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Current Affairs - CSS - 2025

Question No: 03

State-Owned Enterprises:-

Answer:-

1- Introduction:

State-Owned Enterprises (SOEs) in Pakistan have historically posed a challenge to the national economy. Inefficiencies, mismanagement and corruption have made these entities a persistent drain on public finances, necessitating subsidies and bailouts that divert resources from critical developmental sectors. Privatization emerges as a compelling solution to revitalize these entities, minimize fiscal burdens, and foster economic growth.

2- Why SOEs are a Burden:-

2.1 Financial Losses: Many SOEs operate at a loss, creating a continuous fiscal drain.

Example: Pakistan International Airlines (PIA) has accumulated losses exceeding PKR-400-Billion due to inefficiency and mismanagement.

**Ref: ~ Pakistan Economic Survey
— 2022 - 2023 —**

2.2 Inefficiency and Mismanagement: SOEs are plagued by politically motivated appointments and poor governance. This undermines operational effectiveness and adaptability to market demands.

**Reference: World Bank Report on
SOE Governance — 2021 —**

2.3 Corruption and Rent-Seeking:

Corruption in State owned enterprises (SOEs) results in resource misappropriation, exacerbating financial deficits.

**Reference: Transparency International's
2022 Report.** It also highlights Pakistan's weak anti-corruption

framework.

2.4 Opportunity Cost: Resources allocated to sustain failing SOEs could be used for vital sectors like Healthcar and Education.

Example: Pakistan spend PKR 500 Billion annually on state owned enterprises subsidies, equal to 10% of the education budget.

Reference: Dawn-2023

3- Why SOEs Privatization is Necessary:-

3.1 Efficiency Gains: Private enterpizes operate under competitive pressures, driving better performance and innovation.

Example: PTCL's profitability and service quality improved after partial privatization in 2006.

3.2 Fiscal Relief: Reducing subsidies and bailouts eases the government's financial burden.

Reference: IMF's Pakistan Economic

Review 2023

3.3 Attracting the foreign Investment:

Privatization attracts international investors, boosting foreign direct investments (FDI)

Example: K-Electric Privatization increased FDI inflow and operational efficiency.

3.4 Economic Diversification: The government can shift focus from running businesses to enabling a regulatory environment, promoting innovation and diversification.

4- How to Privatize SOEs:-

4.1. Transparent Process: Open and Competitive bidding builds public trust and prevents corruption.

Example: Privatization of PTCL involved international investors through transparent processes.

4.2 Public-Private Partnerships (PPP): Collaboration with private entities for management without immediate sale can minimize

resistance.

4.3 Phased Privatization: Starting with less controversial enterprises helps in building public confidence.

4.4 Stakeholder Involvement: Addressing concerns of employees and unions minimizes resistance to privatization.

4.5 Regulatory framework: Independent regulatory bodies are essential to monitor privatized entities and prevent monopolistic practices.

5. Case-Studies:

5.1 Domestic Example: PTCL

Partial Privatization resulted in improved profitability and service delivery.

5.2 Global Example: British Rail Privatization

Enhanced service delivery efficiency and customer satisfaction post-privatization

6 Challenges to Privatization in Pakistan:

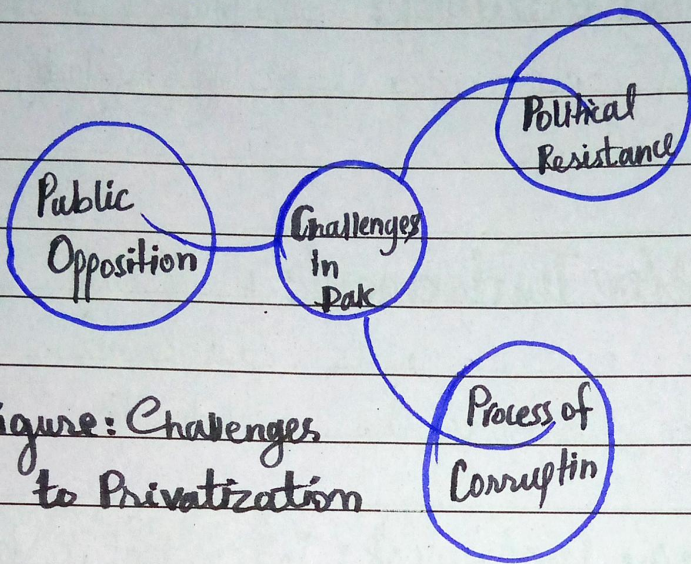


Figure: Challenges to Privatization

6.1 Political Resistance:

Politicization of privatization processes delays decisions and implementations.

6.2 Public Opposition:

Concerns about job losses and service affordability create public resistance

6.3 Corruption in the Process:

Lack of Transparency can lead to undervaluation of assets, favoring a select few.

7- Way Forward: Recommendations:

7.1 Build Political Consensus:

Aligning political stakeholders can depoliticize the privatization process.

7.2 Effective Communication:

Educating the public about privatization benefits can reduce resistance.

7.3 Transparency and Accountability:

Implementing robust checks ensures fair and efficient privatization.

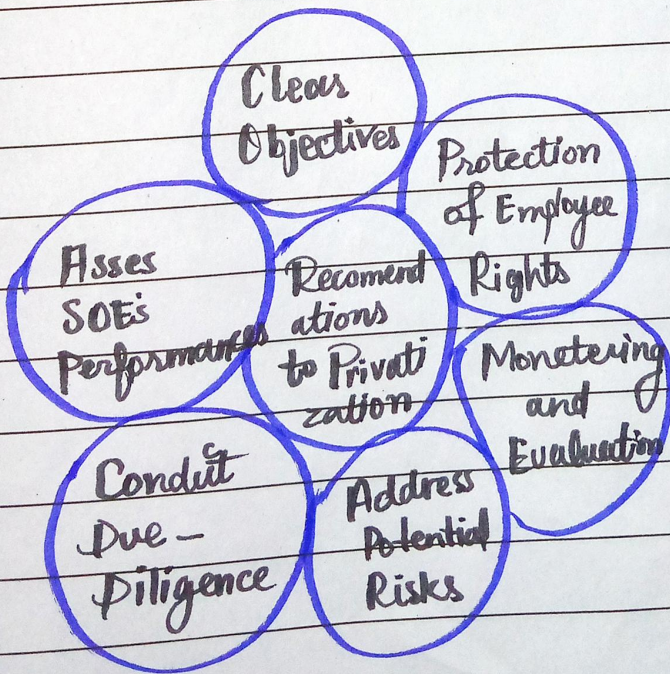


Figure: Solutions to Privatization challenges

8. Conclusion:-

Privatizing SOEs is crucial for Pakistan's economic stability and growth. By reducing fiscal deficits, enhancing efficiency, and attracting foreign investment, privatization offers a pathway to sustainable development. However, success hinges on transparent, phased processes and effective regulatory oversight to address political and public concerns.

Question No: 4

China - Russia Relationship

Answer :-

1- Introduction:-

Russia and China have been deepening their economic, geo-political and geo-strategic collaborations in recent years, driven by a shared desire to challenge the dominance of the U.S.-led world order. This partnership is based on mutual interests, including resisting Western influence, promoting multipolarity in global politics and strengthening their positions as global powers. Below is the analysis of this collaboration.

2- Economic Collaboration:-

2.1 Trade and energy ties: Russia and China have expanded their trade significantly, with energy being a

cornerstone of this relationship. Russia is one of largest suppliers of oil and natural gas to china, helping meet its growing energy needs.

They are working on large-scale infrastructure projects like "the Power of Siberia" gas pipeline, which strengthens their economic interdependence.

2.2 Reduced Dependence on the West: B

Both nations aim to reduce reliance on the U.S.-Dollar by conducting trade in their currencies (yuan and ruble). This is a part of a broader effort to weaken the dollar's dominance in the global trade.

2.3 Economic Sanctions:

Western sanctions on Russia after the annexation of Crimea in 2014 and more recent sanctions due to the Ukraine conflict have pushed Russia closer to China as an alternative market and economic partner.

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3- Strategic Collaboration :-

3.1 Military Cooperation:

Russia and China conduct joint military exercises, demonstrating growing security ties. These exercises show their ability to coordinate militarily, countering the U.S and its allies in regions like the Indo-Pacific and Eastern Europe.

Russia shares advance military technologies with China, strengthening the latter's defense capabilities.

2. Geopolitical Alignment:

Both countries oppose NATO expansion and U.S - military influence in Asia and Europe. They support each other's core interests - China backs Russia on Ukraine, while Russia supports China on Taiwan.

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4.1

Geo-Political Collaboration:-

Both Russia and China advocate for a multipolar world order, challenging U.S. dominance by increasing their influence in international institutions like the BRICS and the United Nations.

They aim to provide alternatives to Western-led Institutions such as the World Bank and the IMF by promoting initiatives like the Shanghai Cooperation (SCO) and the Belt and Road Initiatives (BRI), that helps in promoting **Multipolarity**.

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4.2

Shared Ideological Opposition to the West:

Russia and China presents themselves as defenders of sovereignty and non-interference, criticizing U.S. led interventions in other countries.

5. Challenges to the U.S.-led World Order:-

5.1 Erosion of U.S. Influence:

They are growing partnership that undermines U.S. influence in global politics, particularly in Asia and Europe.

By strengthening their military and economic ties, Russia and China counter U.S.-led alliances like the NATO and the QUAD.

5.2 Technology and Innovation:

Cooperation in energy-high fields including Artificial Intelligence and space exploration, is helping China and Russia reduce reliance on Western Technology.

5.3 Polarization of Global Politics:

The Russia-China bloc encourages other nations to align with them, particularly in the

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4. Global Souths where countries are skeptical of Western hegemony.

8. ~~Limitations of the Partnerships:~~

6- Limitations of the Partnerships:-

While Russia and China share common interests, they are having some limitations, that are given below:

6.1 Economic Disparity:

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4 China is economically stronger than Russia, which could lead to an imbalance in their relationships.

6.2 Differing Goals:

Russia focuses on maintaining its balance or its influence in Europe, while China prioritizes dominance in Asia and the Indo-Pacific.

6.3 Potential Rivalry:

Historically, both nations have competed for influence, and mistrust could resurface, if their interests diverge.

7- Conclusion:-

The growing Russia-China partnerships represents a significant challenge to the U.S.-led world order. By strengthening economic, military and geopolitical ties, they aim to create a multipolar world that reduces western dominance. However, their collaboration has limitations, and its long-term success will depend on their ability to manage differences while pursuing common goals.

Question no: 6

COP-29-Summit-failures
and its commitments:-

Answer

1- Introduction:-

The COP 29-Summit, held in Baku, Azerbaijan, was a critical meeting under the United Nations Framework Convention on Climate Change (UNFCCC). Confronted amidst escalating climate crises — record temperatures, catastrophic floods and severe droughts. Expectations were high for actionable outcomes. The summit focuses on key issues such as emissions reductions, the operationalization of the Losses and Damage Funds, climate financing, and renewable energy Transitions.

"Global Green House gas
Emissions must decline
by 45% by 2030 to

Limit warming to 1.5°C." IPCC-2023

Despite some progress, the summit faced criticism for its failures to deliver binding commitments. This analysis will critically evaluate its failures and commitments, and highlighting all its aspects below:

2. Failures of COP-29:-

2.1 Weak Commitments on Emission Reduction:

The primary expectations from COP29 was a clear roadmap for phase out fossil fuels, but this was thwarted by opposition from major fossil fuel producers

Example:

Saudi Arabia and Russia resisted language on fossil fuels phase-outs, emphasizing "Low Carbon Technologies" instead of

renewable energy.

Impact:

This diluted the focus on emission reductions.

Reference:

UNEP - Emissions Gap Report 2024 highlights that emissions are still on track to exceed the 1.5°C target.

2.2 Insufficient Climate financing:

Developed Countries once again failed to meet the \$100 Billion annual climate finance target promised in 2009.

Example:

Only \$89 Billion was mobilized in 2023, leaving a significant gap.

Impact:

Developing nations like Pakistan and Bangladesh, heavily impacted by climate disasters, criticized this failure.

Reference:

OECD - Climate Finance Report-2024.

2.3 Geo-Political Tensions:

The divide between the developed and developing countries impeded the progress.

Example:

Developing nations demanded binding commitments from wealthier nations for historical emissions, while developed countries called for shared responsibility.

Impact:

This statement delayed critical agreements on mitigation and adaptation.

Reference:

Coverage by Reuters, Dec-2024.

2.4 Lack of Enforcement Mechanisms:

Agreements reached at COP remain voluntary, with no penalties for non-compliance.

Example:

Countries failing to meet their Nationally Determined Contributions (NDCs) face no

repercussions.

Impact:

— This undermines accountability.

Reference:

IPCC - 6th Assessment Report, 2023.

2.5 Public Trust and Credibility Issues:

— The summit was marred by protests from youth activists, who accused world leaders of inaction.

Example:

Greta Thunberg called COP29 a "Green washing Platform".

Impact:

Public trust in climate governance eroded further.

Reference:

The Guardian Dec, 2024.

3. Commitments Made:

3.1 Operationalization of the Loss and Damage Fund:

Once significant achievement was the establishment of a fund to support countries affected by climate-induced disasters.

Example:

Pakistan, which suffered devastating floods in 2022, is set to receive \$1 billion from the fund.

Impact:

This marked a milestone in climate justice.

Reference:

UNFCCC Press Release, COP29.

2.2 Global Renewable Energy Alliance:

A coalition was formed to accelerate renewable energy deployment globally.

Example:

The alliance aims to triple renewable energy capacity.

by 2030.

Example Impact:

This aligns with the ARENA roadmap for energy transition.

Reference:

The International Renewable Energy Agency, (IRENA) - Report, 2024

3.3 Commitments to Methane Reduction:

Over 150 countries pledged to cut methane emissions by 30% by 2030 under the Global Methane Pledge 2.0.

Example:

India and Brazil, among the largest entities, joined the pledge.

Impact:

Methane Reduction could significantly slow global warming.

Reference:

UNEP - Methane Report, 2023

4- Critical Analysis:

While COP29, saw incremental progress, its inability to deliver binding agreements reflects a lack of urgency in addressing the climate crisis. Stronger Accountability mechanisms are essential for achieving meaningful outcomes.

5- Conclusion:

The COP29 Summit was a mixed bag of modest achievements and significant failures. The operationalization of the Losses and Damage Fund, and new commitments to renewable energy offer hope for vulnerable nations. However, the lack of binding commitments and continuing financing gaps highlight the challenge of global climate governance.

