

Question 6

Ongoing Israel-Hamas war

The on-going Israel-Hamas war which was exacerbated after the events of October 7, 2023 when Hamas kept hostage some Israeli prisoners poses a number of implications on regional and global power politics. It could trigger a global economic shock, military vulnerability, deeper political polarisation, new strategic challenges and shifting nature of warfare due to belligerent non-state actors.

I Economic Disruption and global economic shock

In an alarming new report, the World Bank warned on October 30 that the ongoing Israel-Hamas war could trigger a "global economic shock" including oil prices rising \$150 a barrel and millions going hungry due to higher food prices.

Mirroring the 1973 OPEC crisis

This economic shock could mirror the 1973 OPEC crisis when Saudi Arabia placed oil embargoes on the US for supporting Israel military.

As the US continues to support Israel military, supplying it weaponry and artillery, that puts it at a position of military vulnerability

II Military Vulnerability and increase of US involvement in Israel

To prevent escalation and protect its own interest groups there, the US prepped 2000 troops and Pentagon deployed 2 carrier strike groups in the volatile region of Palestine. This could put US in a wider military conflict as a threat to war zones because of its deployment in the Middle East.

III Political Realignment

(a) In a world already polarised, the war has spilled over to, distant continents
↓
faraway capitals
↓
divided college campuses

Distinct camps are emerging, beyond simply pro-Palestine

or pro-Israel.

(b) Anti-Semitism is on the rise
Death threats to Jewish groups and organisations in United States is on the rise.

(c) Pro-Palestinian demonstrations
Meanwhile, millions have turned out in pro-Palestinian demonstrations from London to Turkey and Kuala Lumpur.

(d) The notion of diplomacy as through Abraham Accords is being challenged
Regional leaders who have engaged with Israel face pressure to back off and beyond.

IV New Strategic Challenges and Rise of China

While ~~Three~~ two of the three big economic giants or superpowers, US and ~~China~~ ^{Russia} are consumed with aiding and arming Israel and Ukraine respectively, China faces no similar strategic challenges. As a result, it is unimpeded in building its military, expanding its influence far beyond Asia and increasing its diplomatic leverage.

into a long-term agenda.
China has been doing a deep dive into the regions of Global South

China is gaining support and influence particularly of developing nations by employing a pro-Palestine stance

"Many Global South Nations are sympathetic to Palestine and the war is therefore an issue China can use to mobilise support for its leadership of developing countries"

[Ahmed Aboudoh,
Fellow at Chatham
House in London,
October 2023]

So, China is engaging in a very strategic move since the war, it is:

- (i) Not part of any conflict/war
- (ii) Is bettering its economy
- (iii) Strengthening its military
- (iv) Gaining support and influence in the region

VI Belligerent non-state actors' rise

Finally, the war in Gaza reflects the challenge of non-state actors, the militias that are not as well armed or financed as nations with formal armies.

For the past 50 years, all of Israel's wars have predominantly been with militias

The PLO, then twice with Hezbollah in Lebanon and multiple confrontations with Hamas have been at the core of this war and continue to be.

Hence, the notion of balance of power between conventional or non conventional - or big armies and small ones is no longer a calculable algorithm based on the number of armies and men.

VII Gaza - World's first digital genocide

With over 15,000 people murdered now at the hands of Israeli forces (Al-Jazeera) this is a genocide where the images of intimate suffering and babies and women

being
being targetted is ^{being} livestreamed
on social media sites (UN).

VIII

Conclusion ^{shifting}
Global Impact and Regional dynamics

The war or genocide has
already had a global impact
within less than two months. The
longer the war continues, the
more far reaching its consequences
would be.

“Policymakers will need
to be vigilant. If the conflict
were to escalate, the global
economy would face a
dual energy shock for the
first time in decades.”

[Judermit Gill,
World Bank's
Chief Economist]

Question 3

Balance of Payment crisis and IMF's role in policy making of Pakistan

Pakistan has been facing an acute Balance of Payment crisis and falling foreign exchange reserves. IMF has always dictated the country's fiscal, monetary and foreign policy making as is evident from the delays in handing out the funds. The most recent of the delay occurred a month ago in the bailout package that builds on the 2019 program.

Fiscal and Monetary Policies

IMF asks Pakistan to revise its budget

The IMF asked Pakistan to revise the budgetary framework for 2023-24 as reported by Economic Times.

Ending electricity and fuel subsidies' conditionality

In the series of plans that IMF devised for Pakistan, this conditionality was rigid so as to end ~~tax~~ ^{revenue} burden on the government and broadening its tax net.

Reduce costs in the energy sector and restore efficiency in the sector

Under the standby agreement, Pakistan has agreed to reduce its losses and wastes from the energy sector and increasing gas tariffs.

Continuing state-owned enterprise and governance reforms

High governance and transparency standards on SOEs as were IMF would be levied.

Foreign-policy Making

Deepening Cooperation with international partners

IMF calls on Pakistan to accelerate and deepen the engagement with multilateral and official bilateral partners. IMF mentioned "timely disbursement of committed external support remains critical, to support policy and reform efforts."

and checks

Targets for foreign exchange reserves

The IMF carried out the debt sustainability analysis to determine whether Pakistan can sustain the line loan. It set a target of increasing foreign exchange reserve from \$6.8 billion to about 12 billion ^{from} ~~the~~ 2019 to 2020.

Critical Appraisal and Conclusion - economic reform and betterment of country standard set by IMF

It is true that IMF exercises control over Pakistan's policies as a result of the increased loans acquired by the country. However, checks such as increasing foreign exchange reserves and curbing losses in the energy sector are necessary to move Pakistan out of Balance of Payment Deficit. The government of Pakistan is and shall remain the ultimate stakeholder in its policies with alongside collaborations.

“The IMF together with other international partners is working closely with the government of Pakistan to support the implementation of the authority's economy reforms program”

[David Lipton,
Managing Director
IMF]

Question 4

“Loss and Damage” fund and Islamabad's role in it, how would it benefit Pakistan

The Loss and Damage fund was established at Conference of Parties (COP 27) conference in 2022. Islamabad played a significant role in it and it is hoped that the upcoming COP 28 to be held in Dubai, UAE would further elaborate the objectives of this fund and it would benefit all developing countries including Pakistan, that remain susceptible to climate change.

Demand of more than 50 countries most vulnerable to climate change

Because of the major emitters of carbon, a lot of countries suffer from ~~the~~ most drastic impact.

Pakistan is ranked 8th most vulnerable in Global Climate Risk Index Report

↳ Additionally, COP 27 was held in the aftermath of Pakistan's disastrous 2022 floods.

Negotiators, led by Pakistan, advocated for the setting up of Loss and Damage Fund

Pakistan led the COP 27 summit as its vice-chair was the then PM. The accord to set up the Loss and Damage Fund was done in the leadership of Pakistan.

Least vulnerable to producing carbon emissions but most impacted by them

Pakistan's share in the global carbon emissions is less than 1%. This is one of the major causes that led to it supporting the idea of Loss and Damage Fund as the chair of G-77 summit.

What is Loss and Damage Fund

It is a fund that was proposed to be set up at the aforementioned Conference to,

- (i) cover the damage felt by developing countries experiencing adverse climate change effects
- (ii) fund allocations to those countries who are the worse effectees of climate.

Primarily, it aims to provide financial assistance to nations most vulnerable to climate change and face its effects.

Pakistan to submit progress on the Loss and Damage fund along with Nationally Determined Contributions (NDCs).

This progress report would serve to be beneficial to Pakistan as whether it submits zero progress or some, it will be a means of accountability for it to work proactively and seek assistance to form policy frameworks in front of global leaders.

Longer-term technical assistance and building internal capacity to create resilience

While the loss and Damage fund is a step in the right direction and motivation for Pakistan to receive financial assistance to start addressing climate change's effects, as suggested by the United Nations that this short term funding should not be the focus for

Pakistan. The Loss and Damage Fund will only prove to be fruitful for the country if it applies such a forward-thinking strategy in the years ahead.

Conclusion - essential for Pakistan to improve its capacity

Therefore, in light of the establishment of the Loss and Damage fund, it will prove to be beneficial for Pakistan as it improves its capacity and gears up to work with UN agencies that are relevant, line ministries and departments at federal and provincial level to capitalise on the facilities of The Loss and Damage fund.

Question 7

One China Two systems policy
& US policy towards Taiwan

China's "One China Two Systems" policy is geared towards the notion that China considers Taiwan to be its part. Under this policy, Taiwan would continue with its existing governance ^{and} but China would follow its own system. It is a constitutional principle. The US has always supported Taiwan's independent status. As an economic giant, it has been able to sustain China from implementing its One China Two Systems policy, substantially.

US mandate of One China

U.S policy has always supported the notion of One China and Taiwan as independent.