Suspension of Security Assistance to Pakistan

Why in news?

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U.S. recently said that it would be suspending most of its security assistance to Pakistan until it “takes decisive action” against terror groups.

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What is the significance?

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- The total amount in question could exceed $1 billion dollars.
- The decision will delay, and perhaps eventually deny, pending payments to Islamabad.
- This includes both payments under the State Department’s Foreign Military Financing and under the Coalition Support Fund, which involves reimbursement for Pakistan’s logistical support in the Afghanistan war.
- However, civilian assistance programmes are not included.
- $255 million of foreign military financing (FMF) has already been withheld for a few months.

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Can this be a true leverage?

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- Some believe that it can only be a minimal coercive leverage
- This is because
  - The US continues to rely on Pakistan for the ground and air supply routes to Afghanistan, and

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    - Any financial harm that the US inflicts on Pakistan will be cushioned by CPEC.
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- But it is to be noted that the security aid is not the only leverage the US has.
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- US also has is its influential role in international financial institutions like the International Monetary Fund (IMF) and the World Bank.
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- The Pakistani army is prone to seeking bailout packages from the IMF.
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- Widening trade deficit, high public debt and low foreign exchange reserves may also push Pakistani government in this year towards these institutions.
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- The US also has tools like visa denial and freezing of assets of senior officers in the Pakistan army and the Inter-Services Intelligence (ISI) involved with terrorist outfits.
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- In the past, the fear of sanctions by the inter-governmental Financial Action Task Force (FATF) has forced Pakistan to ban fund-raising by organizations proscribed by the UN.
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- A concerted set of moves under a tighter, overarching sanctions regime might asphyxiate Pakistan’s illicit activities.
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- As far as CPEC is concerned, it is yet to be seen whether it will kick-start the virtuous cycle of high investment and greater productivity or push Pakistan into a debt trap.
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Source: Livemint

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