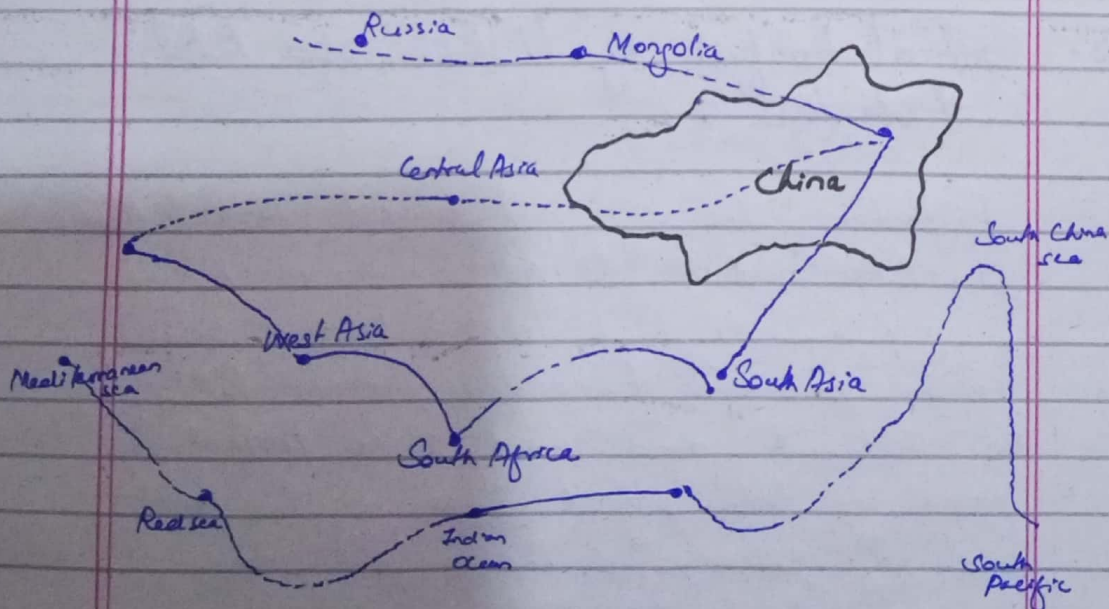


## Question No. 2

### 1. Introduction :

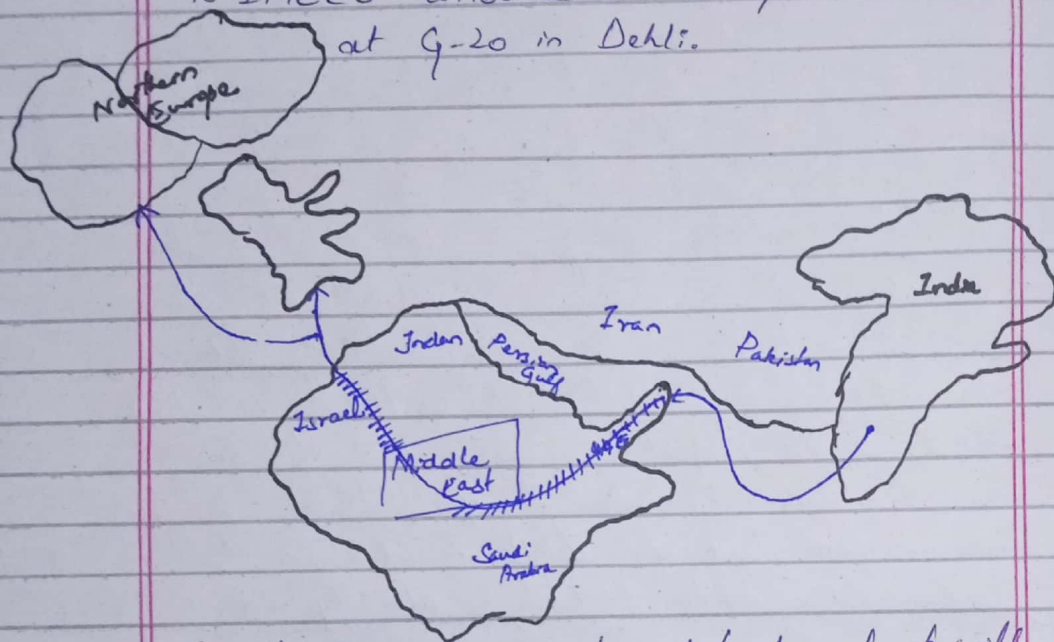
In the contemporary era of modernization, paradigm shift has been observed in global connectivity. Countries from Global North and Global South are strengthening their economic and infrastructure framework. One recent advancement is announcement of IMEEC (India Middle East Europe Economic Corridor). It is considered as a threat to BRI (Belt Road Initiative). However, both project have their own strengths and weaknesses. Potential of CPEC is stronger than that of IMEEC due to its implementation, while IMEEC is already in announcement phase.

### 2- A General Overview of BRI and IMEEC:



China launched BRI in the year 2013 and is expanded in more than 150 countries. The cost of the project is more than 1 trillion dollars.

The latest initiative in the era of global connectivity is IMEEC announced at 10<sup>th</sup> September, 2023 at G-20 in Delhi.



This ship to rail transit and trade network will connect India to Middle East and then Middle East to Europe.

### 3- Critical Analysis of IMEEC and BRI's Potential :

Withstanding the significant benefits that IMEEC is set to contribute its geopolitical reach, this project has triggered a debate that either it has potential to counter China's BRI. This statement needs analysis of potential posed by both project. Some of the points explaining potential of the project are given below:

#### i- Vast Dimension of BRI and Limited Scope of IMEEC:

BRI in 2013, is a transnational infrastructure

project which countries. As of Foreign delivered m has made in The project October 20 influence in has only rail-network system multiple proj economic zone both has pote uptil now B

#### ii- Investment

BRI include to IMEEC, phase Under Economic Corridor with starting was raised In contrast, billion to \$2

#### iii- Geograp

There is h coverage of will connect even Africa will connect as well

Project which has expanded across 150 countries. As per Wang Webin, spokesperson of Foreign Ministry of China, BRI has delivered more than 3000 projects and has made investment of around 1 trillion dollars. The project has completed its 10<sup>th</sup> anniversary in October 2023. It has also increased its influence in the region. On the contrary, IMEEC has only rail-road transit and ship port network system. Unlike IMEEC, BRI has multiple projects e.g. energy projects, special economic zones, infrastructure projects etc. Though, both has potential of global connectivity but upto now BRI shows greater potential.

## ii- Investments of BRI and IMEEC:

BRI includes heavy investments as compared to IMEEC, which is still in planning phase. Under BRI, CPEC (China Pakistan Economic Corridor) has been launched in 2013 with starting investment of \$46 billion and was raised to 656 billion dollars in 2022.

In contrast, IMEEC is expected to invest \$8 billion to \$20 billion as per Atlantic Council.

## iii- Geographical Coverage of Projects:

There is huge difference between geographical coverage of both projects. <sup>Through</sup> BRI, China will connect with Asia, Europe and even Africa. Whereas under IMEEC, states will connect Middle East with Europe as well as with India in Asia.

#### iv. Potential of Transportation Nodes:

IMEEC only covers rail-road transit and port network starting from India to Middle East and then to Europe. This indicates logistical problems that it is going to face in the future. On the other hand, under CPEC the transportation infrastructure is expanded in form of roads, railways, as well as ports.

#### v. Role of Decision Making Authority in Increasing Potential of Projects:

In case of BRI, China has exclusive decision making authority and is fiscally responsible for all investment. In contrast, IMEEC has yet to face any clear demarcation of fiscal responsibilities which could lead to handicap its potential in the region.

#### vi. Significance of Nature of Projects in Determining Potential of Projects:

BRI is a multidimensional initiative involving a wide array of developmental projects including infrastructure, energy projects, fibre optics, agricultural and industrial project which has wider its potential. Due to BRI, China has already started dominating in the region. While, IMEEC is limited in scope, encompassing shipping lanes and buildings while missing road and

railway infrastructure in some projects.

### vii. Multidirectional Route of BRI Vs Unidirectional Route of IMEEC:

The BRI is multidimensional and has maintained two ways of movement of goods across Europe, Africa, Asia and even America.

On the other hand, IMEEC is a unidirectional project connecting India to Middle Europe and then to Europe.

This comparison also shows the strong potential of IMEEC but is comparatively less than that of BRI.

### viii. Close Partnership of China and Gulf State: Prospects for BRI and IMEEC:

While drawing analogy between China and Gulf states in comparing BRI and IMEEC, it is important to realize the close partnership of both Middle East and China. As per the Atlantic Council, in 2022 more than 45% of all Chinese crude imports were shipped from Gulf countries. This initiative of IMEEC may help Gulf states to expand it or connect it with BRI.

### ix. Vulnerability Factor of Both Projects:

Unlike BRI, which is immune to regional and global or bilateral conflicts, IMEEC is vulnerable to conflicts. It may seem

inaccessibility and delay. Times of Israel has written that recent conflict in Gaza has forced Saudi to put normalization of ties with Israel "on ice."

## x. Clarity of Agenda in Projects:

When BRI was launched, it has its clear agenda of economic cooperation which is mentioned by author of book "Maritime Silk Road." However, in case of IMEEC, there are multiple motivations for each state which make it difficult to gain more potential than BRI.

## Future Perspectives of the Projects: BRI and IMEEC:

BRI has already completed its 10<sup>th</sup> anniversary and has been successful in gaining influence in multiple regions. However, announcement of IMEEC was considered a threat or counter to BRI which in no case seems so. There are multiple projects of honoring IMEEC in relation to BRI.

### i- Increase in Strategic Importance of Gulf Region:

This project will surely increase the strategic importance of rich-oil Gulf states. These states will take steps to improve in transferring to economy which is not

based on oil production.

## ii. Gulf Region as Pivotal Hub for China :

Trade between Gulf Region and China has already been increasing and announcement of IMEC will further increase it. There are chances that Gulf states may decide to expand it to BRI.

## iii - Amplification of Geopolitical and Economic Significance for Global Trade and Logistical Connectivity :

Gulf state will increase their geopolitical and economic influence through the corridor. As the trade will be easy from one part of Asia to end of Europe and it will improve the value of Middle East in the region.

## iv - Chance of Chinese Investment in Suez Canal Free Zone :

China could increase its investment in Suez Canal Free Zone. If this were to occur, it would grant Beijing a major position in world's significant global shipping routes, thereby intensifying regional competition between US and China.

## v - India as Major Beneficiary :

Through this project, India would have the opportunity to enhance economic efficiency, reduce transportation cost and boost transit routes. It will provide a cost effective route to reach European shores, Afghanistan and Central Asia. India cannot transfer goods without using Gwadar port but due to its antagonistic nature, it sought to bypass Pakistan by exploring alternative route.

### Conclusion:

In a nutshell, IMEEC is a project of Rich Man's Club of GCC and G7 and has bright prospects of success, in regard to BRI. However, it poses no threat to BRI, and can be able to further strengthen the China and Gulf states' relations.

x - x - x - x - x

### Question 3

#### 1. Introduction

July 2023 marked the 10th anniversary of CPEC (China Pakistan Economic Corridor), a pivotal project of China's BRI. The idea was given by Chinese Premier in 2013. In 2015, Xi Jinping addressed the Parliament of Pakistan on inauguration of CPEC. Since then, it has been more than a decade and it has made significant advancements in the promised sectors. Though, it has face failures as well as delay and



incompletion of projects, consecutive change in governments affect the performance of project.

## 2- An Overview of CPEC:

CPEC was started in 2015 when Chinese President visited Pakistan including different projects like roads, railways, fibre optics and cables. At first, China announced to invest \$46 billion but was increased to \$65 billion due to more projects. CPEC is divided into 3 phases

Phases	Objectives	Projects
I (2015-20)	Infrastructure and energy projects	1- 1320 MW Sahiwal Coal Power Plant 2- 1320 MW Port Qasim Power Plant 3- 1320 MW Balochistan Coal Power Plant 4- Peshawar-Karachi Motorway 5- Hakra development of free port
II (2023--)	Special Economic Zones (9 prioritize)	1- Gwadar smart city Master Plan 2- Pak-China Technical and Vocational Center 3- Pak-China Friendship hospital 4- Gwadar East Bay Expressway
III	Human Resource Development and Tourism	

### 3. Success of CPEC:

#### i- US shift from Military Encirclement to Economic Incorporation:

In current geopolitical era, there has been a shift to economic incorporation. US has seemed to be more interested in economic incorporation. So, announcement of plans and project like B3W (Build Back Better World), IMEEC are itself the proof of success of CPEC.

#### ii- Overcoming Energy Crisis in Pakistan:

CPEC helped Pakistan in overcoming economic crisis. In the past, Pakistan has faced long hours of load shedding. 14 projects that are completed under CPEC have added 6000 MW energy to the national grid.

#### iii- Creation of Jobs:

As per article published in paradigm shift.pk "A decade of CPEC", Pakistan has been provided with 2 million jobs in phase I of CPEC. In upcoming phase, it has more potential to overcome the issue of unemployment.

#### iv. Revival of Construction Industry:

CPEC has made positive impact on revival of construction industry of Pakistan which was not doing well in the past. Building of roads, railways and other

infrastructure projects have opened the closed doors of construction industry.

#### v- Completion of Gwadar Port:

Pakistan has completed Gwadar Port, and opened new avenues of connectivity and business. It has potential to turn the country into a connectivity hub if supported by right set of policies. Central Asian states are already showing keen interest in using Gwadar port.

#### vi- Improvement in Transportation Infrastructure:

Transportation structure <sup>has</sup> improved tremendously after it was deteriorated due to NATO supply. Before CPEC, Pakistan was looking for investment of \$102 billion to rehabilitate infrastructure. CPEC not only overcome this challenge but also helped in building 510km of new highways.

#### vii- Launch of Energy Projects:

Chinese companies in cooperation with Pakistani institutions launched a series of energy projects. Sibi Coal Power, Port Qasim, HUBCO have been completed. Renewable energy projects including Hydropower. China Dawood Wind Farm, Quaid-e-Asam Solar Park, Karot Hydropower, Three Gorge Second, Sibi Kinari Hydropower etc ~~were~~ ~~started~~. Karot Hydropower has started generating cheap electricity.

### viii- Investment of Chinese Companies in Social Developmental and Environmental Projects :

Chinese companies invested in social and environmental projects through corporate social responsibility and other programmes. For examples, COPTC (Chinese Overseas Post Holding Company), China Power, State Grid Cooperation of China are investing in corporate responsibility in Pakistan.

### Failures of CPEC :

There is no doubt that the Chinese lent a helping hand to Pakistan in its most critical times and develop infrastructure. Unfortunately, the South Asian country is still finding it difficult to attract attention of global investors and financiers. Therefore, the situation gives birth to the question whether or not the ten years of CPEC constitute a real success story.

#### i- High Cost of Projects :

When CPEC was initiated in 2013, the summer power load-shedding in Punjab was 12-hours in urban Punjab. Production reliance was higher on dirtier and imported fuels and efficiency of power plants was low and industry was largely relying on captive power generation.

Some of the projects such as nuclear K2/K3 which are of long gestation, were already in the process. The government came up with too many projects under CPEC in a short period of time. These projects have surely resolved the energy production and capacity deficiency but not without a cost.

## ii- Problem of Circular Debt:

Too many projects in short term had created a supply glut in short term, while all projects being on 'take or pay' at very high returns in dollars terms created a dangerous circular debt problem. Under CPEC, both the quantum of projects and their returns were higher than those established under previous policies. One should not be surprised to see the growth of circular debt in last few years, particularly when power consumption is not increasing proportionately.

## iii- Issues with SEZs (Special Economic Zones):

SEZs were the critical part of CPEC but they are seen as not a success. These zones have become a real estate play which is against the spirit of industrial development. The relaxation in taxation and removal of regulatory

burden are not implemented in letter and spirit. 6% of SEZ land in Pakistan is still unoccupied after 11 years of passage of SEZ Act of 2012. Chinese business are still keen to relocate to Pakistan but only if taxation and regulatory issues are sorted out to their satisfaction.

#### iv. Issues in Chain of Command:

There is no chain of command exist, rather there is a tug of war among ministers and departments. Everyone is realizing themselves as champions of CPEC without realizing implementation of framework is important. On the other hand, 18<sup>th</sup> amendment has further weakened the chain of commands.

#### v. Complications in Institutional framework:

The complicated nature of institutional framework has made the business environment unfriendly, which discourages investment. Even a registering company takes many days and applicant has to deal with numerous departments. If the applicant is a foreigner, he has to go extra miles.

#### Recommendations:

Pakistan need to do following things in order to achieve its full potential of CPEC:

- i- Create a centralized body like CPEC Authority
- ii- Authorization of power to central authority
- iii- Authorization of central authority to offer services and collect taxes
- iv- Creation of National CPEC Council for guidance

### Conclusion:

In a nutshell, despite of challenges, Pakistan has managed to complete one phase of CPEC. However, failures need to be addressed in a unique way so that country can get advantages in its fullest.

x - x - x - x

### Question No. 4

#### 1- Introduction:

On March 10, 2023 China has brokered the mediation between two regional rivals - Saudi Arabia and Iran. This deal has been seen as a big blow to West countries specially to US and Israel. There are different perspectives regarding the impacts of deal on Middle East, however, most of analyst consider it a positive advancement. Along with other regions, this deal has far reaching impacts on Pakistan's security issues and also improves the foreign policy choices of Pakistan.

## 2- Impacts of Iran-Saudi Reapproachment on Conflicts in Middle East:

Saudi Arabia had been remained geostrategic rivals to pursue their interests in Persian Gulf. KSA is a status quo power while Iran has remained a revisionist. To pursue their interest in Middle East, both adopted sectarian policies against each other and supported sectarian groups in Middle East.

### i- Case of Syria:

In Syria, Iran supported the government of Bashar-Al-Asad while Saudi Arabia (KSA) supported Syrian Army and Al-Nusra. The war has started in 2011 and more than 60% of urban area is destroyed. Because of this approachment, Bashar Al-Asad was invited to Arab League Conference for the first time after 2011. Secondly, cease fire between government and Syrian army has taken place. Riyadh and Tehran also declared that they would help in negotiating both Syria and Yemen and issues would be resolved on table.

### ii- Impact on Yemen:

In Yemen, Iran supported Houthis Rebel while KSA supported Government of Mansoor Hadi. Civil war in Yemen has



been happening since years. However, the recent rapprochement between Saudi Arabia and Iran could increase the chances of peace in Yemen as well as in other parts of Middle East i.e. Lebanon, Iraq.

### iii - Impacts on Foreign Policy of Israel:

One of the major determinant of foreign policy of Israel is to maintain good relations with Arab countries and especially with Sunni sect to contain Iran. For this purpose, Israel has taken significant step i.e. Abraham Accords. Similarly, Israel is stakeholder of Neom project in Saudi Arabia. All of these negotiations were made because Iran was projected a common threat in the Middle East. However, the rapprochement is a major setback for Israel. Opposition leader of Israeli Parliament has stated that,

"Normalization of ties between Iran and Saudi Arabia is a major setback for Israel."

Netanyahu's foreign policy has failed in the Middle East."

### Saudi-Iran Rapprochement: Impacts on Pakistan:

The normalization of ties between Iran and Saudi Arabia entails positive implications

and promising opportunities for Pakistan - being Iran immediate neighbour and Saudi - Arabi long standing partner and China's strategic partner. Pakistan was the first country to welcome this move towards reconciliation. IPR1 wrote while agreeing Saudi - Iran rapprochement,

"Pakistan firmly believes that this important diplomatic breakthrough will contribute to peace and stability in the region and beyond."

## i- Improvement in Security Dynamics:

Due to Saudi - Iran rivalry, there was rise of sectarian groups like Lashkar-e-Jhangvi, Sipah Sahaba. These military groups are responsible for sectarian killings in Quetta, Peshawar and Jhang etc. As a result, sectarianism has a biggest problem for Pakistan due to division of nation on ethnic lines. This rapprochement will reduce the sectarian division in the country as both the approached states will increase the control of element which was dividing nation in the past.

## ii- Impact on Foreign Policy of Pakistan

In the past there have remained confusions on relations with Iran due to US pressure and cordial relationships with

Saudi Arabia. This rapprochement will help Pakistan in adopting a neutral policy and to take important decisions on Iran pipeline aspects.

#### iv- Massive Opportunities for Trade and Energy :

Middle East is rich in oil resources and Iran can provide Pakistan the natural gas. This rapprochement will provide massive opportunities for trade and energy ties for Pakistan.

#### v- Increasing Remittances :

Pakistan can benefit from increased economic cooperation with both states. Iran has always been an important trade partner of Pakistan and Saudi Arabia is very important economically, with a large number of Pakistani diasporas working there, which is major source of remittances.

#### vi- Prospects from Iran being Part of BRI :

Pakistan and Iran are already part of BRI and with this agreement, Saudi Arabia can also become a key partner in related projects. There are now projects for Pakistan to increase cooperation in food and security, through participation in CPEC and

Special Economic Zones.

## vii- Trilateral Prospect of Counter Terrorism

### Cooperation:

Furthermore, in the backdrop of this agreement, there are increased opportunities for Pakistan-Iran-Saudi trilateral in terms of counter-terrorism cooperation. Sharing of intelligence information among the three countries can result in increased collaboration for countering terrorism threats specially in targeting Al-Qaeda and ISIS.

## viii- Opportunity for Investments:

Both Iran and Saudi Arabia had already shown interest in investing in Pakistan. Iran has vast reserves of natural resources that could help Pakistan in developing gas and electricity transmission system to overcome energy crisis. Similarly, it would benefit Pakistan in attracting investments from Saudi Arabia in oil and gas sector particularly in production. This will help Pakistan in reducing reliance on imported oil which makes 70% of total imports as per economy survey of Pakistan 2022-23.

## ix- Vast Opportunities for Regional Connectivity:

Pakistan geography offers a vast

opportunities for regional connectivity, whose dividends will be collectively helpful for regional and international players. Moreover, this convergence will also help address complex geopolitical challenges to inter-regional stability and connectivity such as Afghanistan.

#### x. Support to SCO:

This normalisation may also support multilateral groups such as Shanghai Cooperation Organization (SCO), a platform for regional states to discuss security and economic issues. Pakistan and India are the members of SCO; Iran recently joined and Saudi Arabia has agreed to participate as dialogue partner. Increased collaboration between Iran and Saudi Arabia within SCO could create an opportunity for Pakistan and India to engage in constructive dialogue.

#### xi. Opportunities Regarding IMEEC and BRI:

Both Pakistan and Iran are part of BRI. Saudi Arabia is part of newly announced IMEEC (India Middle East Europe Economic Corridor) which can extend across Iran and Pakistan to connect with countries in North and also with China. This will further improve the potential of CPEC.

## Conclusion :

By summarizing the whole discussion, it is pertinent to say that Iran-Saudi approach is advantageous for Pakistan. It has multiple opportunities and Pakistan may not have to make hard choices between the two.

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## Question No. 7

### 1- Introduction :

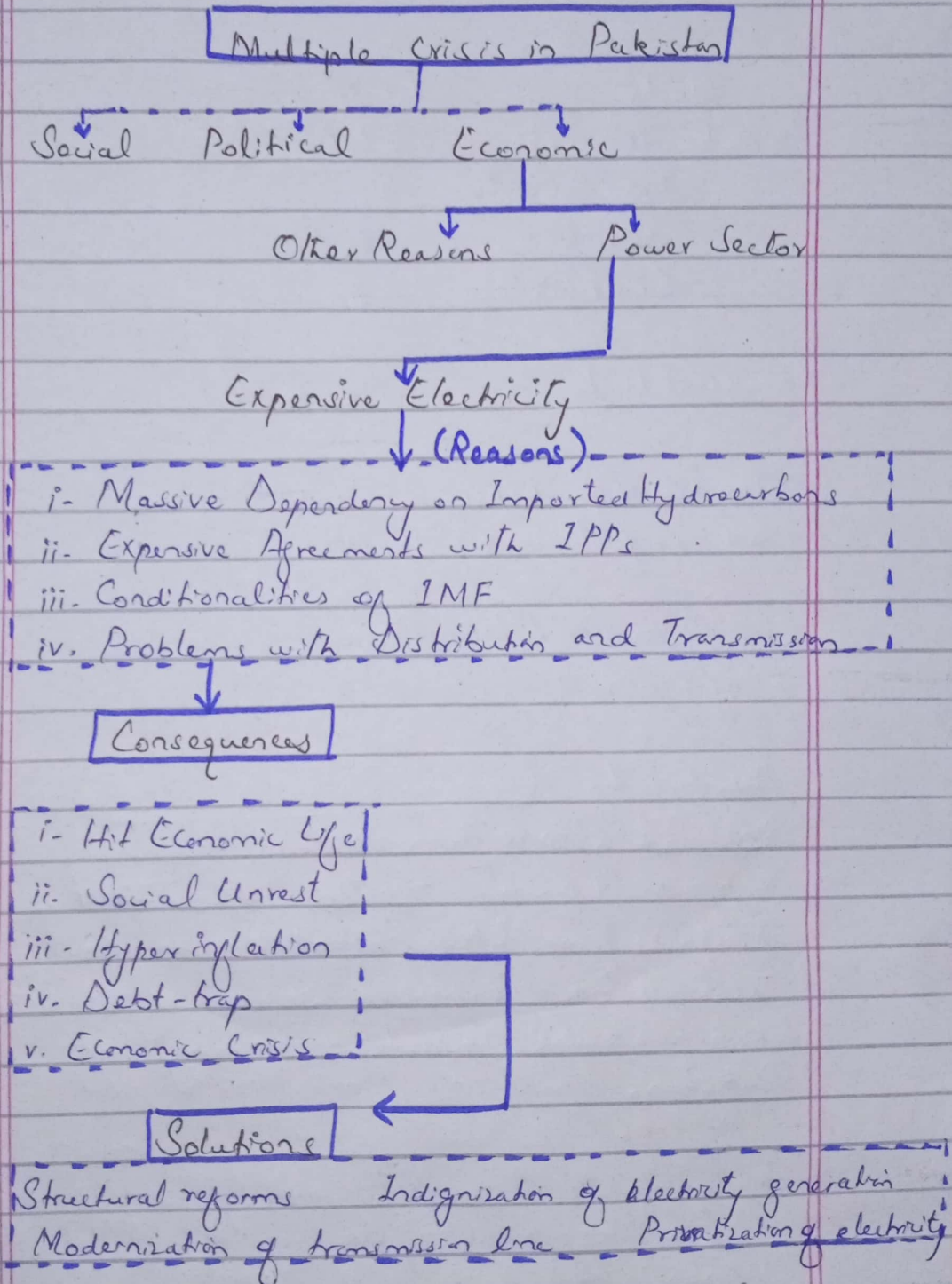
At time, Pakistan is facing multiple crisis in the field of politics, economy and in power sector as well, which has caused negative impacts on socio-economic conditions of country. Massive dependency on imported hydrocarbons, expensive electricity generation, expensive agreements with IPPs have further added fuel to the fires. In order to improve this situation, Pakistan needs to do reforms in power sector to get out of vicious cycle of inflation, debt trap, expensive electricity etc.

### 2- Relationship of Power Sector with Socio-economic Conditions of Pakistan:

As per statement of Prime Minister of Pakistan, the country is producing most expensive electricity in South Asia and 3rd most expensive in the world. This expensive electricity has ripple effects

on other sectors and may increase inflation. This expensive electricity is <sup>one of</sup> the main causes behind current socio-economic conditions of country.

### 3- Where the Problem Lie?



## 4- Problems of Power Sector : Expensive Electricity

In Pakistan, expensive electricity is one of the leading cause of socio-economic situation of Pakistan. For instance:

Units	Price per unit
Domestic 100 units	24 PKR
100-300 units	44 PKR
300-600	56 PKR
600+ units	72 PKR
Commercial Units	48-90 PKR

The causes of expensive electricity generation are as follows:

### i- Massive Dependency on Imported Hydrocarbons (HCs):

According to Economic Survey of Pakistan 2021-23, more than 60% of electricity is produced from imported HC's. 74MW is produced from LNG, 6500MW from Coal. These are most expensive sources of electricity, which has cause pressure on economy of Pakistan.

### ii- Expensive Agreements with IPPs (Independent Power Producers):

Expensive agreements with IPPs has further



worsen the situation. As per Economic Survey of Pakistan, country has to fulfill capacity payment which is 2.3 trillion PKR. These payments are made in dollars, devaluation of PKR puts pressure on backbone of economy.

### iii- IMF Conditionalities :

IMF's negotiations with Pakistan in March 2023 took place and it put the condition of provision of loan to Pakistan with increase of per unit price of electricity. Subsidies were also waved off as a result, there has been a sudden price hike in electricity bills.

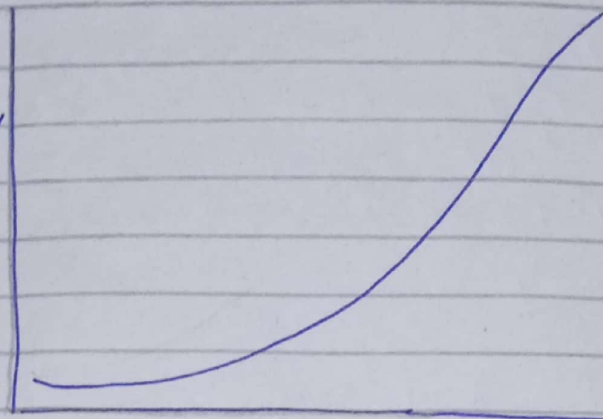
### iv. Problems with Transmission Line :

Along with other issues are the problems of electricity theft and transmission loss which constitute 29% of the total production. These issues had contributed in production of expensive electricity.

### 5- Impacts as a Result of Expensive Electricity :

Expensive electricity has affected every aspect of life from local to national level. It impact the life of individual as well as economic aspects.

High Electricity  
Prices like  
electricity



Price hike, inflation, social unrest, debt trap  
Inflation  
Social unrest  
Debt trap

## 6- What Need to be Done?

### i- Structural Reforms:

It is important to renegotiate with IPPs and to pay in local currency which will reduce the burden from the backbone of Pakistan. As 70% of IPPs are installed after 2011 and are not ready for negotiations.

### ii- Production of local Electricity:

Locally produced electricity will be cheaper. As Pakistan is already facing on 2030 target, to produce 15000 MW energy from different projects.

Solar Projects = 3000 MW

Wind Project = 4500 MW

Civil Nuclear Project = more than 3000 MW.

Energy produced by these sources will be cheaper than the hydroelectric which are imported by now-a-days.

### iii. Modernization of Transmission Lines:

It is crucial to stop the electricity theft and loss of electricity. This will not leave extra burden on the country.

### iv. Privatization of electricity:

Privatization of electricity is also an important step which can reduce the extra pressure. State can help in making WAPDA and IESCO privatized and can play the role of maintainer.

### Conclusion:

In a nutshell, crisis of power sector have impacted the socio-economic aspect negatively due to extra volume on imported Oils. This need to be resolved with immediate steps so that a better situation will arise in the country.