

DAILY PAKISTAN WATCH

02 July 2026

Security

- ◆ **Pakistan rebuffs US missile concerns** — Islamabad's Foreign Office dismissed remarks by a senior US official as “**unfortunate, unfounded, devoid of rationality and sense of history.**” The spokesperson stressed that Pakistan's strategic programme is solely defensive, aimed at safeguarding sovereignty and ensuring South Asian stability. He noted Pakistan's “**monumental sacrifices for this relationship**” and rejected attempts to bracket it with adversarial states. Emphasising “**unshakeable resolve and complete consensus**” across society, he reiterated that Pakistan's deterrence is directed only at existential threats from its neighbourhood. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Pakistan defends Afghan strikes against Indian criticism** — Islamabad rejected New Delhi's condemnation of its recent cross-border operations, calling India's remarks “**baseless**” and “**preposterous.**” Foreign Office spokesperson Tahir Andrabi insisted Pakistan's actions were “**legitimate, targeted and proportionate**” against terrorist infrastructure in Afghanistan. He accused India of “**actively aiding and sponsoring terrorist groups operating from Afghan soil against Pakistan**” and suppressing Kashmir's right to self-determination. The statement reiterated Pakistan's resolve to safeguard its citizens under international law, following strikes launched after the Karachi attack claimed by Jamaat-ul-Ahrar of the banned TTP. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Pesco warns of grid risk after armed incursions** — Armed groups led by Malik Rahat and Malik Hikmat Yar, brothers of MPA Malik Pakhtunyar, stormed Bannu and Sarai Naurang grid stations last week, forcing officials to activate high-loss feeders. Pesco reported the men remained overnight to prevent shutdowns, overloading transformers and endangering infrastructure. The utility sought FIRs, but none were registered, noting “**similar incidents have continued for years despite repeated complaints.**” Pesco cautioned that unchecked feeder activation could trigger a major breakdown. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Bugti vows tough stance against terrorism** — Balochistan Chief Minister Mir Sarfraz Bugti declared that terrorists would be dealt with “**an iron hand,**” stressing unity between the state, people and security forces in pursuit of peace. Addressing a jirga in Awaran, he praised sacrifices made by civilians and personnel, and highlighted development projects under the BSDI programme aimed at improving infrastructure and welfare. Bugti insisted “**action against elements involved in disturbing peace will continue without discrimination and with an iron hand,**” with participants lauding government efforts. (*The Express Tribune*, [02 July 2026](#))
- ◆ **JKLF condemns Yasin Malik's implication in 1990 case** — The Jammu Kashmir Liberation Front (JKLF) denounced India's move to implicate its jailed chairman **Yasin Malik** in the 1990 murder of nurse Sarla Bhat, insisting “**neither Mr Malik nor the organisation had any connection with the case.**” JKLF spokesman **Muhammad Rafiq Dar** alleged authorities were seeking a death

sentence by pursuing multiple charges, including terror funding and kidnappings, and called the inclusion of deceased JKLF leaders “shameful.” He said the move aimed to silence Kashmiri pro-freedom leadership. (*Dawn*, [02 July 2026](#))

- ◆ **Militant violence declines despite high-profile attacks** — Pakistan recorded a **16% reduction in militant incidents** in June 2026, according to the Pakistan Institute for Conflict and Security Studies (PICSS). At least 262 people were killed and 134 injured, with militants accounting for the largest share of fatalities (**184 killed by security forces**). Civilian deaths fell by 27% and security forces’ fatalities by 62% compared with May. Kidnappings halved, while militant attacks dropped from 128 to 108. However, **four suicide bombings** occurred, including a major strike on Sindh Rangers in Karachi. (*The News*, [02 July 2026](#))
- ◆ **No refuge for terror** — *Business Recorder* stresses that “**cross-border terrorism cannot become an accepted feature of Pakistan’s security environment.**” It highlights the Karachi Rangers camp attack and subsequent strikes across the Afghan border as proof that militant groups retain sanctuary and infrastructure. The editorial insists Pakistan’s defensive actions are consistent with international law, while placing responsibility on the Afghan Taliban government to dismantle terrorist bases. It warns that tolerating extremists deepens Afghanistan’s isolation and undermines regional stability, concluding that Pakistan “**cannot reasonably be expected to tolerate the continued export of terrorism.**” (*Business Recorder*, [02 July 2026](#))

Economy

- ◆ **Dar highlights CPEC 2.0 as driver of shared prosperity** — Deputy Prime Minister and Foreign Minister Ishaq Dar announced that Pakistan and China are entering a new phase of cooperation under CPEC 2.0, focusing on industrialisation, agriculture, IT, mining and human resource development. He reaffirmed that the “**all-weather strategic partnership with China remains a cornerstone of Pakistan’s foreign policy.**” Speaking at the Chinese Embassy reception, Dar lauded China’s success in poverty alleviation and stressed that the enduring friendship exemplifies “**mutual trust, mutual respect and mutually beneficial cooperation.**” (*The Express Tribune*, [02 July 2026](#))
- ◆ **Inflation target met, but households strained** — Pakistan achieved its FY26 average inflation target of 7.5%, recording **7.1%** despite Middle East conflict pressures, according to the Pakistan Bureau of Statistics. Yet consumers endured steep hikes, with petrol up **32%** and electricity charges rising **24%** year-on-year. Liquefied hydrocarbons surged **61%**, while wheat prices climbed **65%**. The central bank raised its policy rate to 11.5% to counter imported inflation, but relief only came with global market dips. The government has set an 8.2% inflation target for FY27. (*The Express Tribune*, [02 July 2026](#))
- ◆ **World Bank urges overhaul of NFC Award formula** — The World Bank has recommended that Pakistan revise the National Finance Commission (NFC) Award both vertically and horizontally, replacing population as the main criterion with **fiscal equalisation based on spending needs and revenue capacity**. Lead economist **Tobias Haque** highlighted fragmented GST collection and weak provincial revenue mobilisation as major challenges. Country Director **Bolormaa Amgaabazar** noted that fiscal federalism has failed to deliver grassroots benefits. The report calls for unified GST administration, stronger provincial taxation on agriculture and property, and conditional transfers tied to service delivery outcomes. (*The News*, [02 July 2026](#))

- ◆ **Pakistan Railways opens doors to global investors** — Federal Minister for Railways **Hanif Abbasi** announced that Pakistan Railways has begun leasing its most valuable commercial property, the **Royal Palm Golf & Country Club in Lahore**, through an international bidding process. He emphasised that the 21-year lease, extendable by 14 years, will be awarded transparently, with bids opening on 11 August 2026. Abbasi said the project aims to revive the asset and generate sustainable revenue, adding that other idle railway-owned properties will also be offered to investors under a merit-based policy. (*The News*, [02 July 2026](#))
- ◆ **Banking on peace already?** — *Business Recorder* columnist **Shahab Jafry** cautions that oil markets may be pricing short-term calm rather than long-term stability after the fragile ceasefire between Washington and Tehran. Brent crude has shed its wartime premium, and tankers are moving through the **Strait of Hormuz**, but Jafry warns that “**cessfires and settlements are very different things**.” He notes Iran’s leverage in energy markets, the risk of renewed confrontation after US midterms, and the broader economic ripple of oil shocks. He urges governments, especially energy-importing economies like Pakistan, to treat today’s lower prices as a chance to **prepare for future shocks** rather than relax. (*Business Recorder*, [02 July 2026](#))

Foreign Policy

- ◆ **Pakistan pledges increased UNRWA support** — Responding to UN Secretary-General Antonio Guterres’ appeal to cover a \$100 million shortfall, Pakistan announced it will enhance its financial contribution to UNRWA this year. Ambassador Usman Jadoon, deputy permanent representative to the UN, declared “**UNRWA’s mandate must be preserved, strengthened and adequately resourced**” and condemned Israeli legislation targeting the agency as “**illegal and must be rescinded**.” He stressed that “**predictable, sustainable, and increased funding is an obligation**” to protect millions of Palestinian refugees. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Prisoner lists exchanged despite strained ties** — Pakistan and India upheld their 2008 Agreement on Consular Access by exchanging lists of detainees, even as diplomatic relations remain frozen. Pakistan handed over details of **250 Indian prisoners**, while India shared a list of **439 Pakistani** or believed-to-be-Pakistani prisoners. **Islamabad urged New Delhi to repatriate 97 confirmed Pakistani inmates who have completed their sentences**, stressing their “**safety, security and well-being**.” India likewise pressed for the release of 188 Indian prisoners and consular access to 13 others. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Indus Waters Treaty and the hydraulic civilisation lens** — Adeela Naureen and Waqar K Kauravi argue that Karl Wittfogel’s concept of **hydraulic civilisations** applies to the Indus River System, which has sustained life and culture for millennia. They stress that the **Indus Waters Treaty (1960)** remains one of the most resilient agreements, yet India’s attempts to reinterpret or abrogate it threaten Pakistan’s survival as a lower riparian. The authors urge Pakistan to adopt a proactive legal, diplomatic and technical strategy, framing the IWT as a “**non-negotiable human rights instrument**”. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Indus Treaty blackout and water weaponisation** — Public policy analyst **Durdana Najam** warns that India’s unilateral suspension of the Indus Waters Treaty since April 2025 has created a “**dangerous, suffocating silence**” in the basin. She argues that withholding hydrological data leaves Pakistan’s farmers and disaster managers blind, threatening food security for 240 million people.

Najam stresses that India's refusal to heed the **Permanent Court of Arbitration's rulings** amounts to weaponising water, while Pakistan's own neglect of reservoirs and governance has deepened vulnerability. She cautions that "**blood and water cannot flow together**" is a perilous doctrine. (*The Express Tribune*, [02 July 2026](#))

- ◆ **Calls for dialogue amid hostility** — In its editorial, **Dawn** notes that over 100 civil society members from Pakistan and India have urged both prime ministers to take "**meaningful and sustained steps for peace**." The paper stresses that while Pakistan has sought dialogue, India has shown little enthusiasm, citing its unilateral suspension of the Indus Waters Treaty and refusal to engage. It warns that "**India is sowing the seeds of war**" and argues that restoring the IWT would be the single biggest confidence-building measure. (*Dawn*, [02 July 2026](#))
- ◆ **Revisiting the Indus Waters Treaty in a climate era** — Climate expert **Ali Tauqeer Sheikh** analyses the exchange between Dr P.K. Saxena, former Indian Commissioner for Indus Waters, and Syed Mehar Ali Shah, Pakistan's serving commissioner. Saxena claims India bore obligations while Pakistan reaped benefits, justifying abeyance. Shah counters that Pakistan's 80% share is a **protected entitlement**, not a gift, and cites **Permanent Court of Arbitration rulings** upholding Pakistan's objections. Sheikh warns that both sides are "**looking backwards**" while climate change is already rewriting the treaty, urging climate-proofing and shared ecological responsibility. (*Dawn*, [02 July 2026](#))
- ◆ **Russia calls for diplomacy after border strikes** — The Russian Foreign Ministry urged **Pakistan and Afghanistan** to resolve disputes through political and diplomatic means following Pakistan's recent airstrikes on border areas, which the UN said killed at least 28 people. Stressing the need to end armed conflict, Moscow's statement described the incident as a "**tragic episode**" and appealed for dialogue to prevent further escalation. Russia emphasised that Islamabad and Kabul must prioritise diplomacy over confrontation to stabilise the region. (*The News*, [02 July 2026](#))
- ◆ **Pakistan-Somalia ties highlighted on Independence Day** — At an event marking Somalia's Independence Day, speakers emphasised that **Pakistan and Somalia enjoy longstanding and cordial relations rooted in mutual trust, shared values and close people-to-people contacts**. Organised by the Centre for Afghanistan, Middle East and Africa (CAMEA) at ISSI in collaboration with PAIDAR, the gathering featured **Ambassador Khalid Mahmood, Ambassador Sheikhnur Mohamed Hassan, Ambassador Aqsa Nawaz, and Dr Amina Khan**, with **Senator Mushahid Hussain Sayed** as chief guest. They underscored expanding cooperation in trade, education, defence, maritime security and capacity building. (*The News*, [02 July 2026](#))
- ◆ **Seize the day, Pakistan's strategic opportunity** — Retired ambassador **Javid Husain** reflects on Iranian President Masoud Pezeshkian's visit to Pakistan, noting it followed the Islamabad Memorandum of Understanding between Iran and the US, brokered with Pakistan and Qatar's mediation. He stresses that Iran's goodwill gesture underscores Pakistan's "**critically important mediatory role**" in initiating peace talks. Husain argues that Iran has emerged stronger, defying US pressure, while American dominance in the Middle East shows signs of decline. He urges Pakistan to capitalise on this moment by deepening ties with Iran, completing the Iran-Pakistan gas pipeline, and joining regional cooperation frameworks. (*The News*, [02 July 2026](#))

- ◆ **Dar reviews OIC women's conference preparations** — Deputy Prime Minister and Foreign Minister **Mohammad Ishaq Dar** chaired the sixth meeting of the High-Level Committee for the upcoming **9th OIC Ministerial Conference on Women**, scheduled in Islamabad on **12–13 July 2026**. The meeting finalised the draft programme, agenda, protocol, security, logistics, and media strategy. Dar praised the Ministry of Human Rights' progress and directed stakeholders to ensure timely completion of arrangements. The conference will gather representatives from **57 OIC Member States** to strengthen cooperation on women's empowerment, inclusion, and sustainable development. (*The Nation*, [02 July 2026](#))

Politics, Culture, Etc.

- ◆ **Pakistan introduces cashless passport services nationwide** — Interior Minister Mohsin Naqvi announced that all passport offices across Pakistan have transitioned to cashless transactions. He stated on X: “**Starting today, cashless transactions are operational at all passport offices across Pakistan. Applicants no longer need to stand in long queues or wait for hours to make payments.**” The reform, initiated under Prime Minister Shehbaz Sharif's direction, is expected to expedite services and ensure transparency across the system. (*The Express Tribune*, [02 July 2026](#))
- ◆ **PTI chief rules out talks, clarifies AJK poll stance** — PTI Chairman Barrister Gohar Ali Khan said his party is not engaged in substantive negotiations with the government, stressing that responsibility lies with “those who hold real authority.” He confirmed Mahmood Achakzai represents PTI in dialogue efforts, adding “**if anyone considers this our weakness, they are mistaken.**” Gohar dismissed reports of an ‘Azad’ Kashmir election boycott as “**completely fake,**” underscored Kashmir's seriousness as Pakistan's “jugular vein,” and demanded medical access for Imran Khan. He insisted “**there is no forward bloc in PTI.**” (*The Express Tribune*, [02 July 2026](#))
- ◆ **Governor Kundi demands action on canal water theft** — Khyber-Pakhtunkhwa Governor Faisal Karim Kundi directed WAPDA to urgently address shortages in the Chashma Right Bank Canal, noting that nearly 900 cusecs are lost to theft from the 4,000 cusecs released. He warned delays in rehabilitation had disrupted irrigation, causing “**heavy losses to farmers and agricultural production.**” Kundi pledged to meet WAPDA's chairman to seek long-term solutions and welcomed the Rs1 billion Sindh Institute of Urology and Transplantation project in Dera Ismail Khan as a major healthcare initiative. (*The Express Tribune*, [02 July 2026](#))
- ◆ **Minority Caucus meeting disrupted by officials' absence** — A key session of the bipartisan Minority Caucus in Karachi collapsed after the Sindh chief secretary and inspector general of police failed to attend, leaving members “**highly regrettable**” and prompting a boycott. Senator **Danesh Kumar**, chair of the caucus, said the absence was “**so unfortunate**” given the agenda included the globally scrutinised 2021 Priya Kumari disappearance case. Sindh Minister Mukesh Chawla intervened, assuring officials' presence and rescheduling the meeting for today, defusing tensions and averting a privilege motion. (*Dawn*, [02 July 2026](#))
- ◆ **Neelum–Jhelum: design flaws foretold failure** — Former Planning Commission member **Shahid Sattar** argues that Pakistan's Neelum–Jhelum hydropower project was compromised from the outset by “**a bigger design, deeper tunnels, weaker risk discipline, inflated costs and a strategic narrative that made hard questioning politically inconvenient.**” He notes that the shift from a modest scheme to a 969MW tunnel-heavy design raised risks and costs, making it one of the world's

most expensive run-of-river projects. Later admissions by **Wapda Chairman Muzammil Hussain** confirmed weak surveys and poor planning, showing the “**first tragedy was that the design risk was visible before generation began.**” (*The News*, [02 July 2026](#))



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