

DAILY PAKISTAN WATCH

03 July 2026

Security

- ◆ **Pakistan and Saudi Arabia deepen ties with new pacts** — Pakistan and Saudi Arabia signed a **Memorandum of Understanding on security cooperation**, reaffirming their commitment to strengthen bilateral security. Interior Minister **Mohsin Naqvi** met Saudi Interior Minister **Prince Abdulaziz bin Saud bin Naif** in Riyadh, where the agreement was concluded “**under the directives of the leadership**.” Separately, the Pakistan Cricket Board and the Saudi Arabian Cricket Federation signed a strategic MoU to develop an **international cricket stadium in Jeddah**, supporting Saudi Vision 2030 and expanding cooperation in sports, investment and tourism. (*Express Tribune*, [03 July 2026](#))
- ◆ **Drone strike kills family members in Bajaur** — Three people, including **two children**, were killed and eight injured when a house in Pakistan Chowk, Shinkot, belonging to **Syed Wali Jan**, was struck late Wednesday night. The deceased were identified as **15-year-old Ishaq, 30-year-old Imtiaz, and five-year-old Muneeba**. Initial reports suggest the incident was caused by a suspected drone attack in Khar tehsil, raising concerns over civilian casualties in the region. Authorities are yet to confirm the source of the strike. (*Express Tribune*, [03 July 2026](#))
- ◆ **China reaffirms strategic partnership with Pakistan** — In a signed article marking the CPC’s 105th anniversary, **Ambassador Jiang Zaidong** reiterated Beijing’s commitment to deepening ties with Pakistan, pledging to accelerate **CPEC 2.0** and expand cooperation in governance, economic development and regional stability. He highlighted China’s achievements under **President Xi Jinping**, including poverty elimination and rapid industrialisation, noting CPEC has attracted **\$25.9 billion investment, created 260,000 jobs and added 8,000MW power capacity**. Welcoming Pakistan’s **3.7% GDP growth**, Jiang praised its improving macroeconomic stability and rising per capita income. (*Express Tribune*, [03 July 2026](#))
- ◆ **Twin terror attacks in Bannu thwarted** — Unidentified saboteurs targeted a **Government Girls Middle School in Mama Khel** and planted explosives beneath a vital bridge in **Jani Khel**, Bannu district, late Wednesday night. The school blast caused **partial damage to classrooms and windows**, but no casualties as it was closed. Parents voiced concern over the safety of girls’ education. In the second incident, security forces and the Bomb Disposal Unit **successfully defused a drum of explosives**, averting major destruction and loss of life. Investigations have been launched into both attacks. (*Express Tribune*, [03 July 2026](#))
- ◆ **Intelligence gaps in Pakistan’s counterterrorism response** — In his column, **Dr Naveed Elahi**, former Joint Director General of the Intelligence Bureau, argues that while Pakistan’s security forces have shown courage and professionalism in repelling terrorist attacks, “**intelligence has repeatedly remained the weak link**.” Reflecting on the recent **Karachi Rangers HQ assault**, he

notes that heavily armed militants, including an Afghan national, managed to reach a sensitive target with a VBIED, raising questions about **strategic, operational, movement and dissemination intelligence**. Elahi stresses that “**retaliation alone cannot substitute for prevention**,” urging a comprehensive review of Pakistan’s intelligence cycle to pre-empt future attacks. (*The Nation*, [03 July 2026](#))

- ◆ **The elusive nature of peace in modern geopolitics** — In his column, **Saleem Qamar Butt**, a retired senior army officer, argues that “**true peace is the absence of fear, not just the absence of war**.” He traces history’s recurring conflicts through resource competition, ideology, religion and nationalism, noting that even the **Cold War’s ‘Negative Peace’** was sustained by nuclear deterrence while proxy wars devastated Asia, Africa and Latin America. Butt contends that Cold War dynamics have resurfaced in 2026, now defined by the **AI and chip race** and rivalries between liberal democracies and authoritarian states. He warns that Pakistan’s disputes with Afghanistan and India, especially over **Indus Waters and IIOJK**, demand resolution with global involvement to prevent escalation. (*The Nation*, [03 July 2026](#))
- ◆ **Punjab orders tighter security for foreign missions** — Punjab IGP **Abdul Kareem** has directed enhanced security at **Chinese and other foreign consulates**, as well as residences and workplaces of foreign nationals. Chairing a meeting at the **Central Police Office**, he reviewed arrangements for foreign experts, the repatriation of illegally residing nationals, and overall law and order. He instructed the **Special Branch, CTD and intelligence agencies** to ensure timely identification of foreign nationals through intelligence-based information, while ordering vigilance at inter-provincial check posts and monitoring of **Fitna al-Khawarij, Fitna al-Hindustan and other anti-state elements**. (*The News*, [03 July 2026](#))
- ◆ **Convoy system planned for Balochistan highways** — Senior officials, including **Additional Chief Secretary Hamza Shafqaat** and **Quetta Commissioner Shahzeb Khan Kakar** announced that a **convoy system** will soon be introduced to ensure the safe movement of cargo vehicles from the **Taftan border to Quetta and beyond**. Meeting business and transport leaders at the **Quetta Chamber of Commerce**, they pledged compensation for victims of recent attacks and assured that the **Pakistan Army, FC and Anti-Terrorism Force** will reinforce highway security. Stakeholders voiced concern over vehicle burnings, robberies and bridge destruction, urging urgent protection measures. (*The News*, [03 July 2026](#))
- ◆ **US reaffirms Pakistan’s right to self-defence amid UN counterterrorism debate** — The **US State Department** reiterated that “**the Pakistani people have suffered greatly at the hands of terrorists**” and affirmed support for Pakistan’s right to defend itself following recent cross-border strikes. The statement coincided with the **UN General Assembly’s ninth review of the Global Counterterrorism Strategy (GCTS)**, adopted by 140 votes despite US, Israel and Argentina opposing it. At the UN, **Ambassador Asim Iftikhar Ahmad** stressed terrorism’s evolving nature, noting Pakistan’s heavy losses and urging reforms in counterterrorism architecture, sanctions regimes, and regulation of social media and digital finance. He warned against equating self-determination struggles with terrorism, calling the lack of consensus a “**wake-up call**” for renewed global cooperation. (*Dawn*, [03 July 2026](#))

◆ **Terrorism in the guise of Islam** — In his opinion piece, **Dr Muhammad Khan, Professor of Politics and IR at IIUI**, stresses that **Islam is a religion of peace, justice and compassion**, yet **Fitna-Al-Khawarij (FAK)** distorts faith to justify terrorism. He notes that FAK, formerly the TTP, has **attacked schools, markets, worshippers and convoys**, spreading fear and undermining Pashtun traditions of dialogue. UN reports estimate **6,000–6,500 fighters sheltered in Afghanistan**, with support from the Taliban and Al-Qaeda. He argues that “FAK positions itself not as a defender of Islam but as one of its greatest adversaries.” (*The Pakistan Observer*, [03 July 2026](#))

TTP Operational Claims Summary: June 2026— In June 2026 (corresponding to the Islamic months of Dhu al-Hijjah and Muharram al-Haram), the Tehreek-e-Taliban Pakistan (TTP) claimed a total of 336 operations, reflecting an intense level of insurgent activity across multiple regions. The geographic data demonstrates that the tribal districts of Khyber Pakhtunkhwa remain the primary theatre of conflict. South Waziristan registered the highest concentration with 92 claimed attacks, followed by North Waziristan with 51, and Bajaur with 26. Operations also extended significantly into urban and settled areas, including Peshawar (23), Bannu (21), and Dera Ismail Khan (20), alongside minor activity reported as far south as Karachi and Balochistan.

Tactically, the TTP relied heavily on standoff and asymmetric methods. Sniper and laser-sighted attacks led the operational profile with 83 incidents, closely followed by 73 guerrilla assaults and 57 bomb or grenade explosions. These operations allegedly inflicted substantial human costs, with the group claiming 768 total casualties (354 killed and 414 wounded), alongside 51 personnel captured.

The primary target of these actions was the Pakistani military establishment. The regular Army and Special Services Group (SSG) bore the brunt of the reported casualties with 465 personnel affected, while the Frontier Corps (FC) accounted for 173, and local Police/Counter-Terrorism Departments (CTD) suffered 129. Beyond human losses, the TTP claimed widespread sabotage of state infrastructure, highlighting the destruction of 61 vehicles, 54 security cameras, and 21 security installations, alongside the seizure of dozens of military firearms and thousands of rounds of ammunition.

Data Breakdown
Operations by District/Region

District / Region	Claimed Operations
South Waziristan	92
North Waziristan	51
Bajaur	26
Peshawar	23
Bannu	21
Dera Ismail Khan	20
Tank	17
Khurram	15

District / Region	Claimed Operations
Lakki Marwat	15
Karak	11
Khyber	11
Orakzai	7
Kohat	5
Quetta & Harnai	4
Chitral	3
Pishin	3
Mohmand	2
South Punjab	2
Makran	2
Diamer–Gilgit–Baltistan	2
Karachi	2
Swat	1
Lower Dir	1
Total Operations	336

Tactics and Casualties

Type of Operation	Count	Personnel Impacted	Count
Sniper/Laser Attacks	83	Killed	354
Guerrilla Attacks	73	Wounded	414
Grenade/Bomb Explosions	57	Total Casualties	768
Frontal Attacks	34		
Targeted Attacks	26	Targeted Institution	Casualties
Missile Attacks	25	Army / SSG	465
Ambushes	20	Frontier Corps (FC)	173
Retaliatory Attacks	18	Police / CTD	129
		Intel / Peace Committees	52
		Captured/Arrested	51

Economy

- ◆ **ML-1 project removed from CPEC framework** — The federal government disclosed that the **Main Line-1 (ML-1) railway project** has been separated from the China-Pakistan Economic Corridor and will now seek financing from the **Asian Development Bank (ADB)** and other lenders. Senate Standing Committee members questioned the financing mechanism after Economic Affairs Secretary **Hameer Karim** confirmed the shift from the original \$7.7 billion CPEC plan. Meanwhile, the National Assembly Standing Committee on Railways reviewed railway accidents, encroachments, and restructuring plans, directing Pakistan Railways to submit detailed reports on ML-1, PIPRI and revival measures. (*Express Tribune*, [03 July 2026](#))

- ◆ **SBP reserves rise, gold surges on global rally** — The State Bank of Pakistan's foreign exchange reserves climbed **\$611 million to \$16.53 billion** during the week ended June 24, 2026, driven by inflows from multilateral institutions. Pakistan's total liquid reserves stood at **\$22.1 billion**, with \$5.5 billion held by commercial banks. Meanwhile, gold prices in Pakistan jumped **Rs9,100 per tola to Rs428,736**, mirroring international gains after weak US employment data fuelled expectations of a dovish Federal Reserve. Analysts noted gold could test \$4,200–\$4,250 before easing. Silver also advanced locally and globally. (*Express Tribune*, [03 July 2026](#))
- ◆ **Alibaba sees CPEC 2.0 boosting Pakistan's exports** — In an interview, **Shawn Yang, General Manager Asia Pacific at Alibaba.com**, said the next phase of **CPEC 2.0** could strengthen Pakistan's manufacturing and export ecosystem by improving logistics and reducing trade costs. He stressed that **SMEs must embrace AI and digital trade** to compete globally, noting that **"AI is making global trade more accessible."** Yang highlighted Pakistan's strong export sectors, including textiles, sports goods and surgical instruments, but urged investment in digital skills, quality standards and innovation to unlock long-term potential. (*Express Tribune*, [03 July 2026](#))
- ◆ **Chinese firm explores Pakistan energy investments** — Federal Petroleum Minister **Ali Pervaiz Malik** met **Hou Jianxin**, Chairman of **Shandong Xinxu Group**, to discuss expanding cooperation in Pakistan's energy sector. Jianxin proposed a **long-term strategic partnership**, highlighting advanced technologies in upstream oil and gas operations and expressing interest in **refinery modernisation**, including installation of a fluid catalytic cracking unit. He also suggested establishing an **energy equipment manufacturing facility**, pursuing **offshore exploration**, and developing integrated energy cities along Pakistan's coastline. The proposals reflect Shandong Xinxu's intent to broaden collaboration across the energy value chain. (*Express Tribune*, [03 July 2026](#))
- ◆ **Pakistan's export shortfall deepens trade vulnerabilities** — Pakistan missed its annual export target by **\$5.2 billion**, with receipts falling to **\$30.1 billion** in FY2025-26, widening the trade deficit to **\$39.5 billion**. Imports surged to \$69.6 billion, exposing structural weaknesses. Planning Minister **Ahsan Iqbal** warned, **"Pakistan cannot leave the IMF until it increases exports to sustainable levels."** The Planning Commission criticised subsidies not linked to performance, urging investment in human capital, noting **"no country has become an export powerhouse with weak education outcomes."** The rupee's overvaluation also eroded competitiveness. (*Express Tribune*, [03 July 2026](#))
- ◆ **Senate panel seeks probe into foreign-funded power projects** — The **Senate Standing Committee on Economic Affairs Division**, chaired by **Senator Saifullah Abro**, unanimously decided to brief the prime minister and directly request **FIA and NAB investigations** into alleged irregularities and corruption in foreign-funded power projects. The move followed a dispute with the **Economic Affairs Division (EAD)**, which said it could not order inquiries into another ministry's projects. Senators criticised an EAD letter questioning the committee's jurisdiction, calling it an attempt to undermine parliamentary oversight. Members highlighted issues such as **altered project designs, inflated costs, and misuse of foreign loans**, stressing that the burden falls on provinces like Balochistan and Khyber Pakhtunkhwa. The committee resolved to forward its findings and

recommendations to the **prime minister, the PAC, NAB, and the FIA** for action. (*Dawn*, [03 July 2026](#))

Foreign Policy

- ◆ **Islamabad may host next Iran–US talks** — Pakistan’s Foreign Office reported “positive progress” in indirect negotiations between Iran and the US held in Doha, facilitated by Pakistan and Qatar under the Islamabad MoU. FO spokesperson Tahir Andrabi said discussions built on the Lake Lucerne Summit and could continue in Islamabad after Ayatollah Khamenei’s funeral, which Prime Minister Shehbaz Sharif will attend in Tehran. Andrabi also criticised India’s suspension of the Indus Waters Treaty, defended Pakistan’s cross-border strikes in Afghanistan as targeted, and warned provocations would be met under Article 51 of the UN Charter. (*Express Tribune*, [03 July 2026](#))
- ◆ **Pakistan reiterates UNSC mediation role** — At an emergency UN Security Council meeting, Pakistan’s Permanent Representative **Ambassador Asim Iftikhar Ahmad** reaffirmed Islamabad’s diplomatic engagement to facilitate follow-up on the **Islamabad MoU between Iran and the US**, aimed at ending Middle East conflict. He stressed Pakistan’s belief that “**the only way to settle the situation... is through diplomacy, dialogue and negotiations.**” Condemning recent strikes against Iran and GCC states, Ahmad expressed solidarity with Bahrain and Kuwait, warning that escalation would worsen human suffering and threaten peace. Pakistan reiterated its principled opposition to force outside international law. (*Express Tribune*, [03 July 2026](#))
- ◆ **Temporary relief granted for Iran-bound exports** — The Ministry of Commerce approved a **60-day relaxation** of Clause 3 of the Export Policy 2022, easing the requirement for financial instruments on shipments to Iran. Commerce Minister **Jam Kamal** authorised the measure to address difficulties caused by the absence of a direct banking channel. The concession, effective **2 July to 30 August 2026**, covers air exports of bananas, mangoes and meat, as well as land exports including rice, potatoes, sesame and animal feed. Officials clarified that **other foreign exchange regulations remain intact**. (*Express Tribune*, [03 July 2026](#))
- ◆ **Pakistan’s peace diplomacy at a crossroads** — In his commentary, **Shahzad Chaudhry**, political, security and defence analyst, reflects on Pakistan’s central role in brokering the **Islamabad MoU between the US and Iran**, which delivered Hormuz as a tangible dividend and conditional closure to conflict. He warns that “**Pakistan must not let the opportunity to establish itself as a nation of consequence slip by under any circumstances.**” Despite domestic dissonance and Iranian assertiveness, Chaudhry argues Pakistan should reclaim strategic ownership of the peace process, converting its diplomatic capital into enduring regional influence. (*Express Tribune*, [03 July 2026](#))
- ◆ **PM Shehbaz to attend Khamenei funeral, reaffirming Pakistan’s mediation role** — The Foreign Office confirmed that **Prime Minister Shehbaz Sharif** will travel to **Tehran from 3–5 July** to attend the funeral of Iran’s late Supreme Leader **Ayatollah Seyyed Ali Khamenei**, conveying condolences on behalf of Pakistan. FO spokesperson **Tahir Andrabi** said the visit underscores Islamabad’s solidarity with Iran and its continued facilitative role in **US-Iran peace talks**. Following Tehran, Shehbaz will visit **Istanbul** at President **Recep Tayyip Erdogan’s** invitation to discuss trade,

investment, and economic cooperation, alongside a Pakistan-hosted business conference. (*The Nation*, [03 July 2026](#))

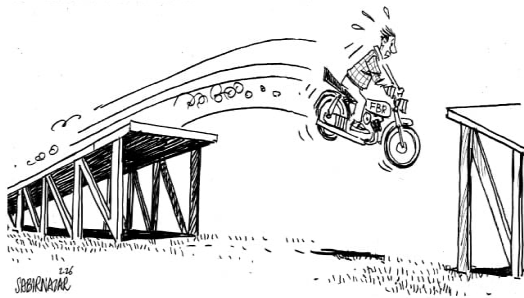
- ◆ **President Zardari to visit Kyrgyzstan for strengthening ties** — President **Asif Ali Zardari** will undertake an official visit to **Kyrgyzstan from 6–9 July 2026**, marking the first such trip by a Pakistani head of state in two decades, following **Pervez Musharraf's 2005 visit**. Invited by President **Sadyr Zhaparov**, Zardari will hold delegation-level talks and a one-on-one meeting to review the full spectrum of bilateral relations, focusing on **trade, investment, connectivity, energy, education and tourism**. The visit aims to provide fresh impetus to Pakistan-Kyrgyzstan engagement and reinforce longstanding friendship. (*The Nation*, [03 July 2026](#))
- ◆ **China–Pakistan cooperation in a new era** — In his article, **H.E. Jiang Zaidong, Ambassador of China to Pakistan**, highlights the **105th anniversary of the CPC**, noting its achievements in lifting nearly 100 million people out of poverty and building the world's largest education and healthcare systems. He stresses China's role in global initiatives and the **Belt and Road**, with **CPEC delivering \$25.9 billion in investment, 260,000 jobs and 8,000 MW of power**. He praises Pakistan's 2026 GDP growth of 3.7% and calls for deepening ties through **CPEC 2.0** and shared global initiatives. (*The Pakistan Observer*, [03 July 2026](#))

Politics, Culture, Etc.

- ◆ **PTI boycotts AJK elections amid crisis** — The Pakistan Tehreek-e-Insaf (PTI) announced it will not contest the upcoming 'Azad' Jammu and Kashmir Legislative Assembly polls, calling the move a **"principled expression of solidarity with the people of Kashmir"**. Its core committee cited unrest, sit-ins, loss of lives, supply disruptions, and curbs on freedoms as reasons the electoral process had lost credibility. PTI demanded dialogue with the banned JAAC, a review of the election schedule, and a free, fair environment for all parties. Ticket issuance has been suspended until further notice. (*Express Tribune*, [03 July 2026](#))
- ◆ **PTA warns of internet disruptions** — The Pakistan Telecommunication Authority (PTA) announced it is **"closely monitoring" internet services** after a fault in the SEA-ME-WE 5 (SMW5) submarine cable. Users may face intermittent degradation in connectivity and service quality. PTA said **Transworld Associates (TWA)** is coordinating with the SMW5 consortium to identify the root cause and determine restoration timelines. TWA, according to its website, is the only private-sector operator with exclusive ownership of submarine fibre-optic cable systems. (*Express Tribune*, [03 July 2026](#))
- ◆ **CJ forms panels for judicial appointments** — Chief Justice **Yahya Afridi** has constituted interview committees to evaluate candidates for appointments to the high courts of Islamabad, Lahore, Sindh and Balochistan. According to the notification, **LHC Chief Justice Aalia Neelum**, being the senior-most among the high courts, will serve as a member of all four committees. **Justice Syed Hasan Azhar Rizvi** will chair the panels for the LHC and IHC, while **Justice Aamer Farooq** will head those for the SHC and BHC. The committees include senior judges, the Attorney General, and leading lawyers. (*Express Tribune*, [03 July 2026](#))

- ◆ **PTI's political deadlock and anguish** — The opposition remains paralysed, with PTI Chairman **Gohar Ali Khan** stressing that progress depends on “**those who hold real authority.**” The party's foremost grievance is the treatment of jailed leader **Imran Khan**, who has been denied meetings with associates and a level playing field. The editorial notes that government defiance of law and prison regulations has deepened mistrust, while judicial relief remains elusive. It warns that prolonged instability is crippling the economy and fuelling unrest, urging PTI to seek a political solution. (*Express Tribune*, [03 July 2026](#))
- ◆ **Tanveer Ilyas joins IPP ahead of AJK polls** — Former AJK Prime Minister **Sardar Tanveer Ilyas** formally joined the **Istehkam-e-Pakistan Party (IPP)** along with senior associates, signalling a major realignment before the Legislative Assembly elections. Welcomed by IPP President **Abdul Aleem Khan**, the move strengthens the party's organisational base, particularly in refugee constituencies. Political observers see this as a significant boost to IPP's prospects, while the **PPP**, led by **Bilawal Bhutto Zardari**, vowed to intensify its campaign, with Bilawal pledging to personally visit every district and reaffirming the PPP's commitment to the Kashmir cause. (*The Nation*, [03 July 2026](#))
- ◆ **New Gwadar Airport expands connectivity with South Air flights** — The **New Gwadar International Airport (NGIA)** will see two scheduled weekly flights operated by **South Air Pakistan** from **9 July to 31 October 2026**, enhancing links with Karachi and Quetta. According to **Gwadar Station Manager Muhammad Saleem**, Thursday flights will connect Karachi and Gwadar, while Saturday flights will extend onward to Quetta. The **Pakistan Civil Aviation Authority (CAA)**, led by **DG Nadir Shafi Dar**, issued the airline's Air Operator Certificate last month, underscoring its commitment to supporting Pakistan's aviation growth. (*The Nation*, [03 July 2026](#))
- ◆ **Death sentences in Sahiwal blasphemy case** — An **Anti-Terrorism Court in Sahiwal** sentenced two men to death for a **blasphemous Facebook post made in 2024**, alongside **seven years' imprisonment and fines of Rs1.5 million each**. Judge **Ziaullah Khan** delivered the verdict under **PPC Section 295-C**, the **Anti-Terrorism Act (1996)** and the **Prevention of Electronic Crimes Act (2016)**. Police alleged the post, detected during patrol duty, “hurt Muslims' sentiments and tried to create religious hatred.” Both convicts have been shifted to **Central Prison, Sahiwal**, following the ruling. (*Dawn*, [03 July 2026](#))
- ◆ **Fresh probe into Priya Kumari case** — The **Sindh police** have reopened investigations into the **2021 disappearance of nine-year-old Priya Kumari**, amid renewed calls for her recovery. The update was shared during a meeting of the **Minority Caucus**, chaired by **Senator Danesh Kumar** at the Sindh chief secretary's office. Police officials briefed that a **new inquiry** is underway, with efforts focused on her **early and safe recovery**. Priya went missing in **August 2021** while serving drinks at a **sabeel on Ashura day in Sangrar town near Sukkur**. The caucus also reviewed law and order issues affecting minorities in Kandhkot. (*Dawn*, [03 July 2026](#))

FBR MISSES IMF TARGET BY RS9758



TALKS WITH GOVERNMENT
STILL AT 'OFFER STAGE'



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