

Q#06

## 1. Introduction:

Twenty-ninth conference of the Parties was held in Baku, Azerbaijan to address the issues of climate financing, climate adaptation, carbon trading, revised Nationally Determined Contributions (NDCs) and transitioning away from fossil fuels. Overall progress on these areas received both appreciation and criticism from the global climate leaders, experts, and civil society. However, one statement of Azerbaijan's President clearly sums up the overall progress:

"Gas and oil are  
a gift from God."

## 2. Major Commitments on climate change finance and other subjects:

Here are some pledges and commitments on behalf of the world leaders:

201 \$300 pledge under New Collective Quantified Goals:

The developed countries

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have pledge to accumulate \$300bn annually by 2035. The real demand on the behalf of G77 and China was of \$1.3tn. This deal of \$300bn was accepted at the 11<sup>th</sup> hour without giving time to the developing countries to record their protests.

### (2.2) Pledge for Global Energy Storage

Countries with higher energy production like US, UK, Brazil, USA and UAE pledged to store energy for a global energy use.

### (2.3) Operationalizing of Carbon Trading

A framework and mechanism for carbon trading between country-country is established. It is a big achievement as from a long time this obligation under Article 6.3 of Paris Agreement was due.

### (2.4) Finances for climate Adaptation

Asian Development bank committed \$7.2bn for low-income countries to facilitate climate financing likewise, Bank Association of Azerbaijan committed \$2.4bn to help the developing nations

### (2.5) Gender Climate Action

This is counted as an achievement of Civil Society to bring the participants on-board to see climate issue through gender lens. To further mobilize the governments to allocate sufficient funds to address climate gender impacts.

### 3. Major Failures of COP29:

It has failed to address contemporary issues related to climate crisis. For instance;

#### (3.1) No Commitment on Transitioning Away from Fossil Fuels

In COP23, countries pledged to transition away from fossil fuels and this COP29 had to design a way forward for that. However, it failed to mobilize countries to design an impactful journey.

#### (3.2) Zero commitments in Revised NDCs

Only UK committed higher-emission target in its revised NDC. Countries like UAE received severe criticism for not addressing the emissions cut in

its NDC, which is one of the highest polluters and same goes for other polluters.

### (3.3) Zero Attention to Militarization and Climate Change

Military expeditions and operations contribute 5.5% in the global GHG emissions. However, even after highest mobilization and protests on this issue no attention was given to this dimension.

## 4. Critical Analysis of the Commitments:

1. First of all, it failed to meet the actual demands of developing nations on climate change mitigation, which is of \$1.3trn. Thus, \$300bn is of no help.

2. Finances for climate change adaptation were mobilized by private sector, which was the duty of <sup>developed</sup> states.

3. Global energy storage pledge is a positive step and appreciated by climate experts.

4. Carbon trading operationalization will help in keeping the track record

of GHG emissions.

5. lastly, ~~from~~ no commitments on transitioning away from fossil fuels, no extra/updated commitments on GHG emissions cut downs, and zero focus on militarization and climate change are the major failures of COP29.

### 5. Conclusion:

COP29 is in itself a success for bringing all leaders on one forum ending on-going haphazardness in the world. However, it lacked the intensity which is actually required to climate change. It reflected like a division between Global North and Global South. Pledges were made at the last moment out of pressure. States lacked personal commitment to the address subject. Still, it kept the action intact and tried to strategize delayed tables like "Carbon trading Framework". However, the words of Ex-UN General Secretary, Ban Ki-moon are enough:

"COP structure lacks the potential to tackle climate at exponential speed and scale."

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Q#02

## 1. Introduction:

China Pakistan Economic Corridor is a flagship programme under Belt and Road Initiative. It has officially entered its second phase called "CPEC 2.0", with formal approval from both the states. However, it is being delayed to security issues, economic crisis of Pakistan, acquisitions raised during phase I of the project and few other reasons. Though, the 2nd phase has formally commenced but practical steps like "reinvestments" have not started yet. As per the views of Michael Kugelman:

"CPEC has slowed down due to security and economic concerns, which has dampened the overall aspects of the project."

## 2. Major Reasons behind CPEC Slowing Down:

Major reasons are as follows:

- ① → Security concerns of China
- ② → Acquisitions of non-transparency by KP gov.
- ③ → Economic crisis of Pakistan

④ → US and China trade war

⑤ → Difference in the focused areas for CPEC 2.0

## 2.1) Security issues of Chinese engineers

In November 2022, when Prime Minister of Pakistan visited China, President Xi Jinping stressed that

“China hope that Pakistan will arrange sound business environment.”

Unfortunately, the security situation has worsened after that. In 2024, there was a Bashaam Bus attack on Chinese engineers and then again an attack on Chinese engineers outside of the Koyachi airport.

## 2.2) Acquisition of Non-transparency on Phase-I of the CPEC by KP Government

During first phase of CPEC, KP government raised concerns over transparency of the project. It has overall shaken the confidence of Chinese investors.

## 2.3) Economic crisis of Pakistan

It is one of the major causes of slowing down IMF put conditions before providing bailout grants to take roll

over on the current Chinese debt on Pakistan. Secondly, it does not allow Pakistan to pay back debts to Chinese companies. Pakistan further demands loans to stabilize the economic growth. It has overall lost the interest of Chinese government. Dawn editorial on "slowing down CPEC".

#### 2.4) Difference in the focused areas for CPEC 2.0

First phase was on infrastructure building which has not been completed fully according to few experts like Khuram Shehzad. Secondly, for 2.0 the focused areas are different for both countries.

For Pakistan, prime focus is on "industrialization and energy production" as discussed by P.M. Shehzad Sharif during his recent visit to China.

On the contrary, the news agencies of China reported that China's main focus is "agriculture and livelihood". Pakistan has <sup>yet</sup> to interpret that what is meant by "livelihood".



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## 2.5) US-China Trade war

US China trade war witnessed a rise during Biden administration. US placed multiple restrictions on Chinese companies. In fact, with the return of Donald Trump for 2nd tenure, the trade war has high chances of escalation. It means China has its own fronts to fight due to which CPEC 2.0 is getting less limelight.

### 3. Understanding the importance of CPEC 2.0 for both Pakistan and China

It is critical to evaluate the importance of CPEC 2.0 for both countries.

#### Importance for Pakistan:

1. Important for Pakistan's energy and industrial demands
2. Only option to save Pakistan from economic turmoil
3. Pakistan has high stakes attached with CPEC for developing "Knowledge economic, green energy development, and digital revolution" to compete against India.

#### Importance for China:

1. Under CPEC China has already invested \$25 bn and it is relatively a fastest developing corridor against other five corridors. According to Mubeena Lodhi:

"CPEC is growing on its speed."

2. CPEC is helpful for China to fight against US trade war by completing its corridors within Asia, to later on focus on other trade routes.

3. It will help China to counter India's growing hegemony in South Asia and Asia region as a whole.

#### 4. Way Forward for Pakistan and China

⇒ First of all, Pakistan needs to provide a secure environment to Chinese engineers. It is a pre-requisite of CPEC 2.0. Without security not only China, but no other investor will come to Pakistan.

⇒ Economic stability is another pre-requisite. Though, Pakistan's energy sector is dependent on CPEC however it needs to strengthen its institutions to get the results out of IMF's bail out plans to not seek more debt and ~~relief~~ from China.

⇒ Political security is also necessary. There should be one authority to deal with CPEC related projects. Multiplicity of the governments and institutions will create complexities.

⇒ Both countries need to reverse its main focus in CPEC 2.0. If it is agriculture it should be agriculture for both and not otherwise.

→ Both countries need to understand that completion of CPEC will be win of China against US and win of Pakistan against India. Its processing and completion will boost both's confidence.

### 5. Conclusions

It is evident that CPEC is at halt at the moment due to uncertainties and individual battles of both countries. Like security issues in Pakistan with economic crisis and trade war of China against US. However, Pakistan have to provide sound business environment by resolving security issues and China has to mobilize minimum resources, or investments as planned to kick off the second phase. Eventually, both countries are a right end of the stick to earn what each country truly deserves.

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Q #03

## 1. Introduction:

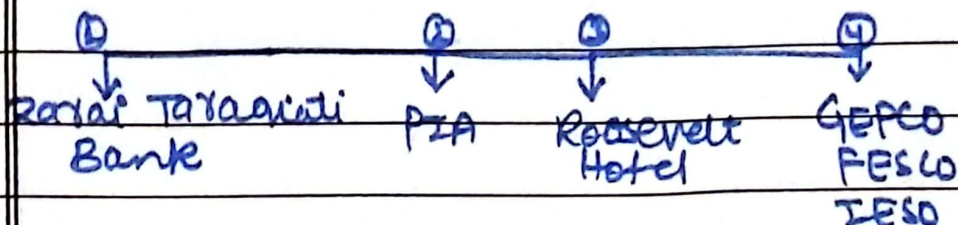
State owned enterprises have proven to be a burden on Pakistan's economy since 1990s. However, given the current economic situation of the country, SOEs are adding fuel to the fire. The government has announced Privatization programme 2024-2029 with a list of SOEs that are supposed to be privatized during this time span. However, the privation process is a big concern of the public that should be transparent, properly regulated and ~~and~~ moving to public-private partnership.

## 2. Brief History and Current Privatization Plan of Pakistan:

In 1993, a Privatization Commission was established to oversee the privatization of Pakistan Telecommunication and Banking sector of the country. PTC has proven to be the best privatized entity so far.

Furthermore, it helped the gov. to get finances to run the country.

Under the current privatization programme 10 entities are listed to be privatized at the earliest



These sectors are a burden on Pakistan's economy.

### 3. Pros of Privatization for Pakistan:

⇒ In the beginning of 2024, the Finance Division issued a report that at the start of FY21 there were 56 profit making SOEs in the country. In FY22, this number reduced to 50 profit making SOEs. Overall, it created a loss of 1.4 trillion PKR to the national exchequer.

⇒ During interim gov. the finance minister revealed that the gov. had to pay to PIA to pay off salaries of the employees

⇒ In light of this burden on the national budget, privatization holds following pros for the systems

#### (1) Efficiency of the

SOEs

⇒ First of all, it will increase

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the efficiency of loss making SOEs but increasing market competition.

### (2) Foreign Direct Investment

It will bring foreign direct investment in the country. According to Joseph E. Stiglitz book "Globalization and its Discontents":

"Privatization attracts FDI, as investors invest in profit making entities."

### (3) End of monopolistic work culture

With privatization, investors will have more room to invest, and business community will have room to end monopolies. It will create competition in aviation sector, banking sector and energy sector and overall will reduce the policies.

### (4) Burden reduction on public finance

Gov. have to pay annually to support SOEs. Dr. Hafiz Pasha wrote in his book "Growth and Inequality in Pakistan" that:

"Privatization has a potential to lessen fiscal burden

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and strain on public finances.

#### 4. Method to Conduct Privatization of SOEs:

Privatization has both pros and cons, but transparent privatisation will bring more pros. These measures must be taken:

##### (4.1) Regulatory Framework for Privatization

There must be a full-fledge regulatory framework to conduct privatization for consecutive five-years.

##### (4.2) Transparency in the process

Privatization process must be transparent. The regulatory body must reveal the advancements along with possible deals made by both parties.

##### (4.3) Public Private Partnership

To keep the public confidence intact, gov. should go for a public private partnership, especially for public sector enterprises.

##### (4.4) Creation of Jobs

With privatisation, first strain comes on the



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workforce. So, gov. should make sure that people get jobs in the market, either through public-private partnership.

### 5. Case Studies of Privatization Held in Argentina and Mexico:

⇒ Harvard Business

Review published case studies of Argentina and Mexico as successful cases

⇒ Argentina privatized its telecommunication and petrochemical sectors and earned \$1.2 bn.

⇒ Mexico conducted rigorous privatization and earned \$24 bn.

It was remarked that "countries conduct privatization either under political or economic ideologies influence, or for revenue purposes. Both reasons are justified."

### 6. Conclusion

At the moment, privatization of loss making SOEs is a correct step for Pakistan. It will help in gaining "efficiency, competitiveness and revenue." Pakistan needs all three **ZB**

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to stabilize its industries and the economy. With transparent and properly oversighted privatization process it will be a success.

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