CAN INDIA SANCTION PAKISTAN POST-PULWAMA?

India has used military and diplomatic offensives against Pakistan as a response to the February 14 terrorist attack in Pulwama, Jammu and Kashmir. There are two more options available – legal, through sanctions, and economic – to curb Pakistan's dangerous adventurism. Gateway House explores both in the infographic below.

LEGAL OPTIONS

Option: Create a selective sanctions regime

Modus operandi	Implications
• Pass a sanctions law, modelled on the United States' Countering America's Adversaries Through Sanctions Act, stating that anyone providing financial help or dealing with specific individuals and organisations could be barred from operating in the Indian market or be penalised – like the U.S. law. • Exceptions (in the form of waivers) should be allowed for friendly countries.	• In implementing this law, India will need to stand firm as the economy may take a temporary hit; may deter genuine businesses from entering Indian markets or collaborating with Indian businesses. • The Indian government will have to set up a body of experts, such as the Office of Foreign Assets Control, to enforce the sanctions. • There could be counter sanctions from third countries. • If effectively implemented, it will reduce Pakistan's military resources and strengthen India's enforcement and regulatory systems.

Option: Create beneficial ownership framework

Modus operandi	Implications
• Push the Financial Action Task Force (FATF) and G20 to create a global framework to trace the source and destination of cross-border financial flows that will highlight the ultimate beneficial owners of the bank accounts/outfits that are funding terrorist activities. • Evidence generated from this framework can be used to push FATF to blacklist Pakistan for its non-compliance. • It will require onboarding of the U.S., China and Saudi Arabia.	• Creating and operationalising such a framework will be challenging since FATF member countries and those on its watch list will need to have the enabling national legislations and infrastructure to gather beneficial ownership information. • Terrorist groups may increase reliance on the *hawala* network to evade scrutiny.

Option: Designate Pakistan Army officials complicit in terrorist activities

Modus operandi	Implications
• Urge the United Nations' al-Qaeda Sanctions Committee to include senior Pakistani Army officers, especially those deputed to the Inter Services Intelligence, in the al-Qaeda sanctions list. • This strategy can be jointly pursued with Afghanistan and Iran.	• Imposes costs on Pakistani Army officials in the form of an assets freeze and travel ban for supporting terrorist groups.

ECONOMIC OPTIONS

Option: Block access to the Indian market

Modus operandi	Implications
• Deny access to the Indian market to companies, particularly in the technology sector, from those countries that do business with Pakistan; restrict imports on grounds of national security.	• May cause temporary economic disruptions. • Benefits the Make in India initiative in the long term by opening market opportunities for Indian companies and encourages engagements, including technology tie-ups, with countries like Japan, South Korea, Finland, Canada and Vietnam.

Option: Boycott 'Made in Pakistan' goods

Modus operandi	Implications
• Launch consumer boycott campaign in the U.S., Canada, UK and other European countries against 'Made in Pakistan' goods. • India can mandate global retail chains doing business domestically to certify that they have not sourced any of the products sold online, wholesale or retail in India, from Pakistan army-owned entities. Cotton textiles, for example, is Pakistan's major export and one in which the army's Fauji Foundation has a stake.	• Discourages multinationals from sourcing and integrating Pakistani products into global supply chains meant for the Indian market. • Puts a financial cost on Pakistan for supporting terrorism.

Option: Target Pakistan's remittances

Modus operandi	Implications
• Collaborate with smaller Gulf Cooperation Council (GCC) countries by committing to purchase more oil and gas from them in the longer run (that is, demand security for their exports) on condition that these countries employ more workers from India (implicitly at the cost of Pakistani migrant labour), and provide subsidy support (like health insurance) for Indian workers in GCC countries, which will allow them to work at lower salaries, compared to their Pakistani counterparts.	• Pakistan will be forced to divert energy to stay afloat as the Gulf accounts for 58% of the country's foreign remittances; reduces the resources available to finance anti-India activities. • May hurt ordinary Pakistani nationals seeking employment opportunities overseas.

OTHER OPTIONS

Option: Impose additional visa restrictions

Modus operandi	• India can introduce additional questions in its visa form, such as: - Have you travelled to Pakistan in the past five years? - If Yes, have you aided or abetted any UN- proscribed terrorists or terrorist organisations operating out of that country, including Lashkar-e-Taiba, Jaish-e- Mohammad, Hizbul Mujahideen etc?
Implications	• Lying is an offence and any applicant found providing false information in the visa form is subject to punitive measures. • Indicates that doing business with Pakistan/travelling to Pakistan may have future consequences. Dealing with a Pakistani counter-party will have to be done with care.

Compiled by Gateway House: Indian Council on Global Relations