

Date: _____
Question No. 07

Day: _____

Answer: i-Introduction:

The resurgence of insurgency in Pakistan presents a multifaceted challenge to regional stability and security. Despite efforts to combat militancy, various factors have contributed to the revival of insurgent activities within Pakistan's borders like socio-economic marginalization, weak governance and rule of law, external support and safe havens, ethnic and sectarian tensions and ideological and religious extremism. Additionally, the intricate relationship between Pakistan and Afghanistan further complicates the situation, with cross-border militant activities and porous borders between the two neighboring countries. Addressing the root causes of insurgency and improving bilateral relations between Pakistan and Afghanistan are crucial for fostering peace and stability in the region.

ii- Reasons for the Revival of insurgency in Pakistan:

a. Socio-economic Marginalization:

Widespread poverty, unemployment, and lack of basic services in marginalized areas have created fertile ground for recruitment by insurgent groups. Recent examples include the continued presence of extremist organizations in economically

Date: _____ Day: _____
deprived regions such as Baluchistan and the Federally Administered Tribal Areas (FATA).

b- Governance and Rule of Law:

Weak governance, corruption, and ineffective law enforcement have allowed insurgent groups to operate with impunity in certain regions. Recent incidents of government corruption and ineffectiveness in addressing the grievances of marginalized communities have fueled resentment and provided opportunities for insurgents to exploit.

c- External support and safe Havens:

Insurgent groups have found sanctuary and support from external actors in neighboring countries, allowing them to launch attacks from across the border. Recent examples include the presence of anti-Pakistan militant groups in Afghanistan.

d- Ideological and Religious Extremism:

Radical ideologies and religious extremism have motivated individuals to join insurgent groups and carry out acts of violence against the state. For instance, the extremist organizations such as Tehreek-e-Taliban Pakistan (TTP) and Jamaat-ul-Ahrar

targeting security forces, religious minorities and civilians.

iii- Impact on Pakistan-Afghanistan Relations:

a- Cross-border Militancy:

Insurgent activities in Pakistan have spilled over into Afghanistan, leading to tensions and mistrust between the two countries. Recent incidents of cross-border attacks by militants from both sides have strained bilateral relations and undermined efforts to promote peace and stability in the region.

b- Border Insecurity:

Porous borders and cross-border smuggling provide opportunities for insurgents to evade, capture and carry out attacks on both sides of the border. Recent incidents of border skirmishes and clashes between Pakistan and Afghan security forces highlight the challenges of securing the border and preventing militant infiltration.

c- Refugee Influx:

The presence of millions of Afghan refugees in Pakistan exacerbates security concerns and strains resources, leading to resentment and tensions between the two countries. Recent examples

include calls by Pakistani officials to repatriate Afghan refugees amid concerns about their impact on security and socio-economic stability.

4- Blame Game:

Both Pakistan and Afghanistan often accuse each other of harboring militants and supporting insurgent groups, further straining bilateral relations. For instance, accusations by Pakistan of Afghan support for TTP factions, as well as, Afghan allegations of Pakistani support for anti-government elements in Afghanistan.

5- Lack of Trust and Cooperation:

Mutual distrust and lack of cooperation between Pakistan and Afghanistan hinders efforts to address shared security challenges and combat insurgency effectively. For example both countries break down the bilateral dialogue over the issues of border management and counter terrorism cooperation.

iv- Way Forward:

a- Enhanced Border Security:

Strengthening border management and security cooperation between Pakistan and Afghanistan to prevent cross border militancy and smuggling.

Date: _____

Day: _____

b- Addressing Root causes:

Insurgency can be curbed by addressing the root causes i.e socio-economic disparities, governance issues and poverty in both countries Pakistan and Afghanistan.

c- Counter-terrorism Cooperation:

Enhancing intelligence-sharing and coordination between Pakistan and Afghanistan to combat terrorist networks and disrupt their operations.

d. Diplomatic Engagement:

Engaging in dialogue and diplomacy to resolve bilateral disputes and build mutual trust and confidence between two countries.

e- Regional Cooperation:

Promoting regional cooperation and collaboration among neighboring countries to address common security challenges and promote stability in the region.

V- Conclusion:

The revival of insurgency in Pakistan and its impacts on Pakistan-Afghanistan relations present significant challenges to regional peace and stability. Addressing the root causes of insurgency, enhancing border security, promoting counter-terrorism cooperation are essential for building a more peaceful and prosperous future for both countries and the wider region.

Question No 03

Answer:

i- Introduction:

The Pakistani economy has struggled to sustain itself without the support of International Monetary Fund (IMF) due to a myriad of structural issues and economic challenges. Despite receiving numerous bailout packages over the years, Pakistan continues to face persistent fiscal deficits, a low tax base and significant external debt. These economic vulnerabilities are compounded by political instability, inefficient public sector enterprises and inadequate infrastructure. The reliance on IMF support underscores the deep rooted issues within the economy, highlighting the need for comprehensive reforms to achieve sustainable growth and financial stability.

ii- Reasons for Dependence on IMF support:

1- Chronic Fiscal Deficits: The current account deficit of Pakistan is \$1.093B. ^(State Bank of Pakistan, 2024) Pakistan's government expenditure consistently exceeds its revenue, leading to chronic fiscal deficits. This imbalance necessitates external borrowing, often from the IMF, to cover budget shortfalls and meet debt obligations.

2- **Low Tax Base:** Pakistan tax to GDP ratio is 10-30% (SBP, 2024). The country has a low tax to GDP ratio due to widespread tax evasion, a narrow tax base and inefficient tax administration. This limits the government's ability to generate sufficient revenue internally, making it reliant on external funding.

3- **High External Debt:** Pakistan external debt is \$130B (March, 2024). Pakistan's high levels of external debt require substantial foreign exchange reserves to service. The country often turns to the IMF for assistance to meet its debt obligations and avoid default, especially during balance of payments crisis.

4- **Political Instability:** Frequent changes in government and political instability disrupt long-term economic planning and policy implementation. This instability deters investment and promotes reliance on IMF support.

5- **Structural Economic Issues:** Inefficient public sector enterprises, and lack of diversification in the economy hinder growth. Structural reforms needed to address these issues are often politically challenging and slow to implement, leading to recurring economic crisis and

The need of IMF Intervention.

iii- Implications of IMF Bailout Packages:

1- Austerity Measures:

IMF programs typically require austerity measures, including cuts in public spending and subsidies, which can lead to social unrest and slow economic growth in short-run.

2- Currency Devaluation:

To improve balance of payments IMF advised to devalue currency. While this can boost exports, it also leads to inflation and increased costs for imported goods, adversely affecting consumers.

3- Structural Reforms:

Bailout packages often come with conditions for structural reforms aimed at improving economic governance and efficiency. While beneficial in the long-run, these reforms can be politically sensitive and challenging to implement.

4- Debt Burden:

Repeated borrowing from IMF adds to the country's debt burden, creating a cycle of dependency that is difficult to break.

5- Investor Confidence:

IMF support can help restore investor confidence by providing financial stability

Date: _____

Day: _____

and a framework for economic reforms. However, failure to implement agreed reforms can lead to loss of credibility and future difficulties in securing external financing.

iv- Recommendations:

1- Enhance Tax Collection:

Implement comprehensive tax reforms to broaden the tax base and improve tax administration, ensuring better revenue generation and reducing dependency on external borrowing.

2- Promote Economic Diversification:

Diversify the economy by investing in sectors such as manufacturing, technology, and services to reduce reliance on agriculture and textiles and increase economic resilience.

3- Improve Governance:

Strengthen governance and reduce corruption to ensure efficient use of resources, improve public sector performance and attract foreign investment.

4- Invest in Infrastructure:

Priority investment in infrastructure to improve productivity, create jobs, and stimulate economic growth, thereby reducing the need for external financial support.

5- Foster political stability:
Encourage political stability
and continuity in economic policies
to create a favorable
environment for long-term
economic planning and sustainable
development.

V- Conclusion:

Pakistan's reliance on
IMF support highlights significant
structural weaknesses within the
economy. Chronic fiscal deficits, a low
tax base, high external debt
are key factors driving this dependency.
While IMF bailout packages provide
temporary relief, they also impose
stringent conditions that can have
adverse short-term effects. To achieve
sustainable economic growth and financial
independence, Pakistan must implement
comprehensive reforms to enhance tax
base, diversify the economy and improve
governance.

Answer:

i- Introduction:

China's approach to geo-economic and political expansion mirrors the strategies historically employed by the United States, such as using economic leverage, building alliances, and projecting soft power. China's Belt and Road Initiative (BRI), for instance, seeks to create a vast network of trade and investment relationships, similar to the post-World War II Marshall plan by the US. This strategic similarity, however, comes with distinct differences in style and execution, reflecting China's unique geopolitical context and goals.

ii- Critical Evaluation of China's Expansion Strategy:

1- Economic Leverage:

China uses economic incentives, such as loans and investments, to gain influence. The BRI exemplifies this, with infrastructure projects in over 60 countries, enhancing China's economic and strategic footprint globally. This approach is similar to the US's post-war economic aid, which aimed to rebuild and politically align recipient nations.

Date: _____

2. Building Alliances:

China has been proactive in forming strategic partnerships and regional blocs, such as the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB). These alliances help China to expand its influence, much like the US did with NATO and other international institutions.

3. Soft Power Projection:

China emphasizes cultural diplomacy and education exchanges, promoting its culture and values globally. Initiatives like Confucius Institutes parallel to United States use of cultural and educational exchanges to foster pro-American sentiment world wide.

4. Military Modernization:

While China's military expansion is more restrained compared to the United States global military presence, it is rapidly modernizing its armed forces and expanding its reach in the South China Sea and beyond, signaling its growing military capabilities.

5. Strategic use of Technology:

China leverages technological advancements and digital infrastructure to influence global standards and practices,

Date: _____

Day: _____

similar to the United States historical dominance in technology and innovation.

iii - Why China can play a Better Role as a Mediator:

1 - Non-Interventionist Approach:

China's foreign policy emphasizes non-interference in domestic affairs, which can be more appealing to countries wary of western intervention. This stance allows China to mediate without appearing to impose its values or political system.

2 - Economic Incentives:

China's ability to offer substantial economic incentives through the BRI and other initiatives provides a powerful tool for mediation. Countries engaged in economic partnerships with China may be more inclined to consider its mediation efforts favorably.

3 - Balanced Relations:

China maintains balanced relations with various countries, including those at odds with western powers. For instance, China has significant ties with both Iran and Saudi Arabia, positioning it uniquely to mediate conflicts in the Middle East.

4- Growing Influence in Global Governance:
China's increased participation in international organizations like SCO and BRICS enhances its legitimacy and capability to act as a mediator on the global stage.

5- Strategic Patience:

China's long-term strategic planning and patient approach to diplomacy contrast with the often reactive and short-term focus of US foreign policy, potentially allowing for more sustainable mediation outcomes.

iv- Conclusion:

China's strategic expansion parallels the historical actions of the United States, but with a distinct approach that reflects its own geopolitical ambitions and cultural values. Its non-interventionist stance, economic leverage, balanced international relations, growing influence in global governance and strategic patience position China as a potentially more effective mediator than the United States.

Date: _____

Day: _____

states in various global conflicts. By leveraging these strengths, China can play a crucial role in fostering international stability and resolving conflicts.

Question No. 02

Answer:

i- Introduction:

The Special Investment Facilitation Council (SIFC) anticipates significant foreign direct investment (FDI) in Pakistan from the Middle East and China, driven by strategic economic partnerships and initiatives like the China-Pakistan Economic Corridor (CPEC). This investment surge is expected to bolster Pakistan's infrastructure, energy, and manufacturing sectors, fostering economic growth and job creation.

ii- Opportunities for investment in Pakistan:

1 - Strategic location:

Pakistan's geographic position offers access to key regional markets, enhancing its attractiveness for investors seeking to expand in South Asia and the Middle East.

2. **CPEC Projects:** The ongoing CPEC projects symbolize a strong bilateral partnership with China, providing robust infrastructure and connectivity, which are pivotal for new investments.

3. **Natural Resources:**

Pakistan's abundant natural resources, including minerals, agriculture and renewable energy potential, present lucrative opportunities for foreign investors.

4. **Young Workforce:**

With a large, young and increasingly skilled labor force, Pakistan offers a dynamic workforce capable of supporting various industries.

5. **Government Incentives:**

Recent reforms and incentives aimed at improving business climate, including tax breaks and simplified regulatory procedures, make Pakistan more investor-friendly.

Date: _____

Day: _____

iii- Conclusion:

The potential for substantial Foreign Direct Investment (FDI) from the Middle East and China offers Pakistan a promising avenue for economic development and stability. By capitalizing on strategic advantages, natural resources, and governmental reforms, Pakistan can attract and sustain foreign investment, driving long-term growth and prosperity.