

Dated:

General Knowledge II
Current Affairs

Questions Attempted:

2, 5, 6, 8

Question 2: BRICS, expansion and implicationsIntroduction

The term "BRIC" was coined by Goldman Sachs economist Jim O'Neill in early 2003, as an acronym for 4 economies expected to boom in the 21st century. Today, the prophecy is not only manifesting itself, but is in fact surpassing expectations. The way that the G-7 represents the west, and largely the Global North, BRICS seeks to do the same for the Global South. According to Chinese leader Xi Jinping, "This membership expansion is historic! It shows the determination of BRICS countries for unity and development."

The expansion he refers to is the inclusion of the following countries into BRICS:

Important notes regarding BRICS
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- 1) Argentina
- 2) Egypt
- 3) Iran
- 4) Ethiopia
- 5) Saudi Arabia
- 6) UAE.

Why this expansion is significant.

The inclusion of the aforementioned states into BRICS is significant for myriad reasons:

Firstly, BRICS, according to USIP, a think tank, contains approximately 42% of the world's population. For the global economy, this spells a significant consumer market that has hitherto remained untapped.

Moreover, after the inclusion of the trillion-dollar economies of the UAE and Saudi Arabia, members of BRICS now account for approximately 43% of the world's crude oil production.

In addition to this, with global economic heavyweights such as Russia, China, India, and now

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KSA and UAE, BRICS member countries, comprise 36% of the global Gross Domestic Product. This is over $\frac{1}{3}$ rd of the total value of goods and services produced worldwide.

Furthermore, BRICS established the New Development Bank in 2014 which serves the same purpose as the World Bank: to fund development within members of the international community. With the inclusion of struggling economies in BRICS such as Argentina, Egypt, and Iran, the development-oriented NDB aims to break the hegemony of the West.

The establishment of the BRICS Contingent Reserve Arrangement also allows for members such as Argentina that are undergoing severe economic crises to be able to secure funds to sort out short term balance of payment issues.

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The geo-economic and political implications of the expansion

- 1) Restructuring of the global economic power structure
BRICS challenges the existing Anglo-American economic power structure that has existed for almost a century.

The alternative multilateral grouping that BRICS provides and aims for inclusivity, as well as representing the interests of the Global South. Prior to BRICS, in spite of numerous attempts by world leaders to disrupt the western hegemony over the world's economy, the west had remained firmly in charge. BRICS is a challenge to the status quo.

- 2) Influence on global energy politics
The inclusion of Saudi Arabia is prudent towards changing the narrative revolving around global energy politics.

Upon the advent of the Russo-Ukraine war, in February of

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2022, Joe Biden, 46th President of the United States was forced to ask Saudi Arabia to increase fuel production to meet global demand, since the supply had been disrupted upon ~~the~~ after sanctions on Russia and the destruction of the Nord Stream gas pipelines.

After including ICA and UAE in BRICS, a large portion of global oil and gas politics will be dominated by BRICS.

3) Push towards de-dollarisation

The Bretton - Woods Conference towards the end of World War II cemented the dollar as the global currency.

BRICS seeks to challenge this. Through its alternate financial institutions such as the NDB and the CRA, as mentioned earlier, BRICS promotes de-dollarisation which essentially translates to a shift away from Western and specifically US-backed modes of transaction.

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The more trade that occurs amongst the Global South, that does not involve the west, the less transactions occur in dollars.

Lower trade in dollars

↓
Global demand for dollar falls

↓
The hegemony of the dollar is weakened

Critical analysis of geo-politics

1) Exacerbates the East vs. West debate

The transition from a UNIPOLAR to a MULTIPOLAR world order means that the west no longer solely dominates and dictates the discourse on global politics.

Countries such as Argentina that are victims of the IMF, and have had a compromised foreign policy due to their reliance on bailout packages can breathe a sigh of relief, as the former US-led

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world order is weakened. For example, an online session of BRICS held in November 23 vehemently condemned Israeli war crimes. In a unipolar world order, this would have been near impossible.

2) New Delhi and Beijing's quest for global dominance

Since the advent of the 21st century, it can be seen that both India and China have hegemonic designs; India on a regional level, and China at a global level. The expansion of BRICS helps these objectives along.

According to Sausha Naidu, "having Iran in the BRICS sends a massive powerful message to the G7, to the Global North, to Washington." when contextualised within the Saudi-Iran ~~Rapp~~ rapprochement brokered by China, the message is clear: Your problems are not our problems.

More recently, India has shown itself to have a multi-faceted

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foreign policy, with geo-economic interests that align with China, and geopolitical interests that go against it. A case in point is the inclusion of India into the military exercises conducted by QUAD and AUKUS in the South China Sea. Clearly, India does not intend to be overshadowed by China's hegemonic plans.

Possible problems for BRICS

1) Strength of American pressure

This is the most significant challenge to the BRICS expansion. The American pressure to prevent candidate countries that are not allied with Western economic systems is significant.

This is especially of consequence as many countries wishing to join are still dependent on Western institutions, such as Pakistan.

2) De-dollarisation as a lengthy and difficult process

Currently, the process of de-dollarisation is not fully underway, and it

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may be a long time before members of BRICS can claim to be truly free of the dollar, currently, most, if not all foreign exchange reserves are held in dollars. For countries like South Africa, it may be reluctant to switch the currency of its reserves owing to the large volume of trade it conducts with the West.

3) Political and geopolitical differences

The member countries have differing political systems and ~~pro~~ priorities. These differences may result in tensions and disagreements within the group.

For example, China's assertiveness in the South China Sea has raised concerns among other members, while India's growing ties with the US have caused friction with other members. Another example of internal opposition is India's non-acceptance of the Chinese Belt and Road Initiative, as well as the long-standing border disputes between the two.

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Conclusion

In spite of these impediments, the BRICS countries need to work together to promote cooperation and integration. This can be done through negotiations and agreements to reduce tariffs, and non-tariff barriers, investment in infrastructure and transport facilities to improve trade, and better dialogue and cooperation between member countries to promote mutual understanding and respect.

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Question 5: Pakistan's energy crisis: implications and solutions

Introduction

Pakistan has been facing multiple significant challenges in its short history, including but not limited to political instability, constitutional crises, and security threats. However, the energy crisis is one of the most severe, where the country not only faces severe load shedding, but also mounting electricity prices. The crisis has far-reaching negative implications on industry, agriculture, markets, domestic life, and the private sector. There is a pressing need to address this crisis at the earliest, in order to overcome its negative implications.

Extent of the energy crisis

The energy sector of Pakistan contends with severe load shedding. In the summer of 2023, there was a shortfall of 7000 MW, while in 2022, the shortfall exceeded 10,500 MW.

From 2007 till the end of

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2016, the shortfall varied from 5000 to 8000 MW.

The loadshedding in urban centers was around 8 hours a day, while in rural areas, it occasionally exceeded 18 hours a day. This issue has resurfaced in 2022-2023.

Pakistan's energy production is the most expensive in Asia, and the 3rd most expensive in the world, according to former PM Shahbaz Sharif. Domestic unit charges vary from Rs 34 to 65, while commercial varies from Rs 48 to over Rs 90. per unit. In the last 2 years, prices have more than doubled.

Implications of the energy crisis

1) Industry is one of the worst hit

On one hand, the state has been categorically unable to provide uninterrupted supply of electricity. On the other hand, the rising generation cost of electricity has resulted in

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Higher production cost of industrial products, which has resulted in making Pakistani locally produced products non-competitive in the international market, as compared to Bangladesh and India. This has consequently contributed to a decline in exports and an increase in the trade deficit.

2) Setback for the agricultural sector

Over 30% of Pakistan's agricultural sector is heavily reliant upon tubewells, to irrigate crops. Owing to the fact that Pakistan's economy is 70% agrarian, the non-provision of electricity has caused a massive setback for farmers. This was further exacerbated by excessive flooding in 2022, resulting in the destruction of the livelihood of thousands of poor farmers.

3) Implications on domestic life

Due to the unprecedented and massive bump in the per unit cost of electricity, the average household budget has

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been severely disturbed. According to the Pakistan Average Monthly Wages data, in 2021, the average monthly ~~tax~~ salary was Rs 24,028 with electricity bills often exceeding Rs 10,000, household expenditures have been significantly altered to accommodate, with the working-class suffering the most.

4) Commercial markets experience disruption

Owing to the skyrocketing energy prices, commercial prices have consequently increased as well, with sellers hoping to maintain their already slim profit margin. As a result, the brunt of the price hike is borne by the consumer, causing purchasing power of the average Pakistani to decrease.

5) Disturbance of public life

The sudden hike in electricity prices has caused unrest in many parts of the country. This has taken the form of protests that involve burning of electricity bills publicly, as

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citizens refuse to pay the exorbitantly high prices, while simultaneously demanding a continuous supply of power

Therefore, it can be said that the question statement is largely correct, and the economic and social fabric of Pakistan has undergone severe disruption due to the ongoing energy crisis.

Recommendations to fix crisis

- 1) Renegotiate the agreements with IPPs

The major cause of the energy crisis are the myopic agreements signed with Independent Power Producers, that force the Pakistani government to pay capacity charges for electricity that is not even produced. Currently, the state owes over PKR 2.3 billion to these IPPs.

The agreements signed in 1986, 1991, ~~2006~~, 1994, and 2002 need to be renegotiated so that capacity payments are no

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longer required, and local IPPs are paid in PKR. However, ~~the issue~~ This renegotiation was done in 2020, but most IPPs cannot be renegotiated until 2027, when the previous agreement expires.

2) Installation of local cheaper energy projects

Pakistan's energy policy for 2030 focuses on ~~indigen~~ indigenisation of electricity generation. 15000 MW of electricity would be produced from hydro projects, in which the Diamer Bhasha Dam would add 4500 MW, Dasu 4300 MW and Mohmand Dam 800 MW, amongst others.

There is also a need to utilise the local coal of Thar, where there are 4 projects of 320 MW each, and one of 1320 MW underway.

A switch to solar and wind energy is also being executed, with a 4500 MW wind turbine project and a 2000 MW solar project.

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3) Revamping the outdated transmission lines

In spite of it being an expensive undertaking, the country is in dire need of changing the outdated transmission lines. Currently, most transmission lines are expired before 2000, or 2013. As a result, Pakistan's line losses are the highest in South Asia, at 17%, whereas China is at 3%, and India and Bangladesh experience 9%. This lost energy results in the state and consumer bearing the costs.

Both the local transmission and the broader network of NTDC need a rework, resulting in reduced line loss and electricity theft.

Conclusion

While the current state of Pakistan's energy sector is dire, with damage to the socio-political-economic fabric of Pakistani life within the country, the aforementioned steps can help greatly alleviate loadshedding and per unit power costs.

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Question: 6: Hamas - Israel: war and implications

Introduction

Hamas is an armed group based in Gaza fighting the war of Palestinian freedom from the Israeli occupation. On the 7th of October, at 6:30 AM, more than 2000 Hamas fighters crossed the border into Israel occupied territories via land, sea, and air by paragliders. Hamas also simultaneously fired over 5000 rockets and mortars into Israel, overwhelming the Iron Dome air defence system, considered the best in the world. At the same time, cameras along the border were disabled via drones.

The Hamas attack was unprecedented

The Hamas attack was the first time since 1973 that the Israeli border was overwhelmingly violated. Hamas was able to carry out attacks on military checkpoints along the Israel border, as well as the settlements made by Israel along the Gaza border, called Kibbutz.

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Over 1200 Israeli soldiers, policemen, and civilians were killed by both Hamas fighters as well as by indiscriminate firing by the Israel Defence Force (IDF). Over 200 Israelis were captured and taken into Gaza as hostages.

Attack of Israel on Gaza & Israeli war crimes

The Netanyahu administration used the Hamas attack to launch an all-out state-led genocide against the people of Gaza.

In less than 1 month, Israel dropped more bombs in Gaza than the overall bombardment of Iraq during the invasion in 2003, or on Japan during World War II by the US.

Much of the infrastructure has been levelled to the ground, and facilities such as hospitals, bakeries and schools have been targeted by Israel, claiming that Hamas fighters are using them as shelter.

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Over 15,000 Palestinians have lost their lives, over 70% of whom are women and children.

The Israeli government has ordered Gazans to vacate the urban centers in the north and move to the south. This shows a clear intent to force Palestinians to become refugees in the Sinai desert, or IDP's in the south of Gaza, which would allow Israel to launch an all-out war against Hamas.

The war crimes of the Israeli forces have been carried out systematically to allow the military to invade Gaza once again. First, they bombarded the area en masse. Next, Israeli artillery had constantly fired into Gaza since Oct 7. Thirdly, Gaza has been invaded by tanks. The final step would be Israeli infantry entering Gaza and fighting Hamas head-on.

Implications of the war in the region

The perception built meticulously by Israel as a victim, and

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Hamas as terrorists, has eroded to a great extent. Israel is slowly being seen for what it is, which has troubling implications for the Jewish ethno-state.

1) Israel's eroding relations with the Arab world

Israel-Arab relations have experienced significant deterioration since the beginning of the genocide. Since 2020, Arab nations began normalising relations with Israel. UAE, Bahrain, Oman, Morocco, and Sudan signed the Abraham Accords with Israel in 2020, recognising it as a sovereign state and establishing diplomatic relations with it. The White House also claimed that KSA-Israel dialogues were underway in 2023 as well.

However, after the attacks of Israel on Gaza, and the unparalleled war crimes, Muhammad bin Salman was compelled to clarify that "there are no talks with Israel". He further stated that "Israel is involved in war crimes," clearly indicating that the process of Saudi-Israel

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normalisation has derailed.

Other Arab nations have also begun severing ties with Israel. Jordan and Bahrain have recalled their ambassadors, and cut off diplomatic contact, as did Oman. The UAE has threatened to do the same, and has also warned, along with Qatar and Kuwait, that it would be forced to provide support to Hamas if Israel does not cease its war crimes.

2) Iran is a major beneficiary. Iran has always maintained a strict anti-Israel stance, and openly supports Jihadist organisations such as Hezbollah and Hamas against Israel.

As a result, Israel's foreign policy has been geared towards the isolation of Iran, and establishment of close relations with the Arab world.

The recent rapprochement of KSA and Iran, brokered by China,

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was a major setback to Israeli foreign policy. Netanyahu's government not only wanted to derail the agreement, but also aimed to establish diplomatic relations with Saudi Arabia. However, the Hamas - Israel war has outrightly derailed the process in Iran's favour.

KSA not only announced the claim of no talks with Israel, but also invited in the Iranian president to participate in the OIC conference in Riyadh; the first such invitation in over a decade.

Hamas vs Israel: implications on global power politics

1) Unwavering American and Western support for Israel

The US and European media, in tandem with their governments, have announced unconditional support for Israel, calling Hamas terrorists, and labelling Israel as a victim with a right to defend itself.

US, UK, and other NATO states

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have announced military support for Israel, with the US sending 2 aircraft carriers to the Mediterranean.

The US military has also intercepted a series of missiles fired from Yemen from by the Houthis rebels, and by Hezbollah from Lebanon. Biden's government has announced a \$5 billion aid package for Israel, with a further \$100 billion for Ukraine and Russia pending approval.

The US and the west, portraying themselves as champions of fundamental rights, have turned a blind eye towards Netanyahu's war crimes.

The west was quick to condemn Russia and Putin for war crimes in Ukraine, and while Netanyahu has done worse, the west is silent. This has shown the western double standard to the world: They would talk of human rights if it suits their interest.

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2) Western hypocrisy and Chinese in-roads in the Middle East

There is an increasing deterioration of the US image in the Middle East. China is in prime placement to take full advantage of this.

It first became the largest investor and importer from the Middle East. Recently, it brokered the Saudi-Iran deal. Now, it has hosted a meeting between key Arab foreign ministers and Palestinian leadership in Beijing.

The official press release states that China supports the right to self-defense of Israel, but it outrightly condemns the human rights violations committed by Tel-Aviv and Netanyahu. It asks Israel to follow international law and take steps towards a two-state solution.

Because of these steps, a soft image of China is projected across the Arab and Muslim world.

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3) Hamas - Israel war may push the world towards greater multipolarity

The image of the west in the wake of Israeli war crimes is deteriorating, and that of Russia and China is improving, especially with their outspoken condemnation of Israel.

Moreover, if the Hamas - Israel war continues, it will further divide US military concentration as well as aid expenditure, providing Russia with more opportunities to intensify the war in Ukraine.

Furthermore, the war may allow China to make continued economic and political expansion not only in the Middle East, but also accelerate its "One Country Two Systems" policy for Taiwan.

The inclusion of Iran in BRICS sends a clear message to the West that their problems are not the problems of the Global South, especially considering Iran's support for Hamas and Hezbollah.

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Conclusion

At this stage in the Hamas - Israel conflict, it is difficult to say how long the fighting will continue. The west continues to ignore pleas for a ceasefire, and the Israeli war machine continues churning away. However, it is safe to assume that the perception of the west as a champion of human rights has been broken, and the world largely speaks in favour of Palestine.