



PAKISTAN PM DISQUALIFIED BY SUPREME COURT

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SUMMARY

- Today's unanimous 5-0 verdict by the Pakistan Supreme Court disqualified Prime Minister Nawaz Sharif from parliament and ordered an accountability court to conduct trials against him and his family.
- The court ruled that Sharif had been dishonest to parliament and the judiciary for failing to declare his employment at Dubai-based Capital FZE.
- Sharif stepped down as prime minister and the federal cabinet was dissolved shortly after the decision was announced despite the prime minister having "strong reservations."
- The ruling Pakistan Muslim League (PML-N) party has a simple majority in parliament but the party's leadership has not announced who will succeed Sharif.
- The accountability court trials will significantly impact the ruling PML-N party ahead of the 2018 elections, which are less than a year away.
- Increased political instability in Pakistan will heighten economic uncertainty at a time when Pakistan's economy is facing external and internal pressures.

ABOUT ASG

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UNPRECEDENTED JUDGMENT ENDS PM'S THIRD TERM

The Supreme Court of Pakistan's unanimous 5-0 verdict brings an unceremonious end to the third term of Prime Minister Nawaz Sharif whose PML-N party swept to power in 2013 and gained a simple majority in parliament. Calls for accountability of Sharif and his family began in the wake of revelations made last year by the International Consortium of Investigative Journalists (ICIJ). In April 2016, [the ICIJ released](#) confidential documents on 214,488 offshore entities. These documents, which originated from Panamanian law firm Mossack Fonseca, included details on eight offshore companies linked to Sharif's family.

A [split 3-2 judgement](#) ordered further investigations of Sharif on April 20, 2017 – two judges had already concluded that the prime minister should be disqualified from parliament. The five judges hearing the case ordered the formation of a six-member Joint Investigation Team (JIT) on May 6 to conduct an independent inquiry into the Sharif family's offshore wealth.

The JIT presented a damning report to the three judges who ordered the investigation and found several discrepancies in the documents submitted by the Sharif family. The report concluded that several

documents submitted by the first family were forged. It also stated that Sharif was Chairman of the Board of Capital FZE, a Dubai-based company through which the prime minister held a UAE residence permit. As chairman, the prime minister was entitled to a salary of AED 10,000, which according to a statement submitted by his lawyers, was not withdrawn.

It is this undeclared and unwithdrawn salary that has led to the prime minister's disqualification from parliament. In its judgment, the court stated that this salary was an asset that the prime minister was required to disclose in his election nomination papers filed in 2013. Failure to make this declaration meant that the prime minister was not honest under Section 99(1)(f) of Representation of the People Act, 1976 and Article 62(1)(f) of the Constitution of the Islamic Republic of Pakistan.

SHARIF FAMILY TO FACE ACCOUNTABILITY COURTS AHEAD OF ELECTIONS

While the disqualification brings an end to Sharif's tenure as prime minister, it does not conclude ongoing investigations into his and his family's offshore wealth. This is [not the first time](#) questions have been raised about the family's wealth but the Sharifs have survived all past cases. The five judges of the court also ordered the National Accountability Bureau to file multiple cases before the Pakistan's accountability courts within six weeks. Evidence included in the JIT's report as well as other material will be used to hold a trial against Sharif, his two sons Hassan and Hussain, his daughter Maryam, and son-in-law Muhammad Safdar. These references will investigate the family's offshore assets including the apartments owned in London.

The judges have asked the Chief Justice of Pakistan to nominate a judge to oversee these proceedings and to ensure that the accountability court trial concludes within six months after the references are filed.

The timing of the trials could not be any worse for the first family as Pakistan gears up for general elections in 2018. While the ruling PML-N party maintains majority in parliament and dominates Punjab, Pakistan's most populous province, the public discourse on the trials will further erode the party's popularity ahead of elections.

PAKISTAN TO FACE GREATER ECONOMIC AND POLITICAL TURBULENCE

The prime minister's dismissal means that his successor will be a lame-duck and aim stay the course until the 2018 elections. In the face of serious economic strains such as Pakistan's expanding account deficit and the expectations of a tougher position by the United States against the country, political stability has been of the utmost importance. Yet, the court's decision is likely to encourage political parties to begin vying for political gains, thus increasing economic turbulence in the country.

ECONOMIC GAINS MADE SINCE 2013 ARE AT RISK AT A TIME WHEN INTERNAL AND EXTERNAL PRESSURES ARE RISING.

After coming to power in 2013, Prime Minister Sharif restored macroeconomic stability and business confidence in Pakistan, and the country fully completed its first-ever IMF aid program. These gains are at risk at a time when the economy is facing internal and external pressures.

[ASG's India and South Asia Practice](#) has extensive experience helping clients navigate markets across the region. For questions or to arrange a follow-up conversation please contact [Uzair Younus](#).

