

AYESHA BABAR

PART II - CA MOCK

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Question 4 Russia-China alliance

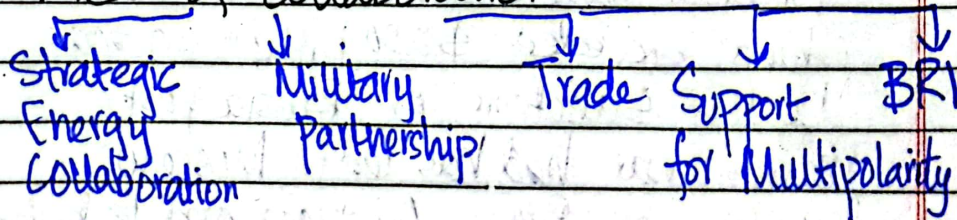
(i) Introduction

The Russian-Chinese alliance is becoming one of the most significant geopolitical alliances of the 21st Century. Both countries share mutual interests in countering the dominance of US-led world order, challenging its economic, military and ideological supremacy. This growing partnership is driven by overlapping strategic interests and the desire to create multipolar world. These are both permanent members of UNSC, giving them the opportunity to counter US hegemony collectively.

"US faces both the challenge of China and Russia having aligned their strategic interests, thereby creating a power bloc."

Henry Kissinger

(ii) Areas of Collaboration



The areas of Sino-Russian collaboration are explained below:

(a) Strategic energy collaboration.

Russia supplies nearly 20% of China's oil imports and over 15% of China's natural gas. The Power of Siberia Pipeline has further deepened their ties. In 2022, post US sanctions on Russia, China became the largest buyer of Russian energy.

(b) Military Strategic Partnership.

Russia and China conduct joint military exercises, share technological expertise. Their strategic collaboration in South China sea, East Asia and Arctic is strong. In 2022, both conducted the largest joint naval exercise in East sea of Japan.

"Sino Russian Military exercises signal that their Strategic alliance is more than symbolic, with real consequences for global security."

Michael Koffman

(c) Trade Relations

Bilateral trade between Russia and China exceeded \$200 billion in 2023. Western Sanctions on Russia post Ukraine war has led to Moscow depending on Beijing for trade and Technology.

(d) Weakening of US led global financial system.

Russia and China conduct bilateral trade in their respective currencies: yuan and ruble. In 2023, 60% of their bilateral trade was in yuan and ruble, challenging the US-led financial system with dollar as the currency.

(e) Both support Multipolarity.

Both nations advocate for a world order not dominated by the West. The 2023 BRICS summit saw Russia and China calling for **DE-DOLLARIZATION** and alternative financial systems.

(f) Opposition to NATO.

In 2022, Russia and China signed "No Limit Partnership" to counter NATO. China supports Russian opposition to NATO's eastward expansion.

(g) Technological collaboration.

Russia and China's joint venture for AI, cybersecurity and 5G technology are growing. Post sanctions, Huawei involvement in Russia's tech infrastructure shows their increasing technological alignment.

(h) BRI and Eurasian Integration

The integration of China's BRI with

Russia's Eurasian Economic Union (EAEU) strengthens connectivity across Central Asia.

(i) Countering the US in Indo-Pacific
Russia backed China's territorial claims in South China sea and Taiwan. They both conduct naval drills in east China sea, signifying their military collaboration.

(j) Formal anti-western bloc.
The expansion of SCO led by China and Russia to include Pakistan, India, Iran etc signifies their commitment to counter the western bloc. In 2024 SCO summit, both nations advocated for trade in local currencies to evade US sanctions.

(k) Shared ideological critique of liberal democracy.
China is a full communist state and Russia is half communist. Both promote state-led development as opposed to liberal democracies.

(l) Both support each other's stance in international institutions.
Both coordinate their voting patterns in UNSC to counter US position. In 2022, China abstained from voting on condemnation

of Russia's invasion of Ukraine in UNGA, signaling their tacit support

Conclusion

The Russia-China collaboration reflects a strategic alignment to counter the US-led global order, with significant implications for geopolitics. This partnership spans military, energy, trade and ideological spheres, aimed at promoting multipolarity and countering Western dominance.

Question 5

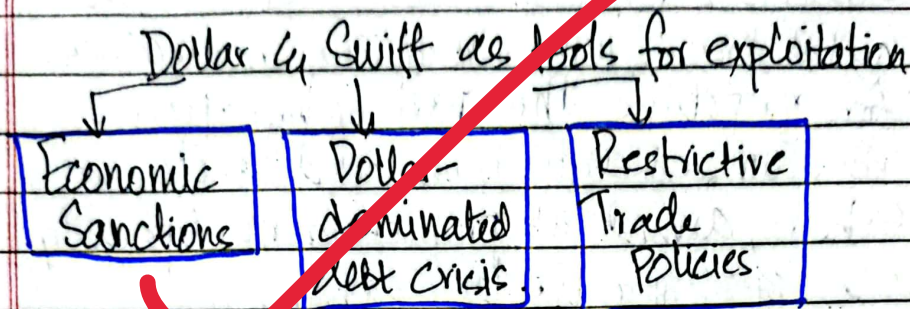
BRICS+ to counter Dollar and SWIFT

I Introduction

The dominance of US dollar as the global reserve currency and SWIFT as the global financial transaction system has granted the US leverage over financial systems. This influence has led the US use dollar and SWIFT as tools to impose economic sanctions, freeze country's dollar reserves, restrict access to global markets and pressures countries of global South in particular, into compliance. The expansion of BRICS into BRICS+ offers a potential counterweight to this system, aiming to counter Western

influence and foster a multipolar economic order.

II How are dollar and SWIFT used as tools for exploitation.



(a) Economic Sanctions as Weapon

Excessive sanctions on Iran, Venezuela and Russia have crippled economies by cutting them off from SWIFT and limiting their trade in dollar.

(b) Dollar-dominated debt Crisis

Many developing countries have borrowed in dollars, making their economies vulnerable to global shocks and US reserve policies. Rising US interest rates have increased debt servicing for South Asian and African countries.

(c) Restrictive trade Policies

The US has restrained trade of sanctioned countries with the rest of the world. Due to which, developing countries face

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III HOW BRICS+ COULD COUNTER EXPLOITATION

In 2023, BRICS opened its membership and 19 countries expressed interest in joining BRICS. BRICS has now expanded to include KSA, Iran, Egypt, Ethiopia, UAE. These countries in BRICS+ constitute roughly 45% of global population and 35% of global GDP, making it the strongest institute to counter the exploitation of US-led financial institutions. Below are the ways how BRICS+ could counter exploitation:

(a) De-dollarization through local currencies

There has been a consensus among the BRICS+ nations to trade in their local currencies. In 2023, China and Russia conducted 6% of their bilateral trade in yuan and ruble, reducing their reliance on US dollar.

(b) Establishing an alternative payment system.

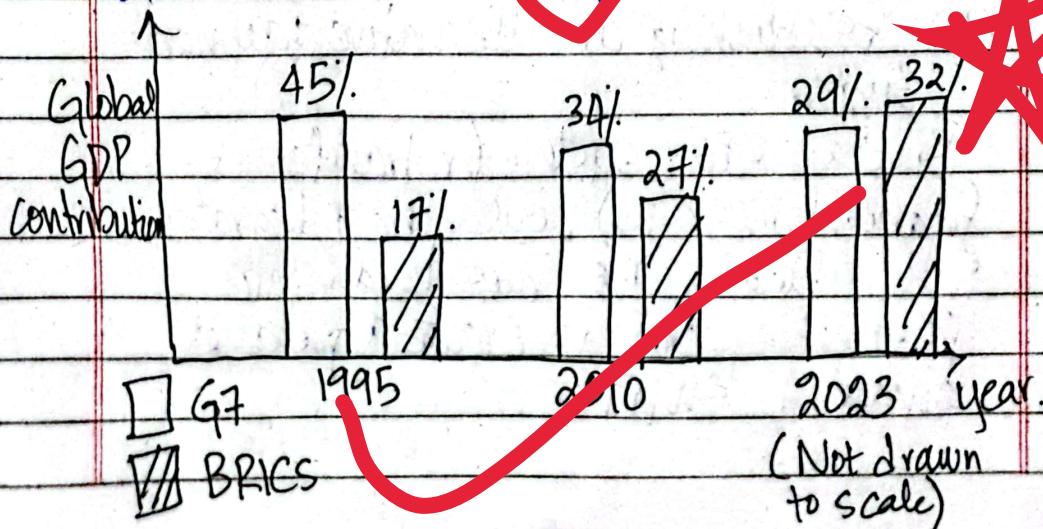
Russia's SPFS (system for transfer of financial messages) could be integrated with China's CIPS (cross border inter-payment system) to create a parallel system to SWIFT.

(c) BRICS NDB: An alternate to IMF
 BRICS New development bank (NDB) has disbursed \$ 22 billion in loans for infra-structural projects across member states. This reduces the dependence of member states on western-led financial institutes like IMF and WB which offer exploitative conditionalities.

(d) BRICS Contingent Reserve Arrangement
 BRICS has a formal ~~has~~ short-term liquidity support program for member states struggling through 'Balance of Payment Crisis'. This counters ~~IMS~~ WB loan programs.

(e) BRICS: A geopolitical counterweight to G7 countries

BRICS has been acting as a geopolitical counterweight to the western-dominated G7 in terms of GDP. Below the bar chart signifies the growing potential of BRICS in contrast to G7.



(f) BRICS: A counter to US led initiative of Mineral Security Partnership.

BRICS+ has included energy-rich countries like KSA, Iran, UAE and can collaborate in energy to counter the US-led Mineral Security partnership with its 13 allies.

(g) BRICS: A strong alliance in the realm of oil and gas supply.

OPEC states like Iran and Venezuela have complained against western sanctions that the sanctions have restrained their investment and export flows. Their inclusion in BRICS+ can let them access three largest exporters of oil like KSA and UAE, bypassing western sanctions.

(h) Creation of BRICS+ Reserve Currency

A growing consensus among the member states on the creation of BRICS+ currency has worried the US. Trump has recently warned to sanction the member states of BRICS if they continue to create a currency.

(i) Idea of South-South Cooperation

The idea of South-South Cooperation entails from BRICS+ desire to increase

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trade and other areas of cooperation among the Global South countries to counter the North-dominated G7

(j) Encouraging Economic Sovereignty

BRICS+ aims to promote domestic resource utilization and strengthen member states to reduce reliance on Western funding. An example of this is India's initiative "Make in India" within the BRICS framework.

Conclusion

The US's use of dollar and SWIFT as instruments for economic exploitation has resulted in socio-economic disparities. BRICS+ offers a promising avenue to counter the exploitation by promoting de-dollarization and building resilient economic frameworks.

"BRICS expansion shows that unilateral approach is on the way to decline."

Ebrahim Raisi

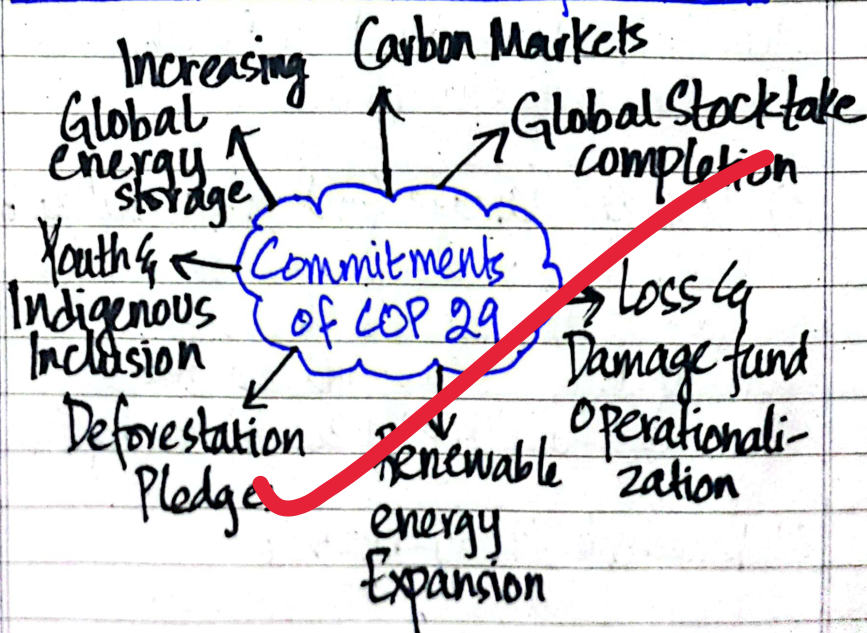
Question 6

COP 29: Failures & Commitments.

I Introduction.

The COP 29, held in Baku, aimed to address the ongoing climate crisis by building on the goals previously set in previous summits like COP 28 and the Paris agreement. The Summit was expected to deliver concrete actions on climate finance and adaptation strategies. The theme for COP 29 was "Investing in a Livable Planet for all." While some progress was made, the summit faced criticism for its lack of enforceable mechanisms and reluctance of petro-states to give up on their use of fossil fuels.

II Pertinent Commitments of COP 29



The notable commitments of COP 29 are explained as follows:

(a) Operationalizing Carbon Markets

COP 29 operationalized carbon markets allowing countries and companies to trade carbon emissions permit and credits. These markets operate in accordance to the Article 6 of the Paris Agreement.

(b) Increasing global energy storage

Many countries like US, Brazil, UAE have pledged at COP 29 to increase global energy storage by six times by 2030. Discussions on improving grid security to store energy took place.

(c) Global Stocktake completion

The Summit concluded the first "Global Stocktake", mandated under the Paris agreement which aimed to limit the global warming by 1.5°C above the pre-industrial levels.

(d) Loss and damage fund operationalization

COP 29 finalized the loss and damage fund designed to help vulnerable countries cope up with climate-induced disasters. This was finalized to \$300 billion by 2030.

(e) Renewable energy expansion

Over 60 countries at COP 29 have committed to double their renewable

energy capacity by 2030. This was realised through the signing of Hydrogen Declaration aimed to decarbonise the existing infrastructure & introduce low carbon hydrogen as an alternate.

(f) Deforestation Pledge

Nations at COP 29 also reaffirmed their commitment to halt deforestation by 2030.

"Protecting forests is protecting humanity"
Brazilian Delegation

(g) Youth and indigenous Inclusion

COP 29 also introduced official representation of youth and indigenous in decision making. Furthermore, the Gender program was extended for 10 years to formulate gender-sensitive climate policies.

III Failures of COP 29

(a) Inadequate Climate financing

An economic study during COP 29 released that the actual fund required by developing countries totaled to \$2.3 to \$2.5 trillion. However, the final NDCs (National Collective quantified goal) was to mobilize \$300 billion - extremely short of demand. India and Africa called it a complete failure.

(b) No binding fossil fuel Phase-out Agreement

Discussions on phasing out coal and limiting fossil fuels were stalled due to resistance from oil exporting countries
 "Fossil fuels are a gift of God"
 President of Azerbaijan and COP

(c) Ambiguity on Loss and Damage fund governance.

Details on fund management and abuse prevention mechanisms were left unresolved.

"It was an empty shell lacking accountability"

Climate Action Network

(d) Concerns over fulfillment of NDCs

The tardiness of developed countries in meeting prior financial commitments raised concerns of whether the \$300 billion NDCs will be fulfilled

(e) Failure to develop agreement to cut Greenhouse gas emissions

The Article 6 of Paris Agreement mandates countries to develop a framework for emission reduction however COP 29 lacked a robust emission reduction scheme.

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(f) Underrepresentation of developing Nations' voices.

Many African and Pacific Island nations criticized the disproportionate influence of wealthier countries in shaping agenda.

"Climate justice is being overshadowed by climate politics."

African Delegation

Conclusion: A critical analysis of COP 29

While COP 29 achieved progress in broadening the scope of climate action and securing commitments, it has been criticized for its inability to allocate a reasonable amount of loss and damage fund and NDCG as proposed by the developing countries. Due to the failure of COP 29, some policy analysts have questioned whether any COP will be held next year. This failure is not just accounted to lack of robust frameworks for climate action rather the participation of 1700 fossil fuel companies at COP 29, reducing the likelihood of phasing out fossil fuels in the near future. In a nutshell, Experts have called COP 29.

"a system designed to benefit polluters rather than the planet."

Question 3

Privatization of SOEs

I Introduction

State owned Enterprises have a significant impact on Pakistan's economy, operating in various sectors like energy, transportation, manufacturing and utilities. However, these enterprises have faced inefficiencies, poor governance placing a heavy burden on Pakistan's budgetary resources. Privatisation, a potential solution aims to address these issues through market discipline and enhancement of operational efficiency.

II Reasons for Privatization of SOEs

(a) Financial burden on the government budget

The SOEs have incurred a fiscal deficit of 180 billion rupees in 2022 alone (CWB). These losses reduce the fiscal space of government to invest in other areas like health, education etc.

(b) Inefficiency and Poor governance

A report by International finance states that SOEs in Pakistan operate with an average labour productivity 20%.

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lower than private enterprises. Privatisation introduces market competition and governance structure.

(c) No one-size-fits all approach in Privatization

In reforming SOEs, there can not be one-size-fits-all approach. Each SOE operates under unique local circumstances. Specialized reformation of SOEs is only possible through privatization.

(d) Job Creation and economic growth
Privatization will lead to job creation and stimulation of economic growth. Industries which were privatised saw a 15% increase in employment rate (IPRI)

(e) Access to global practices & investment
Private enterprises bring their expertise and access to global practices, often missing in SOEs. This will also result in increase in FDI (foreign direct investment)

(f) Reducing Bureaucratic control
SOEs Privatization will reduce the reliance on government intervention and streamlines operations.

III How can SOEs be privatised
There are some pertinent SOEs which

lack the economic and social rationale to be operating under public sector.

(a) Privatisation of PIA & Pakistan Steel Mill

Both need to be privatised as they experience huge losses without delivering services and quality products.

(b) Assessment and selection of SOEs for privatisation.

It's essential to choose SOEs for privatisation by evaluating their profitability, debt burden and viability.

(c) Development of privatisation legislation. It is important to enact laws that guide privatisation ensuring transparency, accountability.

(d) Setting up regulatory frameworks. Setting up regulatory bodies like the Privatisation Commission to oversee the process.

(e) Using SIFC for attracting private enterprises.

Using SIFC platform to attract private enterprises by giving them incentives and smooth registration procedures.

(f) Monitoring & evaluation post-privatisation frameworks for monitoring the performance.

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performance of SOEs post privatisation using evaluation metrics based on their productivity, profitability.

Conclusion

Privatisation of SOEs is an important step in rejuvenating the SOEs which have experienced exorbitant losses like PIA and PSM. For a smoother privatisation, regulatory frameworks and oversight mechanisms should be established.