iran for averting “full-scale conflict” on several occasions, “Pakistan has been the main mediator”. Co-chairing the 8th Strategic Dialogue with Deputy PM Ishaq Dar, she highlighted Pakistan’s role as the **largest beneficiary of the EU’s GSP+ scheme**, vital for exports worth €12 billion annually. Both sides pledged deeper cooperation in trade, climate resilience, migration, and regional peace. (*The Express Tribune*, [2 June 2026](#))
- ◆ **Europe’s Enduring Importance for Pakistan**— The editorial argues that Pakistan must avoid a narrow foreign policy and continue valuing its relationship with the European Union alongside key partners such as China, the Gulf states and the United States. **The visit of EU foreign policy chief Kaja Kallas and the 8th Pakistan-EU Strategic Dialogue signal the importance of sustained diplomatic engagement**. Europe remains Pakistan’s largest export market and benefits from strong people-to-people ties through the Pakistani diaspora. While cooperation spans trade, investment, climate, security and connectivity, **the editorial stresses that continued access to GSP+ benefits depends on reforms in governance, labour, environmental and human rights standards**. (*The Nation*, [02 June 2026](#))
- ◆ **Afghanistan’s Fragile Crossroads**—In his column, **Dr Muhammad Tayyab Khan Singhanvi** argues that Afghanistan’s greatest challenge lies in domestic governance under Taliban rule. He stresses that “authentic stability” requires legitimacy, inclusivity, and economic viability, not just

the absence of war. The regime's **ideological absolutism under Hibatullah Akhundzada** has alienated society, while the economy remains a “survival economy” dependent on foreign aid. Severe restrictions on women, humanitarian crises, and diplomatic isolation deepen fragility. Afghanistan, he concludes, must choose between **ideological intransigence** and genuine stability rooted in openness and justice. (*The Express Tribune*, [02 June 2026](#))

Politics, Culture, Etc.

- ◆ **IHC Flags Indus Post Delay**— The Islamabad High Court (IHC) has issued notices to the federal government over the **non-appointment of the Indus Water Commissioner**, calling it a “serious issue.” Justice **Arbab Muhammad Tahir** heard the petition filed by Judicial Activism, with Advocate **Azhar Siddiq** noting the post has remained vacant since 1 September 2025. The court stressed, “**This is a serious issue,**” and adjourned proceedings until 9 June. The vacancy raises concerns about water management and treaty obligations. (*The Express Tribune*, [02 June 2026](#))
- ◆ **PTI Punjab Faces Protest Fatigue**— Pakistan Tehreek-e-Insaf's Punjab chapter is under fire for **failing to mobilise workers and sustain protests** over Imran Khan's incarceration, drawing criticism from both party insiders and ally Tehreek Tahaffuz Ayeen-e-Pakistan (TTAP). A senior PTI office-bearer warned, “**Party MPs should quit if they feel they cannot sustain the pressure of fighting for Imran Khan.**” TTAP spokesperson **Akhundzada Hussain** lamented Punjab's weak role, stressing mobilisation cannot succeed without it. PTI has now shifted focus to upcoming Gilgit-Baltistan elections. (*The Express Tribune*, [02 June 2026](#))
- ◆ **Nawaz Sharif's Renewed Political Visibility** —Speculation surrounds **Nawaz Sharif's potential political comeback** as he undertakes electioneering in Gilgit-Baltistan ahead of the 7 June polls. Since his return from exile in October 2023, Nawaz has largely avoided active campaigning, leaving **Shehbaz Sharif** as the party's public face. Senator **Pervaiz Rashid** insisted Nawaz is simply fulfilling routine duties as party head, but **Ahmed Bilal Mehboob (PILDAT President)** argued his involvement marks a “**notable shift**” and reflects practical necessity, given legal restrictions on ministers campaigning. (*The Express Tribune*, [02 June 2026](#))
- ◆ **Honour, Culture and the Denial of Women's Autonomy**— In this opinion piece, **Iman Shahbaz**, a law student at Lahore University, argues that **honour killings are not isolated acts rooted solely in rural traditions but reflect a wider societal mindset that treats women as bearers of family honour rather than autonomous individuals.** She contends that **women are often valued for obedience, sacrifice and endurance, while personal choice is viewed as a threat to social order.** Very few people questioned the injustice of a system in which a woman risks death for exercising personal choice. The writer calls for challenging cultural norms that place reputation above justice and human life. (*The Nation*, [2 June 2026](#))
- ◆ **Fresh Honour-Related Violence Claims Nine Lives in Sindh**— **Nine people were killed in separate incidents of honour-related violence in Larkana and Shikarpur, underscoring the persistent deadly consequences of disputes linked to free-will marriages in rural Sindh.** In Larkana, armed attackers killed a woman and three of her children in an assault connected to a long-running feud between two Mugheri families. In another case, a man allegedly shot dead his daughter and her husband for marrying without family consent before surrendering to

police. **A separate clash in Shikarpur over an honour-related dispute left three people dead.** Police investigations were under way, though no FIRs had been registered at the time of reporting. (*The Express Tribune*, [02 June 2026](#))

- ◆ **Raja Farooq Haider Warns Against Constitutional ‘Tampering’ in ‘AJK’**— Senior PML-N leader **Raja Farooq Haider**, former ‘AJK’ prime minister, has strongly opposed moves to abolish the **12 Legislative Assembly seats reserved for refugees from ‘India-held Jammu and Kashmir’**, urging Islamabad to stop those “tampering with the ‘AJK’ Constitution.” Addressing workers in Chinari, he said such steps would harm the Kashmir cause and likened them to India’s lieutenant-governor system. Haider criticised ‘AJK’ premier Faisal Mumtaz Rathore and called on **PM Shehbaz Sharif** and **COAS Asim Munir** to intervene, warning abolition could lead to refugee disenfranchisement. (*Dawn*, [02 June 2026](#))
- ◆ **Bilawal Calls for Simultaneous GB, ‘AJK’ Polls** — At a rally in Shigar, **PPP Chairman Bilawal Bhutto-Zardari** urged that elections in **Gilgit-Baltistan and ‘Azad’ Jammu & Kashmir** be held alongside Pakistan’s general elections, saying this would ensure “true public sovereignty.” He criticised Islamabad-centric governance, insisting decisions for GB and ‘AJK’ should be made locally. Bilawal defended the **Benazir Income Support Programme**, warning against devolving it to provinces. Meanwhile, **PTI’s Sheikh Waqas Akram** accused authorities of discrimination, barring PTI leaders from campaigning while granting **Nawaz Sharif** an NOC for GB electioneering. (*The News*, [02 June 2026](#))
- ◆ **Civil Servants Face Misconduct Charges Over Hidden Foreign Nationality**— The federal government has introduced strict new rules under the **Civil Servants (Disclosure and Regulation of Foreign Nationality) Rules 2026**, making concealment of foreign citizenship a formal act of “misconduct.” Approved by **Prime Minister Shehbaz Sharif**, the framework requires civil servants to declare details of their own, spouses’ and dependents’ foreign citizenship, passports, residence or immigration status. Failure to disclose may lead to termination, nullification of appointment, or departmental proceedings. The move follows years of parliamentary debate and public pressure over dual nationality among bureaucrats. (*The News*, [02 June 2026](#))

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Daily Pakistan Watch (DPW) with a view to acquainting our readers with the prevalent thought process in Pakistan having its bearing on India, with the hope that such effort will help us in devising appropriate policies to deal with Pakistan in a more effective manner.]