

DAILY PAKISTAN WATCH

02 September 2026

Security

- ◆ **Balochistan Customs House Attack Repelled** — Security forces in Balochistan killed **21 terrorists belonging to ‘Indian-sponsored’ proxies Fitna al-Hindustan and Fitna al-Khawarij** during coordinated incidents in Chagai and Pishin districts. According to the ISPR, Fitna al-Hindustan militants attempted to establish an illegal checkpoint on the **Quetta-Taftan Highway**, but were swiftly neutralised, with **11 terrorists killed and large caches of weapons recovered**. Later, Fitna al-Khawarij launched a major assault on the **Customs House**, which was repelled after intense fighting that left **10 attackers dead**. The attack was described as part of a **terror-crime nexus** aimed at obstructing lawful duties of Customs officials. In the exchange, **six personnel, including two officers and a Customs official, embraced Shahadat**, sacrificing their lives in defence of the state. (*The Nation*, [2 September 2026](#))
- ◆ **Bugti Tribe Folk Singer Killed in Dera Bugti** — Police confirmed that **Mai Subhai Bugti**, recognised as the **first female folk singer of the Bugti tribe**, was shot dead by armed men in Dera Bugti. The attackers opened fire and fled the scene, leaving the community in shock. Authorities have launched an investigation into the incident. The killing of a pioneering cultural figure has raised concerns about the safety of artists and the preservation of tribal heritage. Police officials stated that efforts are underway to trace those responsible for the targeted attack. (*The News*, [2 September 2026](#))
- ◆ **Water Must Never Be Weaponised** — Prime Minister **Shehbaz Sharif** told the **SCO Summit in Bishkek** that South Asia cannot achieve its potential without peace, warning that **“water must never be weaponised or used as an instrument of coercion.”** His remarks came amid tensions over India’s unilateral suspension of the **Indus Waters Treaty (IWT)**. The **Permanent Court of Arbitration in The Hague** has now ordered India to halt hydro projects and uphold the treaty, ruling that New Delhi had no justification for suspension. The **Editorial stressed that India’s rejection of international rulings undermines the rule of law and risks a humanitarian crisis, urging global pressure to stop such unlawful tactics.** (*The News*, [2 September 2026](#))
- ◆ **Militant Attacks Rise but Fatalities Fall in August** — **The Pakistan Institute for Conflict and Security Studies (PICSS)** reported a sharp increase in militant violence during August, with **199 attacks compared to 144 in July, a 38% rise**. Despite this, fatalities dropped significantly: **158 deaths versus 268 in July, a 41% decline**, while injuries fell by 16%. Security forces killed 203 militants in operations, including 115 in Balochistan, 56 in mainland Khyber Pakhtunkhwa and 32 in merged districts. Suicide attacks fell from eight in July to three in August, while kidnappings declined 36%. Analysts noted that sustained counterterrorism pressure reduced lethality despite rising incidents. (*The Nation*, [2 September 2026](#))
- ◆ **Pakistan–Kuwait Defence Ties Reflect Regional Realignment** — In his column, **Maj Gen Zahid Mahmood (Retd)** argues that the latest **Pakistan–Kuwait defence cooperation agreement** should

be seen as part of a broader Gulf trend toward institutionalising long-standing partnerships rather than an isolated event. He traces bilateral defence ties to the 1960s, noting their expansion after the 1990–91 Gulf crisis. The author emphasises that **“the Gulf is diversifying”**, moving away from dependence on single external security providers amid regional tensions. Highlighting Pakistan’s **strategic location and professional military**, he writes that Islamabad offers credible capability and diplomatic balance, serving as a **strategic bridge** between South Asia and the Gulf. (*The Express Tribune*, [2 September 2026](#))

- ◆ **Women’s Exploitation in Balochistan’s Terror Landscape** — Security analyst **Urooj Muqadas** examines how terrorism in **Balochistan** has evolved to exploit women’s vulnerabilities. She notes that groups such as the **BLA**, **BLF**, and **BYC** have increasingly recruited women, citing cases like **Shari Baloch** and **Karima Baloch**, whose involvement reflects deep socio-political marginalisation and coercive propaganda. The article explains that **“terrorist outfits have capitalised emotional security lapses”**, using gender norms and cultural practices to conceal operations. Muqadas urges a **gender-sensitive counterterrorism strategy**, combining protection, education, and empowerment to prevent exploitation and restore stability in the province. (*The Express Tribune*, [2 September 2026](#))
- ◆ **Balancing Security and Fair Trials in Terrorism Cases** — The editorial in *Dawn* highlights the **Punjab Anti-Terrorism (Amendment) Bill, 2026**, which seeks to protect judges and witnesses in terrorism trials through anonymous courts and identity-shielded proceedings. It notes that **“open trials mean little if the people running them are dead or too frightened to speak.”** However, critics warn that giving a Grade-20 official the power to classify cases as ‘special security’ undermines judicial independence, violating **Articles 175(3) and 10-A of the Constitution**. The piece argues that while reforms are necessary, the draft must be revised to ensure judicial oversight and prevent executive overreach. (*Dawn*, [2 September 2026](#))

Economy

- ◆ **Inflation Returns to Double Digits in August** — Pakistan’s inflation rate climbed back to **11.1 percent** in August 2026, reversing July’s easing to 9.2 percent, according to the **Pakistan Bureau of Statistics (PBS)**. On a month-to-month basis, CPI inflation remained unchanged at 1.2 percent. Urban inflation stood at 10.4 percent, while rural inflation rose to **12.2 percent**, reflecting sharper price pressures outside cities. Inflation measured by the **Sensitive Price Index (SPI)** increased by 10.72 percent and the **Wholesale Price Indicator (WPI)** by 10.62 percent. The **Ministry of Finance** warned that inflation may remain elevated due to global commodity and energy price movements. Food prices surged, with onions up 48 percent in rural areas and 45 percent in urban centres, alongside increases in potatoes, eggs, wheat, and pulses. Utilities, health, and education also saw notable hikes. (*The Nation*, [2 September 2026](#))
- ◆ **Pakistan Eyes \$2bn Eurobond Amid Improved Ratings** — Pakistan has launched the process to raise **\$2 billion through Eurobonds** with five- and ten-year tenors, following recent upgrades by international credit rating agencies. The borrowing, priced at **SOFR plus risk premium**, is intended to repay bilateral deposits to **China and Saudi Arabia**. Officials highlighted favourable geopolitical developments, including the **Makkah Defence Agreement** and a positive ruling on the **Indus Waters Treaty**, as strengthening investor confidence. Adviser **Khurram Shahzad** confirmed the dual-tranche offering, with roadshows planned in **London, Washington, and Gulf states**. Citi,

Deutsche Bank, Emirates NBD Capital, MUFG, and Standard Chartered will act as joint lead managers. Pakistan last raised \$750m via Eurobonds in April 2026. (*The News*, [2 September 2026](#))

- ◆ **Aurangzeb Urges Transparent Digital Assets Framework** — Federal Finance Minister **Muhammad Aurangzeb** met **Bilal Bin Saqib**, Chairman of the **Pakistan Virtual Assets Regulatory Authority (PVARA)**, who briefed him on engagements with Hong Kong's financial regulators. Discussions centred on **blockchain, tokenisation, stablecoins, compliance frameworks and digital financial infrastructure**, with insights on international best practices. Aurangzeb emphasised the need for a **responsible, transparent and well-structured digital assets ecosystem** that balances innovation with safeguards. He appreciated PVARA's outreach to global policymakers, stressing that Pakistan must build on such engagements to identify practical use cases for its emerging digital finance sector. The minister highlighted that responsible regulation is key to strengthening Pakistan's digital economy. (*The News*, [2 September 2026](#))
- ◆ **CPEC Phase-II Urged Forward with Speed** — Federal Minister for Planning **Ahsan Iqbal** chaired a review meeting on the **CPEC Action Plan 2025-2029**, stressing faster implementation of agreed priorities. He recalled that **CPEC Phase-I brought \$25 billion in Chinese investment and added nearly 8,000MW to Pakistan's power capacity**, helping overcome the energy crisis. Highlighting achievements such as Thar coal and fibre-optic networks, he said Phase-II would focus on **industrial development, agriculture, minerals, human capital and technology**. Iqbal insisted the private sector must lead, while the government ensures an enabling environment, declaring that expanding exports to \$100 billion by 2035 is a **"national emergency."** (*The News*, [2 September 2026](#))
- ◆ **Pakistan and Uzbekistan Aim for \$2bn Trade Goal** — At a reception marking Uzbekistan's 35th independence anniversary, Ambassador **Alisher Tukhtaev** announced that both countries have set a target of **\$2 billion in annual bilateral trade within five years**. Energy Minister **Sardar Awaiz Ahmad Khan Leghari** attended as chief guest, underscoring the strengthening partnership. Tukhtaev highlighted the establishment of the **High-Level Council of Strategic Partnership** and signing of 30 bilateral agreements during President Mirziyoyev's visit. He noted growing business contacts, investment projects, and enhanced connectivity, including passenger and cargo flights linking Tashkent with Islamabad and Lahore, with Karachi routes expected soon. (*The News*, [2 September 2026](#))
- ◆ **Pakistan to Finalise \$6bn Refinery Upgrade Deals** — Pakistan is set to sign long-delayed agreements with its five oil refineries — **Parco, PRL, NRL, Cnergyico and ARL** — clearing the way for more than **\$6 billion in investment** to modernise plants, boost local fuel output and reduce import reliance. The **Petroleum Division** has authorised **Inter-State Gas Systems (ISGS)** to oversee implementation. Upgraded facilities will process a wider range of crude, including Iranian and Russian supplies, subject to laws and sanctions. Industry sources cautioned that **"signing an agreement is only the first step... bankable projects do"**, warning that changes to incentive mechanisms could undermine financing. (*The News*, [2 September 2026](#))
- ◆ **Sariab-Kuchlak Railway Project Completed in Record Time** — Pakistan Railways has completed the **Sariab-Kuchlak Railway Project** in Balochistan at a cost of **Rs3 billion within 120 days**, marking a major step toward improved connectivity and passenger facilities. Federal Minister for Railways **Muhammad Hanif Abbasi** said the project upgrades **32 kilometres of track**, strengthens embankments, and modernises stations including **Sariab, Kuchlak, Sheikh Mandah, Beleli,**

G.O.R Halt, and Lori Kraz Halt. Abbasi announced that the **Jinnah People's Train** will soon operate on the upgraded route, reflecting Prime Minister **Shehbaz Sharif's** vision for inclusive development and better travel facilities in Balochistan. (*The Express Tribune*, [2 September 2026](#))

Foreign Policy

- ◆ **Pakistan's SCO Chairmanship and Call for Cooperation** — At the 26th Shanghai Cooperation Organisation (SCO) Summit in Bishkek, Prime Minister **Shehbaz Sharif** urged member states to prioritise peace and development, stressing that **“water is the lifeblood of our region and must never be weaponised or used as an instrument of coercion.”** He reaffirmed that treaties governing shared waters are binding commitments. Outlining Pakistan's agenda as incoming SCO chair, he proposed initiatives in **connectivity, energy, IT & AI, poverty reduction, and disaster management**, including hosting the **Global Resilience Expo 2026–2027**. He highlighted Pakistan's sacrifices in counter-terrorism, warned against attacks from Afghan soil, and reaffirmed commitment to **CPEC and regional energy projects**. Concluding, he called for **“cooperation over confrontation, dialogue over division, bridges over barriers, and hope over fear.”** (*The Nation*, [2 September 2026](#))
- ◆ **Shehbaz Sharif to Deepen Ties with Kyrgyzstan** — Prime Minister **Muhammad Shehbaz Sharif** will hold high-level talks today with Kyrgyz President **Sadyr Zhaparov** in Bishkek, marking the bilateral leg of his three-day visit. The engagement is expected to yield a package of agreements and MoUs across multiple sectors, creating an institutional framework for cooperation. Discussions will cover the full spectrum of relations, with emphasis on **trade, investment, connectivity, energy, transport, education, tourism, agriculture and people-to-people contacts**. The visit underscores Islamabad's push to strengthen its outreach to Central Asia and build strategic partnerships in the region. (*The Nation*, [2 September 2026](#))
- ◆ **Foreign Secretary Penalised for Ignoring Commission Orders** — **The Pakistan Information Commission has fined Ms Amna Baloch, Foreign Secretary of Pakistan, the equivalent of 60 days' gross pay for failing to comply with its directives in the case of Dr Saad S Khan versus the Ministry of Foreign Affairs.** Dr Khan, formerly head of mission as President of the **Economic Cooperation Organisation's cultural agency (ECI)**, sought forensic analysis of disputed receipts alleged to be linked to him. The Ministry declined to furnish original documents, prompting the Commission's order. The penalty marks a landmark enforcement of transparency and accountability in official record disclosure. (*The Nation*, [2 September 2026](#))
- ◆ **Dar Highlights Pakistan's SCO and UN Role** — Deputy Prime Minister and Foreign Minister **Ishaq Dar** held separate meetings with the **SCO Secretary-General** and **UN Secretary-General António Guterres** on the sidelines of the SCO Summit in Bishkek. Dar outlined Pakistan's priorities as it assumes the **SCO chairmanship for 2026-27**, receiving assurances of full support from the SCO Secretariat. In his meeting with Guterres, Dar reaffirmed Pakistan's strong commitment to the UN, appreciating his leadership in promoting multilateralism. Guterres commended Pakistan's constructive role in diplomacy and regional peace. Dar also invited him to visit Pakistan, which the UN chief accepted, with dates to be finalised. (*The Nation*, [2 September 2026](#))

- ◆ **Pakistan and Belarus Strengthen Cooperation Across Sectors** — Prime Minister **Shehbaz Sharif** met Belarusian President **Aleksandr Lukashenko** on the sidelines of the **SCO Council of Heads of State Summit in Bishkek**, where both leaders agreed to deepen ties in **trade, industry, agriculture, IT and vocational training**. They expressed satisfaction with the positive trajectory of bilateral relations, noting robust cooperation in political, economic, defence and cultural fields. The two reaffirmed their resolve to elevate long-standing friendly relations to new heights. Prime Minister Shehbaz extended a warm invitation to President Lukashenko to visit Pakistan next year, further cementing the partnership. (*The Nation*, [2 September 2026](#))
- ◆ **Court Upholds Indus Waters Treaty Against India's Abeyance** — In a landmark ruling, the **Permanent Court of Arbitration** rejected India's unilateral suspension of the **Indus Waters Treaty (IWT)**, affirming that the agreement remains fully in force. Lawyer **Yahya Farid Khwaja** explains that the Court's decision reinforces the principle of **pacta sunt servanda — agreements must be kept**, stressing that sovereignty does not permit states to disregard obligations voluntarily undertaken. The judgment dismissed India's arguments on terrorism, demographics and clean energy, noting that even armed conflict would not terminate the IWT. For Pakistan, this is a legal success, but more importantly, a victory for international law and treaty stability. (*The Nation*, [2 September 2026](#))

Politics, Culture, Etc.

- ◆ **Punjab Assembly Acts on Child Safety and Water Rights** — The **Punjab Assembly** has passed a resolution seeking a ban on **social media accounts for children under 16**, stressing risks of **cyberbullying, exploitation, and psychological harm**. MPA **Sara Ahmad** urged coordinated legislation, citing examples from Australia, France, and China. The House also unanimously condemned **India's violations of the Indus Waters Treaty**, declaring that **"Pakistan will accept no compromise on its water rights."** Members praised Prime Minister **Shehbaz Sharif**, Field Marshal **Asim Munir**, and Deputy PM **Ishaq Dar** for defending Pakistan's position internationally. Additional resolutions ensured **equal remission opportunities for minority prisoners through religious education** and addressed **Shariah-compliant disposal of worn-out Quranic pages**. (*The Nation*, [02 September 2026](#))
- ◆ **Zardari and Naqvi's London Presence Raises Questions** — President **Asif Ali Zardari** and Interior Minister **Mohsin Naqvi** have both arrived in the UK on separate visits, sparking speculation about possible political manoeuvring abroad. Zardari, often described as a **kingmaker in Pakistani politics**, is on a private two-week stay following a trip to Austria, according to PPP sources. Naqvi's visit, however, has drawn attention due to the absence of any official announcement from the Interior Ministry. Considered one of Prime Minister Shehbaz Sharif's most influential cabinet members, Naqvi recently heightened political debate by declaring that Pakistan's governance system had "collapsed" and calling for the creation of new provinces. (*The Nation*, [2 September 2026](#))
- ◆ **PTI Plans Peaceful Protest for Justice** — Pakistan Tehreek-e-Insaf Chairman **Barrister Gohar Ali Khan** clarified that the party's planned protest on **27 September** is not aimed at confrontation but at peacefully seeking justice. He stressed, **"we are not coming out to break the gates of Adiala jail or to 'capture' Islamabad"**, highlighting that the PTI founder has faced **seven sentences, 300 cases and three years in jail**. Gohar urged his transfer to hospital for treatment, welcomed the Islamabad

High Court's decision, and insisted its orders be implemented. He emphasised dialogue over tension, noting that the opposition supports PTI and that protests will focus on public issues. (*The News*, [2 September 2026](#))

- ◆ **IHC Bars Solitary Confinement for Imran and Bushra** — The **Islamabad High Court (IHC)** has ordered Adiala jail authorities not to keep former prime minister **Imran Khan** and his wife **Bushra Bibi** in solitary confinement, while disposing of petitions filed by **Aleema Khanum** and **Mubashra Khawar Maneka**. Justice **Khadim Hussain Soomro** directed that both be allowed family meetings, telephone access to Imran's sons, and daily provision of newspapers and books. The court also ordered one hour of exercise and permitted audio-video communication for private familial use. PTI Information Secretary **Sheikh Waqas Akram** welcomed the ruling, calling it a significant step for constitutional rights. (*The News*, [2 September 2026](#))
- ◆ **Ahsan Iqbal Calls for 15 New Provinces** — Planning Minister **Ahsan Iqbal** has proposed a major restructuring of Pakistan's administrative system, suggesting the creation of **15 new provinces** or **56 empowered district governments** to address worsening social indicators. Speaking at a consultative session on governance reforms for the **Islamabad Capital Territory**, he said the existing two-tier federal-provincial system had failed to deliver effective governance. Iqbal noted that **"people's problems cannot be resolved unless 150,000 to 200,000 public offices are created through local governments."** He urged full implementation of **Article 140-A** and devolution beyond the **18th Amendment**, stressing that democracy must expand to serve 260 million citizens. (*The Express Tribune*, [2 September 2026](#))
- ◆ **'Azad Kashmir's' Democratic Crisis Deepens** — In his column, **Zahid Hussain** highlights the controversy surrounding the appointment of **Iftikhar Gillani** as the new prime minister of **'Azad' Jammu & Kashmir (AJK)** despite losing his own constituency. Hussain argues that Gillani's selection on a reserved technocrat seat, allegedly backed by central leadership and "the powers that be," exposes the fragility of democracy in AJK. He notes that **"controversial polls and the installation of an indirectly elected PM were bound to fuel anger"**, amid ongoing protests by the **Joint Awami Action Committee (JAAC)** and a media blackout. The writer warns that coercive measures and external interference risk eroding local autonomy and undermining Pakistan's moral position on Kashmir. (*Dawn*, [2 September 2026](#))



[Disclaimer: We do not subscribe to the views expressed by the Pakistani reporters, leaders and commentators, we are making available for perusal by our experts/analysts/policymakers every day. We put it all together in 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. DPW is curated by **Dr. Afroz Khan, CPS, New Delhi**].