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"I/A" ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council
Subject: EU-Pakistan 5-year Engagement Plan - Implementation report 2015

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1. The Asia/Oceania Working Party reached agreement on the EU-Pakistan 5-year Engagement Plan - Implementation report 2015.
2. At its meeting of 14 July 2015, the Political and Security Committee confirmed the agreement reached in the Asia/Oceania Working Group.
3. Coreper is accordingly requested to invite the Council to take note of the EU-Pakistan 5-year Engagement Plan - Implementation report 2015.

EU-PAKISTAN 5-YEAR ENGAGEMENT PLAN**IMPLEMENTATION REPORT 2015****1. Introduction**

1. Since its adoption in 2012, the EU-Pakistan 5-Year Engagement Plan has provided the overall framework for the European Union (EU)'s engagement with Pakistan, building on the EU-Pakistan Cooperation Agreement on Partnership and Development (2004). It is intended to strengthen EU-Pakistan relations by intensifying dialogues across priority areas including: political cooperation; security; governance, human rights; migration; trade and energy.
2. In December 2014, the PSC requested the EU Heads of Mission (HoMs) to provide the necessary input to the next Report on the state of EU-Pakistan relations – to be presented to the Council in mid-2015 – which should outline the progress in the implementation of the EU-Pakistan 5-Year Engagement Plan. On this basis, the annual reporting on the 5-Year Engagement Plan will replace the annual implementation report on the 2009 Action Plan on Pakistan, on which the last report was issued in June 2014.
3. In the reporting period EU-Pakistan relations have been marked by the GSP+ trade preferences granted to Pakistan with effect from 1 January 2014, creating much positive attention and visibility for the EU. GSP+ has also provided a framework for deepening dialogue on implementation of Pakistan's commitments under the 27 international conventions on governance, human rights, labour and environment covered by the scheme. A separate report on GSP+ will be presented by the European Commission and the European External Action Service to the European Parliament and the Council by 1 January 2016.

4. The reporting period has been eventful with four months long street protests by two political parties, the intensification of military operation in North-Waziristan as well as a series of serious terrorist attacks, often sectarian in nature, and the most deadly attack ever in Pakistan at an army public school in Peshawar on 16 December 2014, which killed 141 most of whom children. The EU and Member States have repeatedly expressed their commitment to help Pakistan tackle these challenges. This commitment of the EU has been reflected by the high number of political dialogues and official visits held both in Islamabad and Brussels. Priorities continued to be democracy and good governance, including follow-up to the recommendations of the EU Election Observation Mission (EOM), human rights, security and counter terrorism, economic and social reforms, trade and development cooperation.
5. EU and Member States also maintained a strong engagement in development cooperation in the reporting period. The EU decided in August 2014 to allocate an indicative amount of €653 million in the new Multi-annual Indicative Programme (MIP) 2014-20 to support Rural Development, Education and Good Governance, including Democracy, Human Rights and Rule of Law. An overview of planned assistance of the EU and Member States in 2015 and 2016 is included in a table attached to this report. The total amount of funding is 901 million € in 2015 and 805 million € in 2016, almost all of which is allocated to areas covered in the Engagement Plan.

2. Political and economic developments

6. The political landscape was dominated by increasing challenges to the legitimacy of the 2013 elections results, culminating in street protests in Islamabad by Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehrik (PAT) between August and December 2014. Speculation was rife that the army and the intelligence services had a hand in the protests, wanting to put pressure on the Prime Minister who had announced a wish to exercise stronger civilian control over the armed forces. In the end, although the civ-mil balance remains fragile, it would appear that a deal was struck forcing the Prime Minister to give up influence to the army, first and foremost on foreign and security policy. However, strong support expressed by Parliament to the democratically elected Government contributed to avoid a further escalation and may have left the elected representatives in a slightly more influential position compared to before, when they were largely ignored by the Prime Minister.
7. One of the consequences of this crisis has been the boycott of the Parliament by PTI representatives for more than seven months. After long negotiations between PML-N and PTI, the formation of a judicial commission to investigate the results of the 2013 elections, chaired by the Chief Justice, was agreed in March 2015 and led to the return to Parliament of PTI. The mandate of this commission is to assess the veracity and scale of the rigging allegations, potentially putting further pressure on the elected Government. In parallel, a parliamentary committee on electoral reforms established in July 2014 has begun work with a view to deliver necessary changes to the electoral framework ahead of the next elections. It remains to be seen if either body will deliver any substantive results.

8. At the provincial level, the 18th amendment has provided the four provinces with greater responsibility in a number of critical areas, giving them an important role in the follow-up to GSP+. Overall, the lack of capacities remains a cause of concerns given the breath of the challenges. So far, Balochistan is the only province that has organized local elections and constituted local governance structures. Khyber Pakhtunkhwa is likely to hold its local elections in May 2015 while Punjab and Sindh will do so in the second half of 2015 if not further postponed. Elections to Cantonment Boards were held for the first time in 17 years in April 2015.
9. The security situation in Pakistan remains fragile, even though a military operation ('Zarb-e-Azb') against terrorist strongholds was launched in North Waziristan in June 2014. Thus far, according to the Pakistan army, 90% of the area has been cleared of militants, around 1,300 have been killed and their hideouts have been destroyed. Although the operation primarily focusses on the tribal areas, its mandate covers the entire country. The fact that the military expanded its operations, including to Balochistan and Karachi, **DELETED**, but was also made necessary by the fragmentation of the militants groups caused by the operation. The TTP leader, Mullah Fazlullah, and top figures of the Haqqani network managed to escape prior to the operations and are believed to be hiding in Afghanistan's border area. **DELETED** At the same time there are growing concerns about the Islamic State (IS) in Pakistan, and some signs of its presence in some parts of the country, although there is still no clear evidence that the group is a substantial threat.

10. Following an attack against an army school in Peshawar last December, a National Action Plan (NAP) to fight terrorism was adopted with the support of most political parties, which included a lifting of a moratorium on executions in place since 2008 and transferring terrorist cases to military courts. The EU has expressed strong concern over the lifting of the moratorium on executions, and HR/VP Mogherini has written to Sartaj Aziz, Special Advisor to the Prime Minister on National Security and Foreign Affairs in this regard. Initially, a decision was taken to start executing persons convicted of terrorism related offenses. However, after three months the Government decided to lift the moratorium fully and started to allow all people condemned to death to be executed when all legal remedies had been exhausted. Pakistan has justified the decision with the fact that it was legally unsustainable to uphold a distinction between terrorists and non-terrorists as they are required to treat everyone equally before the law. Executions have been carried out on a rapid pace, and by 26 May the number of people executed since December stands at around 110. It is estimated that close to 8000 prisoners are on death row. In reality most of the people executed have been common criminals, although a majority of them have been convicted under Pakistan's Anti-Terrorism Act that offers considerable leeway in its definition of terrorists.
11. As part of the NAP it was also decided to transfer jurisdiction in the most serious terrorism cases to special military courts. This was codified in the 21st constitutional amendment adopted in January 2015. The amendment will apply initially for two years before being re-evaluated. Provincial level Apex Committees established under the NAP co-chaired by the military and the civilian authorities decides which cases should be referred to the military courts. There has been much criticism also inside the country that this step was approved in a rush without an in-depth analysis of the consequences and little interest shown so far in improving the civilian criminal justice system. Observers have stressed that such trials should take place under conditions which safeguard the rights of the defendants to due process and a fair trial and that the process should be as transparent as possible. However, the first trials have been held in complete secrecy and no information has been provided to the public. The legality of the 21st amendment has been challenged in the Supreme Court, which has suspended all executions based on sentences from military courts until it can rule on this.

12. Other aspects of the human rights situation in Pakistan also remain highly problematic. Violence and abuses are perpetrated among others by terrorist groups and networks, religious extremists and members of the police and security forces. At the same time, the state and the judicial system are often unable and sometimes unwilling to protect the victims and perpetrators of human rights violations often go unpunished. Reports of torture, enforced disappearances and extrajudicial killings continue, in particular from the conflict affected areas of Baluchistan, FATA and Khyber Pakhtunkhwa. Religious minorities live in fear of persecution and sectarian violence, and there appears to have been an increase in religious intolerance and violence, targeting Ahmadis, Christians, Hindus and Shias. The latest example was the attack on a bus in Karachi killing 45 members of the Ismaili community (13 May). The blasphemy laws, a key concern of the EU, are also frequently used as a tool of oppression or abused for personal gain, and radical clerics are involved in inciting mob violence. Hate speech continues to be prevalent in mosques, madrassas and parts of the media. In the last few months some prosecutions have been initiated against the perpetrators, but it is still too early to tell if this will have a lasting effect. Women continue to be subject of widespread discrimination and targets of violence, with frequent reports of domestic abuse, forced marriages and conversions, rapes and honor killings and children lack access to education and health care, while child labour remains a problem. Pakistan also continues to score low on all social indicators, including literacy and access to education, especially for girls. Human Rights defenders run significant risks in carrying out their work with a lack of proper mechanisms in place to protect them and their organizations. The assassination in Karachi in April 2015 of Ms Sabeen Mahmood, a prominent human rights activist, was a stark reminder of this. Media freedom also seems to have regressed. Access to justice is severely restricted by a massive backlog of cases in the civilian courts, inadequate training of judges, lawyers and police personnel, as well as lack of education and awareness of rights by the general public. Court officials are often the victims of threats and intimidation and corruption and political interference in the judicial process is prevalent.

13. On the economic front news are mixed. IMF has reported that Pakistan is largely on track in its implementation of the US\$6.63 billion Economic Funding Facility agreed in September 2013. Foreign reserves that were nearly depleted in 2013 have been increased and are expected to reach the target of three months' worth of imports in the summer of 2015. Growth projections, although modest for a middle-income country, have been increased slightly and are expected to reach 4.1% in financial year 2014/15 and 4.5% in 2015/16, while inflation has dropped to around 5%. Benchmarks on energy sector reform and public revenue collection have been reached, although the former mostly with the help of falling oil prices and the latter largely because it was very modest to begin with. Some progress, albeit limited, has also been achieved on other issues, such as the privatization of State Owned Enterprises and the governance of the State Bank of Pakistan. However, the benefit of falling imports, primarily because of the lower oil prices, have been offset by poor export performance, sustaining longstanding trade imbalances. The problem of insufficient revenue collection in the energy sector also continues to result in considerable deficits while shortages of electricity and gas continue to cripple the industry. Besides, Pakistan still has considerable problems attracting foreign investments, as security problems, political instability and uncertainty about the pace and direction of economic reforms acts as a discouraging factors.
14. Relations with Pakistan's neighbours, in particular India and Afghanistan, remain central to regional peace and stability. Prime Minister Sharif pushed forward an agenda of peace with the neighbours with mixed results.
- India: Relations deteriorated over the summer 2014 with the cancellation by India of planned talks at Foreign Secretary level and renewed skirmishes along the Kashmir Line of Control and the Working Boundary. Pakistan and India retreated into rigid positions which hampered the prospects for resumption of dialogue and affected the outcome of the SAARC summit in Kathmandu in November 2014. Finally, much awaited Foreign Secretary talks took place in March 2015 in Islamabad, but no agreement has been reached on a framework for a comprehensive dialogue. In addition, the release on bail of one of the alleged masterminds of the Mumbai attacks, Zakiur Rehman Lakhvi, will probably further tense India-Pakistan relations.

- Afghanistan: Relations have been improving with a number of regular visits from the top civil and military leadership; including the visit to Islamabad of President Ghani in November 2014 and Prime Minister Sharif's return visit to Kabul in May 2015 during which the two sides pledged cooperation on security issues and agreed ambitious targets to boost bilateral trade Pakistan also committed to play a supportive role in the reconciliation process with the Afghan Taliban. There are still significant challenges for Pakistan in delivering on these promises, in particular with regard to taking action against Taliban support structures in the country, but there are some encouraging signs, including an agreement between the intelligence services of the two countries.

- Iran: Relations continue to be difficult due to regular border incidents, but Prime Minister Sharif's visit to Teheran in April 2014 and the decision not to commit any troops in Yemen illustrates a willingness to sustain a balanced approach between Pakistan's Arab partners and its Shia neighbour. In addition, the possible lifting of sanctions on Iran may re-open the prospects of completion of the Iran-Pakistan gas pipeline.

- China: The visit of the Chinese President in April 2015 in which investment deals worth US\$46 Billion were signed, was widely lauded as another milestone in the "all weather friendship" between China and Pakistan. Investments related to infrastructure along the Pak-China economic corridor and energy projects were among the most important results. China is also taking a more pro-active role on security, among others speaking out against terrorist sanctuaries in Pakistan, home to militant Uighurs, and getting involved on the reconciliation process with the Afghan Taliban. However, the progress on the economic corridor reignited a political debate among the Provinces and the Federal Government about the route that this should take.

15. After some years of tension, relations with the U.S. have improved following visits to Washington of Prime Minister Sharif in November 2013 and Chief of Staff Raheel Sharif in November 2014, as well as a visit to Islamabad of Secretary of State John Kerry in January 2015. Fresh on the heels of this visit, the U.S. approved a US\$1 Billion arms sale to Pakistan. Pakistan has also initiated a process of rapprochement with Russia, in particular in the defence sector with the signing of an agreement on defence cooperation.
16. The deteriorating situation in Yemen and the subsequent Saudi-led military operation in April 2015 have put Pakistan in a predicament due to strong Saudi pressure for military involvement. Despite the close links between Prime Minister Sharif and the Saudi royal family, consensus emerged about the need to stay out of this war, concentrate on the fight against terrorism at home and avoid fuelling sectarian divides. The final decision, however, took time due to speculations of what would be the "price to pay" for Pakistan in light of the large financial donation provided by Saudi Arabia last year. This policy decision could assert Pakistan as a neutral actor in the Muslim world.

3. EU-Pakistan engagement

3.1. Strategic and political

17. With the adoption in 2012 of the 5-Year Engagement Plan, the EU's relations with Pakistan have further strengthened and the EU's visibility has improved, culminating with the granting of GSP+. Regular high level interactions between the EU and Pakistan have been taking place and two new fora for discussion have been established: local human rights meetings, the first of which took place on 12 March 2015, and an energy dialogue due to take place later this year. Further high level political interactions are planned for 2015, including the political dialogue at Political Directors' level and a next round of the Strategic Dialogue. The timing of the next *ad hoc* Summit still remains to be decided. The next meeting of the EU-Pakistan Joint Commission and its sub-groups on Trade, Governance and Human Rights, and development cooperation in the framework of the EU-Pakistan Cooperation Agreement (2004) are also scheduled to take place in the second semester of 2015.

3.2. Security

- Counter-Terrorism (CT) Dialogue and Cooperation

18. The fourth EU-Pakistan CT Dialogue took place in Islamabad on 24 February 2015 between the EU (EEAS) at the level of Managing Director accompanied by the chair of COTER and Pakistan (Ministry of Foreign Affairs) at the level of Additional Secretary. The dialogue also involved on the Pakistani side a range of relevant ministries and agencies at federal and provincial level, as well as representatives from the armed forces. The key objective of the CT dialogue was to obtain commitment from the Pakistani government to work further with the EU on CT related issues. In this respect the dialogue was a significant step forward in securing EU-Pakistan CT engagement, and a set of joint conclusions were adopted, clearly signalling political commitment from both sides to work together on key priority areas such as criminal justice, rule of law, law enforcement/security, countering financing of terrorism and countering violent extremism and its root causes. Furthermore, a formal response from Pakistan to an EU non-paper on CT cooperation from July 2013 was received. However, a certain difficulty exists in carrying out concrete co-operation activities in this field, due also to the limited availability of MS agencies for that purpose.

19. On the operational side, the EU continued to implement activities on Rule of Law, including CT. On the operational side, the EU continued to implement activities on Rule of Law, including CT. In Khyber Pakhtunkhwa, the programme "**Citizens' Justice and Peace**" started in January 2015, aimed at improving policing and justice service delivery and relations with the public at community level, supporting organizational reforms and strengthening civil society's ability to monitor the police. The recently approved project **Pakistan's Action to Counter Terrorism (PACT)** will develop Khyber Pakhtunkhwa criminal justice institutions' anti-terrorism modus operandi and technical capacity as well as provincial and interprovincial coordination. In Punjab, two actions are ongoing to strengthen provincial capacity to deal with terrorism cases and improve judicial performance and legal and judicial empowerment at district level. In parallel, the project on "**Access to Justice in Punjab**" focuses on increasing availability of legal services at community level and on enhancing the quality and efficiency of the judicial process in Punjab. Implementation of the **STRIVE project** started in October 2014 with the aim to support Countering Violent Extremism (CVE) in Pakistan. Two peacebuilding projects were completed in October 2014 and March 2015, while a new Call for Proposals was launched in March 2015, focusing on peace building through engagement with religious communities, women and youth as well as cultural heritage and arts.

- Disarmament and Non-proliferation

20. The first ever sectoral dialogue on Disarmament and Non-Proliferation took place in Islamabad on 16 June 2014. This dialogue highlighted the benefits of engagement in order to bridge gaps and identify possible areas of cooperation. On this basis, further areas of cooperation have been explored in the field of export control and bio-safety, including through possible Pakistani participation to the EU's CBRN Centre of Excellence for Central Asia. These issues will be further discussed at the next dialogue due to take place in Brussels during the 2nd semester of 2015. **DELETED**

- Staff talks

21. Defence issues are now also part of the bilateral agenda following the first EU-Pakistan Staff talks in Brussels on 18-19 April 2013 and the visit of the EU Chairman Military Committee on 16-18 June 2013. Regular contacts between the EU Delegation and the Pakistani security establishment have been taking place as well as coordination between the EU MS' Military Attaches. However, this dimension of the EU-Pakistan relationship faces the challenge of identifying clear converging interest from both sides.

3.3. Democracy, Governance, Human Rights and Socio-Economic Development

- Democracy

22. The EU has a longstanding commitment to democracy in Pakistan and has been invited to observe three Parliamentary elections in 2002, 2008 and 2013. The 2013 EU Election Observation Mission made a number of recommendations for further strengthening the electoral framework in Pakistan and the EU has since consistently advocated for their implementation, including in the framework of the recently established parliamentary reform committee and underlined its readiness to support the process. As part of strengthened parliamentary exchanges, the Chairman of the Pakistani Senate visited Brussels on 27-30 January 2015 and was received by President Martin Schulz, while a Delegation of the European Parliament visited Pakistan on 16-20 February, holding a number of high level meetings, including with Prime Minister Nawaz Sharif. The mission raised a number of key issues on democracy, governance, human rights and counter terrorism. It also met with the newly established EU friendship group in the National Assembly and it was agreed to keep close contact between the two groups.

23. Currently the EU has a democracy portfolio for improving elections and strengthening parliamentary institutions. This includes support for the Federal and Provincial Assemblies. Two multi-faceted programs under the Instrument contributing to Peace and Stability have also been rolled out. Interventions have covered the demand side (domestic election observation, work on electoral reform and advocacy with parliamentarians, politicians and the media) and the supply side (support to the Election Commission of Pakistan). An evaluation of the overall EU electoral portfolio in Pakistan confirmed the high relevance of EU support to all key stakeholders simultaneously as compared to only focusing on some. This, and specifically the support to the demand side, had enabled the EU to position itself strategically as a committed donor and provided a basis for longer-term impact. The evaluation recommended building upon this investment with a similar approach, enhancing civil society outreach, strengthening capacity building of the supply side and working on strong collaborative measures with all stakeholders. However, these plans might be jeopardized in case the Government of Pakistan persists in its current request to be the exclusive beneficiary and manager of governance related actions through direct budgetary commitments.

- Governance

24. The EU continued to provide assistance via the Public Financial Management Support Programme for Pakistan (PFM-SPP) to the Government of Sindh and the Federal Government. The program supports Public Financial Management (PFM) reform strategies and action plans, budgeting reforms, macroeconomic forecasts and other selected PFM areas. Initiated in 2014, it has an expected duration of five years. It uses the latest findings of Public Expenditure and Financial Accountability assessments for the Federal Government and the Government of Sindh. In Sindh, the programme is led by the provincial Government and EU cooperation support is aligned with World Bank assistance. At Federal level PFM reforms are being developed by the Federal Government with EU assistance. At the same time, DFID is supporting PFM reforms in the provinces of KP and Punjab.

- Human Rights

25. In the area of Human Rights, the EU together with Member States continued to urge Pakistan to improve its human rights record based on the human rights country strategy that identifies four priority areas: Freedom of Religion or Belief, Women's Rights, Death Penalty and Access to Justice. In the first month of 2015, the EU has devoted particular attention to lobby against the death penalty, following the decision by Pakistan to lift the moratorium on the death penalty and resume executions. Interventions are made through a combination of dialogue meetings, demarches and public statements as well as through regular interactions and support to the active Human Rights civil society organizations. The EU Special Representative for Human Rights visited Pakistan in October 2014 and the visit proved useful in conveying strong messages on these issues. The granting of GSP+ has provided the EU with increased leverage in the field of human rights and efforts have been made to ensure that this is utilized. This has included a prominent place for GSP+ and human rights in all dialogue meetings and at all levels, including the general political dialogues and dedicated human rights dialogues. The latter comprises the Human Rights Subgroup of the Joint Commission that met in June 2014, as well as Human Rights meetings at local level. The first local meeting was held on 12 March 2015 between the EU Delegation and the Ministry of Foreign Affairs and proved a useful forum for an informal and constructive exchange on EU's concerns. A key challenge for the coming months will be to ensure that Pakistan is able to demonstrate progress in effectively implementing its commitments under GSP+ - in particular on human rights and labor rights - in time for the first report to be submitted to the European Parliament and EU Member States by 1 January 2016.

26. The EU provided four new grants under **EIDHR** in 2014, three of which concern actions to fight violence against women and one of which relates to economic empowerment of women. Ongoing grants under EIDHR included actions related to the rights of the child and freedom of religion or belief, as well as a number of awareness raising activities on GSP+ obligations and visibility of EU Guidelines. Another call of proposal will take place in 2015.

As signalled above, the EU is facing difficulties launching new projects on human rights and governance due to reservations made by Pakistan on the choice of implementation modalities.

- Socio-Economic Development

27. Rural development is the main focal sector of the EU-Pakistan 2014-2020 MIP. The EU provides support to Khyber Pakhtunkhwa, with focus on Malakand Division, through an ambitious budget support programme for the implementation of the provincial policy of "**Community Driven Local Development**", technical assistance to Provincial and District level authorities, and grants to the local NGO Sahrad Rural Support Programme. Building on the existing legal framework of decentralisation, the intervention aims to support and institutionalize a framework enabling district authorities to directly involve Community Based Organisations in the delivery of basic front line services. A similar programme "**SUCCESS**" has been accepted for Sindh, which builds on and expands a Government funded programme on community development. Similarly, under the 2015 AAP an expansion of the ongoing Balochistan Community Development Programme is proposed. Within its rural development activities, the EU is also funding a project aimed at refugee affected and hosting areas (**RAHA**) in Khyber-Pakhtunkhwa and Balochistan, implemented by UNDP. This project is closing in September 2015 and an external review will assess progress and quality of implementation.

Within the thematic line 'Non State Actors-Local Authorities', the EU is committed to pilot small interventions where local authorities and communities are engaged into processes of local development, testing enhanced forms of collaboration and coordination to improve resource allocation. The EU is also funding a nutrition programme in Sindh. The project is now half-way through. A mid-term review is on-going, and the implementing partners are finalising an exit strategy to ensure continuation of the services after 2016.

28. Education (including basic and technical and vocational education) is the second focal sector of the EU-Pakistan 2014-2020 MIP. Currently EU is funding the technical and vocational education and training (**TVET**) through two main projects. "Support to the TVET Sector in Pakistan (TVET I)" focuses on building the capacities of the provincial TVET authorities and also providing technical and vocational training and skills to about 40,000 youth and women in rural areas of Pakistan. "Supporting TVET Reform in Pakistan (TVET II)" focuses on improving the governance of the TVET sector, developing curricula, training teachers as well as educating 100,000 trainees. The two ongoing projects will end by 2016. The mid-term reviews of these two projects were carried out in 2014. The findings indicated overall satisfactory progress. Currently, the EU is planning the next phase of its support to the TVET sector which will build on the outcomes of the ongoing TVET projects. An in-house identification has been carried out and a formulation is planned in May and June.

3.4. Trade and Investment

29. Trade and investment between the EU and Pakistan has increased in 2014. The largest increase of more than €1 billion (or almost 25%) was in Pakistan's exports to the EU, primarily in the areas of textiles, leather and agriculture. This can largely be attributed to the increased market access through GSP+ and therefore GSP+ demonstrated that it has a real economic impact. EU's exports to Pakistan have also increased although at a much more modest level. There is considered to be a potential for increased EU investments in Pakistan, but this is made difficult by real and perceived security challenges, power shortages and a difficult regulatory and business environment. EU and Member States will address these issues through a closer dialogue with the Government on economic reforms, in the context of the IMF programme and a stronger dialogue on energy (the first meeting of which is expected in 2015). At the same time, efforts will be made to address long-standing trade irritants, such as an import ban on certain bovine products from the EU, export taxes as well as sanitary and phytosanitary and pharma issues. **DELETED** The activities of trade – related technical co-operation have contributed to the promotion of the GSP+ system, an endeavour which will require steady commitment even in future.

3.5. Energy

30. The energy crisis remains highly acute in Pakistan, as illustrated by the still long hours of load-shedding (around 5.000 Megawatt missing in the grid), the shortage of fuel for more than a week in large cities in February 2015, a general shortage of gas essential for industrial production and the episodes of electricity blackout in several parts of the country. In the beginning of its tenure, the PML-N Government adopted a National Energy Policy 2013-18,

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Given the critical importance of this issue and the increasing engagement of the EU and Member States in this field, the idea to establish an EU-Pakistan energy dialogue was endorsed at the Strategic Dialogue on 25 March 2014 and a final decision was reached at the Joint Commission on 24 June 2014. The first edition of this dialogue is scheduled for the 2nd semester of 2015. It will offer an opportunity to discuss the Government's policy on energy reform (e.g. circular debt, privatization) and regional energy projects (e.g. TAPI, CASA 1000), address obstacles to private investment of European companies, enhance coordination of funding for energy related projects and technical assistance on the running of an efficient and clean energy market. Discussions related to climate change are also envisaged in the framework of the dialogue. Following the signing last year of a European Investment Bank €100 million credit for a hydel project in Khyber-Pakhtunkhwa co-funded with Germany, the Bank is looking into further investments in Pakistan in the field of wind and hydel.

3.6. Sectoral cooperation

- Migration

31. Following the entry into force of the EU Readmission Agreement (EURA) with Pakistan on 1 December 2010, a considerable number of Member States continue to express concerns about delays in the processing of applications and the issuance of Pakistani travel documents to the returnees. However, there have recently been signs of willingness by Pakistan to improve the situation. The third meeting of the Joint Readmission Committee (JRC), held in October 2014, discussed how to make progress on a number of issues, including procedures for submission of applications, documentation required and an electronic platform for the streamlining of the application procedure and reducing processing time in the future. The effects of this are still not evident at all in many Member States and continued vigilance and resolute action is needed to address this problem. The next JRC will need to take stock of progress and discuss ways to ensure full implementation of the agreement. The discussion will also have to be carried out in the context of the implementation of the EU pilot initiative on return, for which Pakistan has been chosen as one of the pilot countries. At the same time, efforts will continue to develop a dialogue and to assist the Pakistani authorities on migration management, including in the context of regional cooperation under the Silk Route Project.

- Science and Technology

32. Pakistan Science Foundation (PSF) has been designated by the Ministry of Science and Technology of the Government of Pakistan to act as a partner to promote the HORIZON 2020 Programme in Pakistan. The EU Delegation is working closely with the PSF to organize awareness seminars in all provinces targeting a broader audience comprising research and technology, academia and entrepreneurs. The first of these will be held in Karachi in May 2015 while seminars in other provinces will be organized later. In all these seminars the Regional Counsellor for Science and Technology based in the Delhi Delegation will be closely involved. Two such seminars were held in 2014, one each in Islamabad and Lahore.

- Higher education

33. Pakistani students and scholars have benefited from Erasmus Mundus scholarships since 2009. In 2014, 241 students and scholars from Pakistan were selected for Erasmus Mundus scholarships. Discussions are on-going to strengthen the cooperation with the Member States to jointly promote the higher education programs and also to further engage with the Erasmus Mundus Alumni Association in Pakistan. The new programme Erasmus+ opened the capacity building action to Asia, which will provide an opportunity to strengthen links between higher education programs and bilateral education programs (for example in teachers training).

- Humanitarian assistance

34. The military operations in North Waziristan and in Bara area in Khyber agency led to further displacements of around 770,000 people. At the beginning of 2015, the Government of Pakistan announced an ambitious Operational Return Plan for an estimated 125,000 displaced families to their areas of origin in the Federally Administered Tribal Areas (FATA) in 2015. Currently, around 238.000 families still remain internally displaced in Pakistan and sustained humanitarian access to displaced population continues to challenge humanitarian organisations 'capacity to meet the needs of affected populations. **DELETED**

35. In addition, while the FATA Secretariat states that access to humanitarian agencies will be granted, this has to date not materialized. ECHO has raised serious concerns on the concrete modalities (unclear and patchy at best) for assistance to returnees and in areas of return by the authorities. In addition to duplication of assistance between government and humanitarian assistance, the main concern remains access and principled actions. The shrinking of humanitarian space concerns all of the conflict affected areas and has been increasingly affecting international NGOs as well as UN implementing partners. At present, only 13 out of 58 international NGOs have received an MoU that allows them formally to operate in Pakistan. In addition, “non-objection certificates” continue to be required.
36. Return of refugees to Afghanistan has increased substantially since the Government's actions in response to the Peshawar school attack. Up until the end of March 2015, 13,045 refugees repatriated. The increase in returns from 2014 is substantial, most notably from Mirpur, Peshawar and Haripur districts, in which elevated numbers of arrests, detentions and evictions have been reported. In total, there are some 1.6 million registered Afghan refugees and a similar estimated number of unregistered refugees, many of whom are already the second or third generation. As reported by IOM, most of the returning Afghans have spent between 15-25 years outside of Afghanistan, and as such could face challenges reintegrating. Absorption capacity in Afghanistan remains limited. Pakistan agreed to extend the Afghans’ “Proof of Registration” cards at the end of last year shortly before their expiry until 31 December 2015. In view of improved relations between Afghanistan and Pakistan since the new Afghan government took office, renewed tripartite discussions have started to engage on finding a joint solution to the refugee issue.

37. ECHO also focused renewed attention on the nutrition agenda in Sindh province in recognition of the persistent nutritional crisis that remains deeply entrenched due to the repeated natural disasters and underlying structural vulnerabilities existing before the massive flood crisis in 2010. The province is yet again hit by a prolonged drought crisis that has persisted mainly in the Thar Desert region since late 2013. Available reports indicate massive depletion of the already scarce livelihoods options /coping capacities and deterioration in nutritional status. Addressing the high rates of under-nutrition in Sindh requires a combination of comprehensive multi-sector humanitarian assistance with a commitment to facilitate transition towards longer-term multi-sector approaches to build resilience. ECHO's Sindh 2015 response will target the drought affected districts on priority basis.

4. CONCLUSIONS AND WAY FORWARD

38. Pakistan remains of key importance to the European Union. It is central to regional stability and security and as such also to the security of the EU, not least since it is at the front line in the fight against terrorism domestically, regionally and globally. Pakistan is also a major transit hub for the global trade in illicit narcotics and a major sending state for irregular migration to the EU. At the same time, a large population of Pakistani origin resides legally in the EU and is part of our societies and an important source of remittances for the Pakistani economy. EU-Pakistan relations received new momentum with the adoption of the 5-year Engagement Plan in 2012. It is of the utmost importance that the EU remains actively engaged with Pakistan.

39. EU-Pakistan relations have expanded in recent years and some progress has been made within the framework of the 5-years Engagement Plan. Granting GSP+ to Pakistan has given the EU leverage on human rights, labour standards and governance issues. The impact of GSP+ on trade is so far very positive for Pakistan.
40. However, at the same time there are factors that threaten to affect the relationship negatively in the future. **DELETED**

Most prominent of these are concerns on the human rights front - where there have been significant steps backwards - in particular the decision of Pakistan to resume executions, but also issues related freedom of religion and belief and protection of minorities, access to justice, women's rights and the situation of human rights defenders - and the consequences that these concerns may have on GSP+. **DELETED**

41. Against this backdrop efforts must be increased in the coming months to maintain the constructive momentum in EU-Pakistan relations, while finding mutually acceptable ways forward on the problematic issues. Actions in this regard may include the following:

- Further enhance dialogue and cooperation on human rights at all levels based on the EU Human Rights Country Strategy, ensuring that these topics continue to feature prominently in all interactions with the Government of Pakistan.
- Work with Pakistan to encourage and support concrete progress in implementation of the 27 GSP+ conventions in advance of the first report, due 1 January 2016.
- Building on past elections support, engage politically and develop new cooperative interventions in support of ongoing work to reform the electoral framework.
- Use positive momentum in the CT dialogue to further engage with Pakistan on CT issues and strengthen and expand CT cooperation.
- Enhance dialogue in the non-proliferation and disarmament area in order to bring Pakistan closer to effective cooperation in relevant multilateral fora.
- Engage proactively with Pakistan to strengthen trade and investment and resolve outstanding trade issues, in close dialogue with EU industry.
- Strengthen exchange and cooperation with Pakistan on energy issues, including through the envisaged energy dialogue.
- Enhance interactions with Pakistan on Climate Change to ensure cooperation in promoting an ambitious outcome of COP21.

- Engage in a high level dialogue to resolve obstacles to EU development cooperation in Pakistan, particularly in the areas of democracy, governance and human rights, which are particularly critical for the future of our relations;
 - Continue efforts to improve implementation of the EU-Pakistan Readmission Agreement, in particular with a view to reduce processing time for applications, while developing the dialogue on migration matters.
 - Advocate unhindered access, including the fast issuance of MoUs and NoCs, for humanitarian NGOs and UN agencies in order to deliver principled humanitarian assistance to the population in need.
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ANNEX TO THE ANNEX

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