

Q No # 03

Negative Implications of Expensive Electricity on Economy, Social, and Political life of the Country; and Workable Recommendations

Introduction

Former Minister of WAPDA said that Pakistan produces the most expensive electricity in the South Asia and one of the most expensive electricity in the world in general. But the recent hike in the price of electricity has devastated socio-economic and political life of the people. It has lefted far-reaching implications on the poor masses. Now, there is dire need of focusing on the rising prices of the electricity as people unable to pay them. In this regard some pragmatic and practical steps should be taken to control the increasing tariffs of the electricity.

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Reasons of Producing highly Expensive Electricity:

There are number of reasons of producing extremely high expensive electricity but here, two major reasons are discussed:

i- High Generation Cost:

Generation cost of energy is high. It is evident from the fact that Pakistan is producing the most expensive electricity in South Asia as its commercial unit is almost 42-62 rupees/unit.

The main reason behind so expensive electricity that Pakistan generates 60% of its electricity from Hydrocarbons (HCs). They are mostly imported sources as Pakistan pays in dollar which also causes devaluation of rupee which leads to high prices of electricity.

ii- Expensive Agreements with IPPs:

These agreements with IPPs

and RPPs are based upon paying capacity payment. 33% payments have to pay as capacity payment, either we purchase or not.

In June 2022, circular debt has become 2.6 trillion which is mostly capacity payments of IPPs and RPPs.

Negative Implications of Expensive Electricity on Socio-economic, and Political life:

The following are far-reaching implications of expensive electricity on overall national life:

i- High Production Cost:

Owing to high electricity tariffs, industrial productions do not compete with regional competitors. Now, factories move towards China as Honda, Toyota, Indus Nishat, Kohinoor Textile, and almost 250 industries have been closed. Thus, they reduce production capacity which ultimately leads towards less export and high import.

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ii- Domestic Life Worst Hit:

Government raises electricity prices regularly on every month ~~has~~ justifying his move by blaming international market fuel prices. Every month people get a ~~high~~ bill with higher prices of per unit in comparison to previous month. These rising prices unjustifiably have devastated the lives of million.

iii- Reduction in Purchasing Power:

Purchasing power of the masses have been touched the lowest as people unable to purchase anything due to higher electricity bill on one hand, and rising inflation is another.

iv- Low HDI of the country:

Government is unable to invest on its poor masses as ~~is~~ government faces myriad of economic crisis which led to low HDI of the country. For example, Pakistan stands

at 161 out of 192 countries -
no progress recorded from 2018-2022 -
in UNDP Human Development Report
2022.

Recommendations to Reduce and Control Expensive Electricity Prices:

i- Renegotiate Agreements with TPPs:

Government renegotiated
the agreements of 1981 and 2002
in 2020, which waived off capacity
payments but agreements of 2011
and 2014 are still there. So, they
must be renegotiated.

ii- Focus on Local Source of Electricity Generation

We have to move on
local coal projects as it has been
initiated. For example, 3 projects of
3200MW of each of Thar Coal has
been added to the system, 4th project
has been completed.

iii- Focus on Hydro Electric Power Projects:

Many hydroelectric projects have been completed as Taroda Hydroelectric project of 730MW has been completed. Others will be completed in near future. For example, Sukhi Kinari HEP of 883MW will be completed in coming couple of months. Government must focus on incomplete projects to ensure timely completion of these projects so that cost of electricity can be reduced.

iv- Installing Nuclear Projects:

Pakistan has seventh nuclear power plants however as many as six are currently running. The six nuclear power plants have a combined installed capacity of 35,300MW, constituting a share of 8.1pc in the country's total nameplate power generation capacity. Government should focus on this clean and soft energy to reduce production cost of the electricity.

ects:

V- Moving towards Wind Projects

Share of wind projects in electricity generation must be increased as current share of 1835mw is nominal.

VI- Solar Projects:

Being a tropical region country, Pakistan has multiple choice of generating electricity, one of them is solar which is clean and cheaper source of electricity production.

VII- Control Power Theft:

Power distribution companies must ensure that power could not be stolen as their employees are mostly responsible in theft of electricity.

Conclusion:

All in all, the burden of extremely expensive electricity can be lessened when government implements so-called recommendations in letter and spirit.

QNO # 06

CPEC Decade: its Success & Failure:

Introduction

CPEC is a joint venture of both China and Pakistan. It was consist on three phases: first, 2nd and third phase. Currently CPEC is in its second phase as first phase projects have been successfully completed and implemented. In its 2nd phase, CPEC has facing many challenges, too. After a decade of its initiative, Pakistan and China are celebrating decade of CPEC. This decade of CPEC has brought many success; however, it is not free on a few failures. The following is detail discussion of success and failure of CPEC.

Success of CPEC:

During ~~the~~ successful completion of first phase of CPEC which has brought

many success for Pakistan in form of resolving various crisis in Pakistan. Now, CPEC is officially in second, but here is total success of CPEC:

i- Resolved Energy Crisis in Pakistan

One of key success of CPEC is resolving energy crisis in Pakistan as country faced myriad of energy crisis before arrival of CPEC. Now, energy problem and loadshedding has been reduced at a larger extent.

ii- Construction of New Industry:

New industry will be set up in 12 SEZs. The SEZ will provide a number of facilities and incentives for investors that will bring investments.

iii- Relocation of Chinese Industries

Chinese companies have

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invested over one billion US dollars in different sectors, e.g., in Faisalabad's Industrial City, their assembling and production plants have started working.

ii. Job Creation and Employment:

CPEC projects ensure employment opportunities for both Pakistanis and Chinese. For example Allama Iqbal Industrial City (AIIC) will create 300,000 jobs and bring \$5bn investments. It will allow relocation of Chinese industry as China is running out of cheap labour.

iii. Regional Connectivity:

One of a key success of CPEC is regional connectivity as Pakistan's geographical location provides edge to CPEC project. Pakistan is located on an gateway to Central Asia. CPEC links Eurasia through roads, rails and sea routes. Thus, it is a major success of CPEC in regional connectivity.

vi- Construction of New Industry

CPEC ensures construction of new industry.

vii- Attract FDI:

CPEC has potential of attracting billions of dollars investment through providing various schemes and offers. For example, 10-year income-tax exemptions.

ix- Cardinal Relations between China and Pakistan:

Both countries are tested friend of each other. However, CPEC further strengthened this bond of friendship.

Failure of CPEC as a Project:

Multiple stakeholders are involved in CPEC, they have different approach in seeing various developments. Owing to multiple reasons, CPEC also faced some challenges and

failures. The following are the calculated failure of CPEC:

i- Unable to develop trust among Pakistani masses:

Pakistani masses see CPEC as another East India Company as many voices ~~for~~ ~~time~~ ~~being~~ have been raised during course of time. Balochistan, which is the hub of CPEC projects, does not favour CPEC projects due to social injustice with Balochistan population.

ii- Slow Pace of Projects:

A number of CPEC projects do not meet their deadline. They missed it. Thus, it can be counted as its failure.

iii- Political Discontentment:

Political discontentment is widely seen over route selections, funds allocation, and lack of transparency.

iv- Debt Trap Project of Pakistan:

It is usually apprehended that Gwadar is another Hambantota. CPEC is considered as debt trap project as for Sri Lanka, Hambantota.

v- Safety and Security of foreigners:

Security and safety is responsibility of the state. But Pakistan failed to protect foreigners in general and Chinese in particular as many incidents occurred in which many Chinese engineers, workers and labourers lost their lives. Thus, it contributed in failure of CPEC.

Conclusion:

To conclude, success of CPEC outweighs its failure as CPEC has so many success. But there is need of hour to adequately address these concerns, so that to reinvigorate CPEC as soon as possible.

QNO # 07

Decline in US hegemony as a Global Leader

Introduction

At the end of WWI, the world became bipolar with two major players - USA and USSR. But after fall of USSR in 1991 in cold-war, the crown of world power was decorated on the USA, and the world became uni-polar. But ~~with~~ the advent of 21st century has risen many global and regional players as many developing countries now pose challenge to the crown of world leader of USA. As world is moving towards the multipolar world with many regional powers have been so strong, that USA may not be able to maintain its hegemony as a global leader. The following are main threats to US hegemony.

Threats to US Hegemony:

i- Economic Decline of US:

Despite a strong economy, USA economy faces many set back to its economy. For example, expenditure on war on terror, cut in defence budget, etc.

ii. Diplomatic Retreat of US:

USA doesnot play a vital role in diplomatic forums. The latest evident in this regard is china's role in diplomatic affairs between USA and Iran. During, Covid-19, President Trump also withdrawn from WHO and cut its budget. These show how USA is losing its global role.

iii- Resurgence of Russia:

After the fall of USSR, Russia was economically, socially,

and militarily was weak. But now, Russia poses a major threat to West in particular and USA in general. USA does not play any major role in avoiding war b/w Russia and Ukraine. Thus, resurgence of Russia is a greater threat to hegemony of USA.

iv- Emergence of China:

The rise of China in economic, political, technological, and geo-strategic poses a greater threat than resurgence of Russia. China is the 2nd largest economy in the world who has more foreign reserves than USA. Thus, it is a major threat to USA.