

DAILY PAKISTAN WATCH

13-15 June 2026

Security

- ◆ **First time in Pakistan's history, Centre expects Rs1.035tr from provinces for Defence** —The federal government expects to receive **Rs1.035 trillion in grants from the provinces** during the 2026–27 fiscal year under Article 164. The budget documents show these transfers as a **new category within non-tax revenues**, enabling the Centre to finance relief measures and defence spending. Provinces reportedly reduced their development allocations to provide these funds, with **Punjab facing the largest cut. Total non-tax revenues are projected at Rs5.335 trillion**, while the petroleum levy remains the largest source at Rs1.676 trillion. Meanwhile, State Bank profits are expected to decline significantly. (*The News*, [13 June 2026](#))
- ◆ **Major Counter-Terrorism Operations in North Waziristan**— Security forces killed 21 alleged India-backed Fitna al-Khwarij militants, including four ringleaders, during intelligence-based operations in Miranshah and the surrounding areas of North Waziristan over the past 72 hours, according to the ISPR. The slain leaders—Khalid Raza alias Salar, Muftoon, Musa and Imran alias Ayan—were described as being involved in attacks on security personnel and civilians. Weapons and ammunition were recovered. **The military stated that 48 militants have been killed in successive operations in the area, including 27 killed last week**, as counter-terrorism efforts continue in Khyber Pakhtunkhwa and Balochistan. (*The News*, [14 June 2026](#))
- ◆ **Centre Allocates Rs3 Trillion for Defence in FY27**— The federal government has announced a **Rs3 trillion defence budget for 2026-27**, marking a **17.7 percent increase** from last year's Rs2.55 trillion. Defence spending now constitutes **15.95 per cent of the Rs18.8 trillion federal outlay**. Allocations include **Rs1,284.06 billion for the Army, Rs573 billion for the Air Force, and Rs293 billion for the Navy**. A significant **Rs848 billion** has been earmarked for **Defence Production establishments**. By comparison, India's defence budget for the same year stands at \$85.67 billion, nearly eight times higher. (*The News*, [13 June 2026](#))
- ◆ **Dithering Pakistan's water woes**— In this opinion piece, **Imtiaz Gul, head of the independent Centre for Research and Security Studies, Islamabad**, argues that Pakistan faces a growing water security crisis amid India's plans to expand river-diversion infrastructure and statements by Indian officials that **not a single drop of water will go to Pakistan**. He contends that while Pakistan protests diplomatically, it has failed to develop sufficient reservoirs and hydropower projects, with major schemes delayed by political and bureaucratic obstacles. Comparing Pakistan with India and Bangladesh, Gul maintains that **the country's reliance on short-term thinking has undermined strategic water management and long-term national interests**. (*The Express Tribune*, [13 June 2026](#))
- ◆ **Pakistan's Strikes in Afghanistan and the Legal Debate** —In his analysis, **Ahmer Bilal Soofi, former caretaker federal law minister and international law practitioner**, argues that **Pakistan's air strikes inside Afghanistan to counter terrorist groups are legally distinct from India's strikes on Pakistani territory**. He notes that Pakistan faces hundreds of attacks annually, meeting the UN

Charter's self-defence criterion of **"imminent attack."** Soofi stresses that Pakistan targets only military objects and is responding to Kabul's failure to control militants, describing Afghanistan as both "unable" and "unwilling." He concludes that **India's actions lack legal justification**, while Pakistan's qualify under self-defence. (*Dawn*, [13 June 2026](#))

- ◆ **Pakistan's Strategic Opportunity Amid the Hormuz Dilemma**— Analyst **Khurram Abbas** argues that the US-Iran war has exposed the Gulf states' reliance on the Strait of Hormuz, creating what he terms the **"Hormuz dilemma."** While Saudi Arabia and the UAE have limited alternatives, countries like Qatar and Kuwait remain highly vulnerable. Abbas suggests Islamabad can seize this moment by offering **oil and gas storage facilities to GCC states**, providing Asian buyers with energy assurance during crises. He notes this would elevate Pakistan's role from a security partner to a **strategic stakeholder in Gulf stability**. (*Dawn*, [14 June 2026](#))

Economy

- ◆ **Budget FY27 Targets Growth with Relief for Salaried Class and Businesses**— The government has set a **tax collection target of Rs15.264 trillion**, aiming to raise Rs650 billion through taxation, enforcement and administrative measures. Relief includes **restructured income tax slabs for salaried taxpayers**, abolition of deemed income on property, reduced advance tax on real estate transactions, and cuts in duties on agricultural imports. The **super tax has been abolished for six categories up to Rs500 million**, while exporters and real estate also benefit. AI-driven compliance tools and an expanded GST Third Schedule will broaden documentation. (*The News*, [13 June 2026](#))
- ◆ **Zardari Signs PIA Repeal Bill, Privatisation Completed**— President **Asif Ali Zardari** has signed the **Pakistan International Airlines Corporation (Conversion) (Repeal) Bill, 2026**, completing all legal formalities for the privatisation of **Pakistan International Airlines Company Limited (PIACL)**. The bill was **passed by the Senate on 10 June** and approved by **the National Assembly on 11 June** before being sent for presidential assent. With this step, the government has formally concluded the privatisation process of the national carrier, marking a significant policy shift in aviation. (*The News*, [13 June 2026](#))
- ◆ **Shipping Tax Abolition Seen as Boost for Maritime Investment**—The federal government has abolished the **18% sales tax on the shipping industry in the FY27 budget**, a move hailed by Federal Minister for Maritime Affairs **Muhammad Junaid Anwar Chaudhry** as a major step to strengthen Pakistan's blue economy. He said the measure meets a longstanding demand of industry stakeholders and will **lower logistics costs, encourage investment, and enhance competitiveness in international trade**. Chaudhry added that it will spur employment, modernise infrastructure, and expand trade capacity, materially increasing the sector's contribution to the national economy. (*The Express Tribune*, [14 June 2026](#))
- ◆ **Budget Relief with Hidden Costs**—Ali Khizar, Director of Research at *Business Recorder*, critiques Pakistan's FY27 federal budget as **"not pro-growth, nor expansionary"**. Development spending is cut, with fiscal space redirected to elites. Provinces are asked to transfer Rs1 trillion to Islamabad, a voluntary arrangement that is not a structural fix. While salaried classes and exporters gain relief, **"for the poor and informal classes, there is essentially nothing."** Ambitious FBR targets risk coercive measures, while indirect taxes and petroleum levies may burden ordinary citizens. Caution is urged. (*Business Recorder*, [15 June 2026](#))

- ◆ **Budget FY27: More of the Same**— Anjum Ibrahim, columnist at *Business Recorder*, notes that expectations of provinces ceding their share of the divisible pool to the Centre were dashed, recalling T.S. Eliot's line: "not with a bang but a whimper". The budget envisages higher provincial surpluses and reduced development allocations, but **93 percent of spending remains non-development, fuelling inflation and slowing devolution**. Reliance on external borrowing, rising debt, unrealistic FBR targets, and heavy sales tax burdens on the poor persist. Growth projections may be revised downward under IMF conditions. (*Business Recorder*, [15 June 2026](#))
- ◆ **Debt, Discipline & Rentier State**— Dr Ikramul Haq, Advocate Supreme Court and faculty at LUMS, critiques Pakistan's fiscal model as one of "**postponement, rentier survival and debt-funded consumption**." He argues borrowing should create assets, not service past loans, and condemns elite privileges: "A country pleading fiscal emergency cannot justify such a large hidden budget for selected beneficiaries." He urges taxing rent rather than work, restoring fiscal federalism, and ending wasteful subsidies. Pakistan must replace IMF-driven austerity with nationally owned prudence for productive reconstruction. (*Business Recorder*, [15 June 2026](#))

Foreign Policy

- ◆ **Dar's Diplomatic Outreach Highlights Regional Peace Momentum**— Deputy Prime Minister and Foreign Minister Ishaq Dar held separate calls with Turkish FM Hakan Fidan and Egyptian FM Dr Badr Abdelatty, discussing regional developments and the **encouraging progress towards an understanding between the US and Iran**. Both sides expressed hope that these steps would pave the way for **lasting peace, security and stability across the region**. Dar also spoke with Swiss FM Ignazio Cassis and Saudi FM Prince Faisal bin Farhan, agreeing to remain in close contact as peace efforts advance. (*The Express Tribune*, [14 June 2026](#))
- ◆ **Shehbaz Praises Qatar's Role in Peace Efforts**— Prime Minister Shehbaz Sharif received a call from Sheikh Mohammed bin Abdulrahman Al Thani, Qatar's Prime Minister and Foreign Minister, discussing matters of mutual interest. Shehbaz conveyed greetings to Amir Tamim bin Hamad Al Thani and the people of Qatar, which were warmly reciprocated. He expressed **deep appreciation for Qatar's steadfast support for Pakistan's peace efforts during the Gulf crisis**, noting that a peace deal was close to signature. The Qatari PM paid tribute to Shehbaz and **Field Marshal Syed Asim Munir for their instrumental diplomatic role**. (*The Express Tribune*, [14 June 2026](#))
- ◆ **Pakistan Prepares for Electronic Signing of US-Iran Peace Deal**—Prime Minister Shehbaz Sharif announced that the US and Iran have agreed on a final text for a peace deal, with electronic signing expected within 24 hours, followed by technical talks next week. He said, "**We are closer to a peace deal than ever before**," and thanked both sides for their commitment. Defence Minister Khawaja Asif praised Pakistan's mediation, calling the agreement the "**Islamabad Pact**", while condemning Israel's "destructive" role. The war, which began in February, has killed thousands and disrupted global energy markets. (*The Express Tribune*, [13 June 2026](#))
- ◆ **India's Foreign Policy: A Foundation of Contradictions**— Columnist Faisal Ahmad argues that India's foreign policy rests on an unstable base, exposing contradictions between Western expectations and New Delhi's actions. **While the US and allies sought India as a counterweight to China, its role in the Quad has shifted focus away from defence**. The RELOS pact with

Russia, allowing troop and warship stationing, has shattered Western illusions of unity. Ahmad contends India's dual-track strategy strengthens Moscow and indirectly Beijing, undermining collective security. He urges **Pakistan to exploit US disillusionment, highlight India's duplicity, and deepen ties through CPEC**. (*The Nation*, [13 June 2026](#))

- ◆ **Frozen Diplomacy and Rising Perils** —A year after the May 2025 clash, India–Pakistan relations remain paralysed, with diplomacy frozen and hostility deepening. **Maleeha Lodhi, former ambassador to the US, UK and UN, warns that India's suspension of the Indus Waters Treaty and plans to divert flows pose an existential threat to Pakistan's agriculture**. Delhi's record defence budget, Rafale purchases, and nuclear deployment further heighten risks. India and Pakistan can't afford another crisis and need a backchannel to prevent one. Without dialogue, prospects for peace remain bleak. (*Dawn*, [15 June 2026](#))
- ◆ **Strategic Autonomy and Pakistan's Foreign Policy** —Ubaid Khan, scholar at PIDE, Islamabad, argues that Pakistan must seize the multipolar moment by pursuing **strategic autonomy rooted in national interest rather than dependence on foreign patrons**. He stresses that autonomy does not mean isolation but balanced ties with Washington, Beijing, and others, while strengthening economic statecraft. [Strategic autonomy can only be achieved if Pakistan's own economic house is not permanently on fire.] Regional connectivity, diversification of investment, and bold diplomacy are essential for Pakistan to emerge as a regional power. (*The News*, [15 June 2026](#))
- ◆ **Pakistan's Mediation Praised in US–Iran Breakthrough**— World leaders have welcomed the preliminary US–Iran peace agreement, announced by Prime Minister Shehbaz Sharif, as a major diplomatic success. **UN Secretary General Antonio Guterres hailed it as “a critical step towards the peaceful settlement of the conflict” and expressed “deep appreciation” for Pakistan, Qatar, Egypt, Saudi Arabia, and Turkiye's roles**. Turkish President Recep Tayyip Erdogan and Qatar's Foreign Ministry singled out Pakistan's mediation, while leaders from France, Germany, the UK, Japan, Australia, and others commended Islamabad's constructive diplomacy. (*Dawn*, [15 June 2026](#))

Politics, Culture, Etc.

- ◆ **PPP AJK urges withdrawal of migrant seat elections amid unrest** —The Pakistan Peoples Party (PPP) in 'Azad' Jammu and Kashmir has demanded the **withdrawal of the election schedule for 12 migrant seats**, citing rising tensions after the Joint Awami Action Committee's protest call. PPP AJK President **Chaudhry Muhammad Yasin** warned that **“twelve seats cannot be more valuable than human lives”** and instability could be exploited by hostile forces. Senior leaders, including **Sardar Muhammad Yaqoob Khan** and **Mian Abdul Waheed**, stressed dialogue, consensus, and unity as the only viable path forward. (*The Express Tribune*, [14 June 2026](#))
- ◆ **Dragon Boats Bring Pak-China Friendship to Life on Kabul River** — In a historic first, the **Dragon Boat Festival lit up the Kabul River in Charsadda**, blending sport, heritage, and cultural exchange. The **joint K-P Police and Charsadda team clinched victory**, with the Sports Writers Association and Peshawar High Court following. Organised by **China Window Peshawar and KPCTA**, the event marked the **75th anniversary of Pak-China friendship**. Malik Adeel Iqbal hailed it as projecting “the soft image of the province” and boosting tourism. Women rowers'

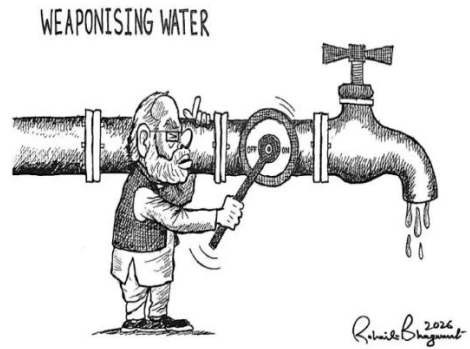
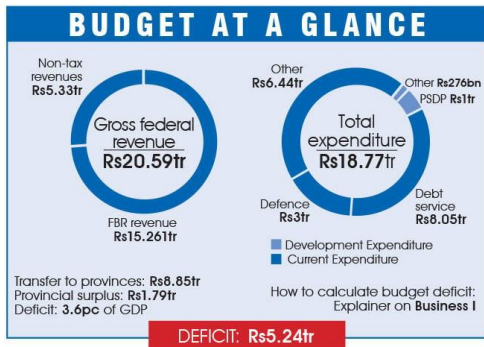
participation added significance, while traditional dances and music enthralled crowds. (*The Express Tribune*, [14 June 2026](#))

- ◆ **Call for Democratic Reconciliation and Parliamentary Strengthening**— Prime Minister **Shehbaz Sharif** renewed his offer of dialogue with opposition parties, urging cooperation to strengthen democracy, the Constitution and national unity, stating, **“I am here. Let us sit together and talk. It is never too late.”** He highlighted consensus-driven initiatives, including the NFC Award and development projects. Opposition leaders, led by **Leader of the Opposition Mehmood Khan Achakzai**, called for stronger parliamentary supremacy, transparent elections and political reconciliation. **PTI Chairman Barrister Gohar Ali Khan** questioned the government’s sincerity, raising concerns over access to Imran Khan and political stability. (*The News*, [14 June 2026](#))
- ◆ **SJC Revises Judges’ Code to Permit Political, Diplomatic Attendance with Approval**— The **Supreme Judicial Council (SJC)**, chaired by **Chief Justice Yahya Afridi**, has amended the judicial code of conduct, allowing superior court judges to attend political and diplomatic events **only with prior approval of the relevant chief justice**. Attendance at social and cultural functions no longer requires permission. The changes also extend the code to judges of the Federal Constitutional Court and strengthen provisions against undue influence, urging judges to remain impartial and seek institutional remedies. Reporting procedures were revised to integrate FCC into judicial oversight. (*The News*, [14 June 2026](#))
- ◆ **PTI Voices Concern Over Entrenched Hybrid System After 2027 Senate Elections**—Senior PTI leaders fear the ruling coalition, especially **PMLN and PPP**, will strengthen its **Senate position in 2027**, enabling constitutional changes that could entrench the “hybrid system.” Insiders admit PTI has failed to expand its political space since the 2024 elections, with ties to the establishment still strained. One source warned, **“They (powerful quarters) would have a free hand to change the system to their liking.”** Many believe dialogue is essential, but any shift requires **Imran Khan’s approval**. (*The News*, [14 June 2026](#))
- ◆ **Bilawal Hails Constitutional Consensus on National Security Funding**—PPP Chairman **Bilawal Bhutto Zardari** announced that provinces and the Centre have reached a constitutional arrangement to meet national security needs without reducing NFC shares or altering the **18th Amendment**. Addressing PPP parliamentarians, he termed it “a victory for politics and parliament,” stressing that provinces are contributing rather than receiving. Bilawal highlighted threats from India, Afghanistan and terrorism, urging solutions through dialogue and democratic engagement. He warned against interference in ‘AJK’ and Gilgit-Baltistan, pledging PPP’s support for national interests while resisting political injustices. (*The News*, [13 June 2026](#))
- ◆ **Shehbaz Invites PPP to Form Gilgit-Baltistan Government**— Prime Minister **Shehbaz Sharif** announced that the **PPP**, having emerged as the majority party in Gilgit-Baltistan, has been invited to form the next government, with the PML-N choosing to sit in opposition but pledging support for PPP’s formation. PPP Chairman **Bilawal Bhutto Zardari welcomed the move**, calling it a continuation of democratic traditions. By consensus, the posts of governor and deputy speaker will go to the PML-N. Re-polling in 26 stations is scheduled for 15 June before final results are consolidated. (*The News*, [13 June 2026](#))

- ◆ **‘AJK’ Standoff Demands Political Resolution**— The editorial argues that the escalating standoff in ‘Azad’ Jammu and Kashmir (AJK) between the government and the Joint Awami Action Committee (JAAC) requires immediate dialogue to prevent further disruption ahead of next month’s elections. The central dispute concerns the abolition of 12 seats reserved for Kashmiri refugees in Pakistan. **The editorial notes that Islamabad maintains 37 of JAAC’s 38 demands have already been met**, including subsidies, hydropower royalties and a Rs23 billion development package. It contends that continued protests are unjustified and advocates resolving the remaining issue through negotiations and legislative debate after elections. (*The Express Tribune*, [14 June 2026](#))
- ◆ **Massive Oil Spill Threatens Gwadar’s Coastline**— A 20-kilometre stretch of Gwadar’s western coastline has been contaminated by crude oil, alarming environmentalists and residents. Dead sea turtles have already been found, highlighting the **immediate threat to marine biodiversity**. Deputy Commissioner **Naqeebullah Kakar ordered urgent cleanup operations**, with GDA teams assessing damage. Experts suspect leakage from a passing vessel along international shipping routes, carried ashore by winds and currents. Fishermen fear lasting harm to livelihoods, while specialists urge comprehensive marine surveys and stricter oversight of shipping to prevent recurrence. (*The Express Tribune*, [14 June 2026](#))
- ◆ **Pakistan Launches First Freedom Report**— Pakistan’s inaugural *State of Freedom Report 2026* is being launched today at the Institute of Strategic Studies Islamabad in collaboration with Mishal Pakistan, partner of the World Economic Forum’s New Economy and Societies Platforms. The report offers the country’s first comprehensive national assessment of freedom, combining surveys, institutional analysis, and indicators to examine political, civil, economic, digital, legal, and social freedoms. It aims to establish a baseline for dialogue on governance, citizen empowerment, and democratic resilience. (*The Nation*, [15 June 2026](#))

GOVT BALANCES RELIEF AND IMF DIKTAT





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