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## QUESTION # 04

### I- INTRODUCTION: UNDERSTANDING KSA-IRAN RAPPROCHMENT.

Iran and Saudi Arabia formally agreed to make a patch up on 10 March, 2023. When China mediated to restore the ties between the two countries. Iran and Saudi Arabia have had strain relations since 2016 when a Shia cleric "Baqir Al Nimr" were taken to death. This particular incidents has made the relations between the two countries more worse leading to the suspension of diplomatic, economic and trade relations between the two. Since then, both countries were hostile with each other. Apart from this, the KSA-Iran competition and arch rivalries were more strategic in nature because it was conflict of gaining regional hegemony between the two countries. The recent rapprochement agreement between the two regional powers surely have a positive and far reaching impacts on Middle East and Pakistan.

## II- AN OVERVIEW OF KSA+IRAN RELATION IN THE BACKDROP OF PROXY WAR and BAQIR ALNIMIR CAPITAL SENTENCE:

- (i) Death of Baqir - Al-Nimir  
 In 2016, A reknown Shia Cleric "Baqir Al-Nimir" was subjected to capital punishment as it ~~was~~ drew a much risk leading to the diplomatic's suspension. A protester in Tehran stormed to Saudi Embassy ~~Embassy~~ which forced to evacuate the employees of KSA from Iran. Same incident also happen in Mashhad where Saudi Consulate was attacked. The particular incident played a central role in the suspension. Both countries came at the dogger-head to each other.

### (ii) Proxy Wars in Middle East:

The conflict and confrontation in the Middle East is of more strategic than sectarian issue. Both countries want a power muscle in the region to gain regional hegemony leading to the number of proxy wars. Yemen, Syria, Iraq ~~and~~ are engulfed under the shadow.

of proxy. Both countries used to subject allegations on one another of sponsoring and fuelling the proxy wars. Saudi Arabia's Attack by Houthi Rebels were alleged to be linked with Iran.

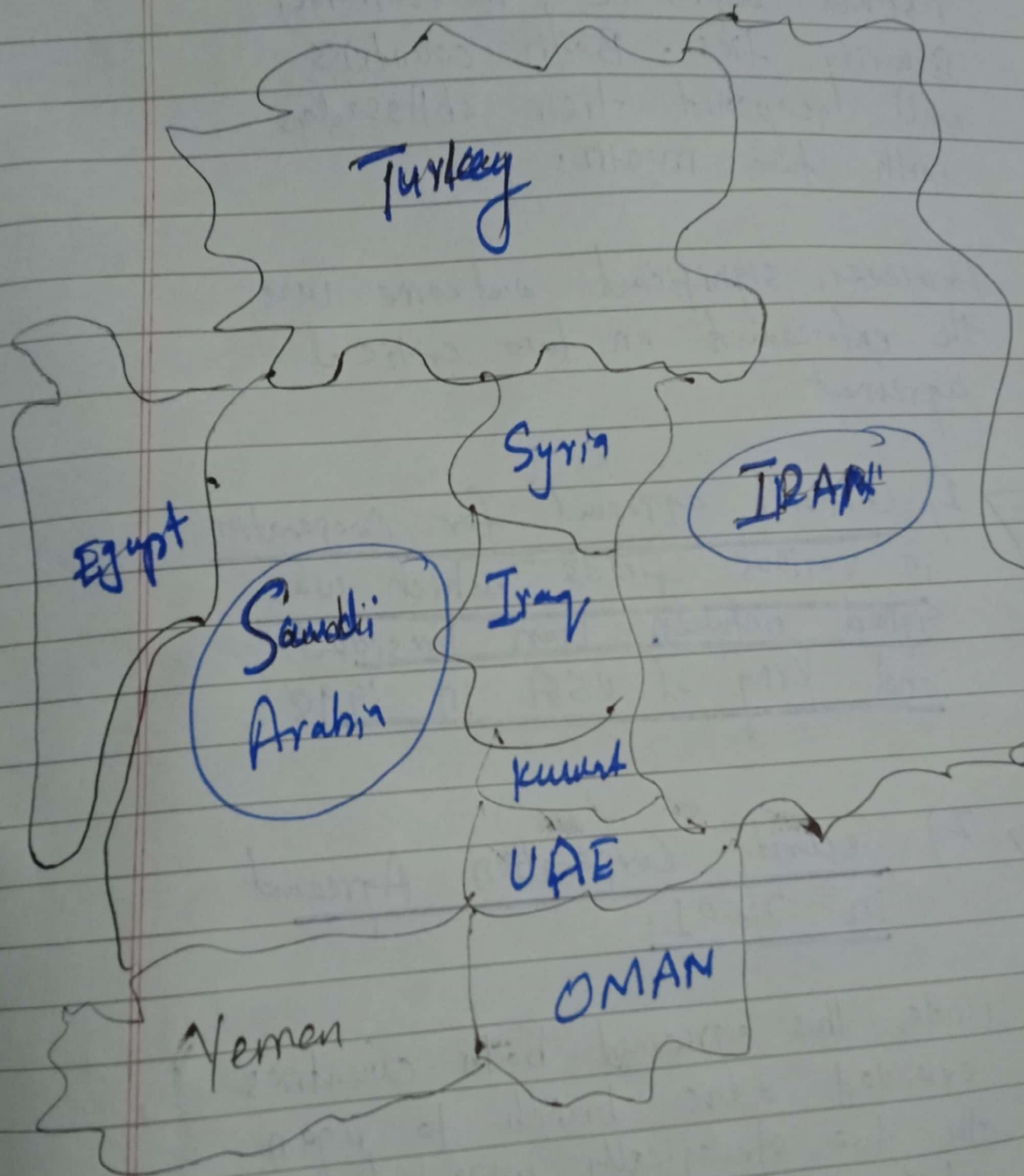


Figure: Middle East

### III - IRAN-KSA PATCH-UP ; A CHINA BROKERED AGREEMENT

On 10 March 2023, Both Countries were agreed to restored diplomatic, ~~and~~ economic, security ties. Both countries will reappoint their ambassadors with two months.

However, significant outcome was the enforcement on two critical agreement

⇒ 1) General agreement for Cooperation in various fields which was signed between Iran President and King of KSA in 1998.

⇒ 2) Security Cooperation Agreement in 2001.

Under this agreement both countries extended olive branch to regain the two strategically important agreement where were signed in 1998 and 2001 respectively.

## IV - Positive Implications on the Conflicts in the Middle East:

As we know that Middle East remained a hotspot of conflicts and confrontations due to the long standing conflicts between Saudi Arabia and Iran.

Due to the recent agreement which was brokered by China, temperature may come down.

Given the fact, the two countries were directly and indirectly involved in proxy wars.

The wrestling for power corridor between the two countries had engulfed Syria, Yemen, Iraq,

### (i) Syria Civil War, 2011:

The Syrian Civil War, which began in 2011. Saudi Arabia and Iran have supported different sides. KSA backed anti-government group and Iran supported the Syrian government led by Bashar-ul Assad. Their involvement irked the tensions and caused a severe disturbance in Middle East.

This patch-up between Iran and Saudi Arabia will bring peace in Syria for regional stability.

(ii) Yemen:

The conflict in Yemen is often considered a proxy war between KSA and Iran. In this, KSA supported the coalition-led government whereas Iran allegedly backed the Houthi rebels. This geopolitical conflict led the humanitarian crisis in Yemen. Due to the agreement between Iran and KSA, peace and stability will bring to Yemen.

(iii) Iraq

The confrontation between Iran and KSA in Iraq was of sectarian nature. Both countries, KSA pulled a string to influence the Sunni faction to bring Sunni government whereas Iran stressed to bring a government of Shia. This wrestle of geo-political conflict aggravated the sectarian cult in the country. Optimism may prevail that positive impacts will bring tranquility and calmness in the country.

Hence, it can be said that all ongoing conflicts in Middle East may come down due to recent China-backed agreement.

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## V- Far - Reaching Impacts on Pakistan?

(i) Due to Iran-KSA rapprochement, Sectarianism will reduce significantly in Pakistan.

Pakistan is diverse and multi ethnic country where there is significant proportion of Sunni and Shia Muslim. Due to arch-rivalry in Middle East between Iran and KSA, sectarian conflict used to fuel more drastically leading to intolerance and conflicts in Pakistan.

In Pakistan, it was said that both countries are involved in fomenting sectarian divide through funding the both school of thoughts. It was also said that hate speech in Pakistan to ignite sectarianism was the part of foreign funding.

In this way, Pakistan became more volatile to sectarian cult leading to number of clashes and sectarian incidents. However, due to Iran-KSA rapprochement, sectarianism will significantly reduced in Pakistan.

(ii) Pakistan Foreign Policy will not be at stake in choosing between Iran and Saudi Arabia.

Due to conflict between two countries, Pakistan had to choose a very delicate path between the two countries. Pakistan always remained neutral but at many occasions, Pakistan Foreign Policy had to come at stake in choosing the two countries. This recent agreement will avoid such situation in future.

## VI- Conclusion :

China-backed agreement between Iran and KSA is a positive step to normalise ties between the two countries. It is equally more encouraging to bring stability in Middle East and also in Pakistan. This patch-up will capitalise the trade mobility and diplomatic ties. Thus, entire region will flourish to the remarkable extent.

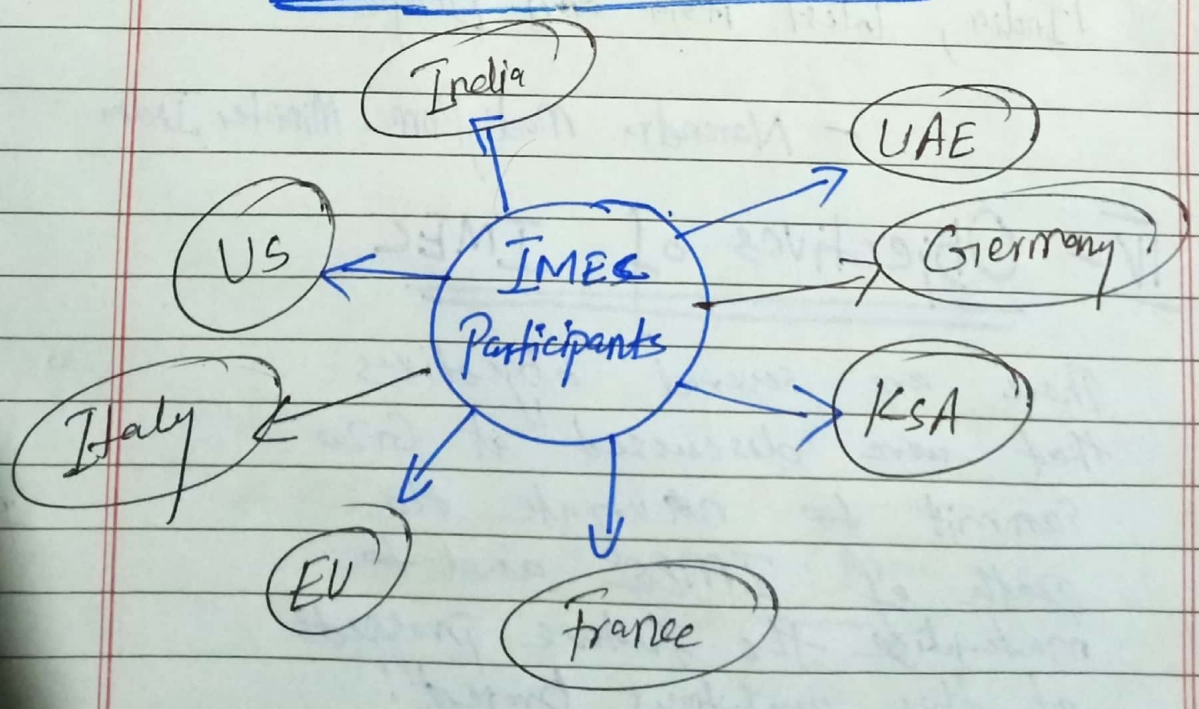


# Question #02

## I- INTRODUCTION: UNDERSTANDING IMEC

India - Middle East - Europe Economic Corridor an ambitious project which is being seen a major challenger to China's Belt and Road Initiative (BRI). As many scholars claimed that this particular project can challenge the growing hegemony of China in the world as it has an immense potential. It is a projected plan that include a corridor will go to Middle East to Europe and Europe to Latin America.

## II- IMEC PARTICIPANTS:



These are some most powerful countries who agreed upon to;  
~~secure~~

- i) Secure Supply Chain
- ii) Facilitate Trade
- iii) Generate Jobs

### III- Establishment of IMEC:

It was launched at G20 summit that happened on at India.

The participants were of the view that this new initiative will usher Global connectivity, and sustainable development.

"It will be a major medium of economic integration between India, Inland Asia and Europe"

- Narendra Modi, Prime Minister, India

### IV- Objectives of IMEC

There are several objectives that were discussed at G20 Summit to navigate the path of IMEC and to materialise the future prospects of this ambitious project.

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1 => Generate Economic Growth

2 => Incentivizing New Investment

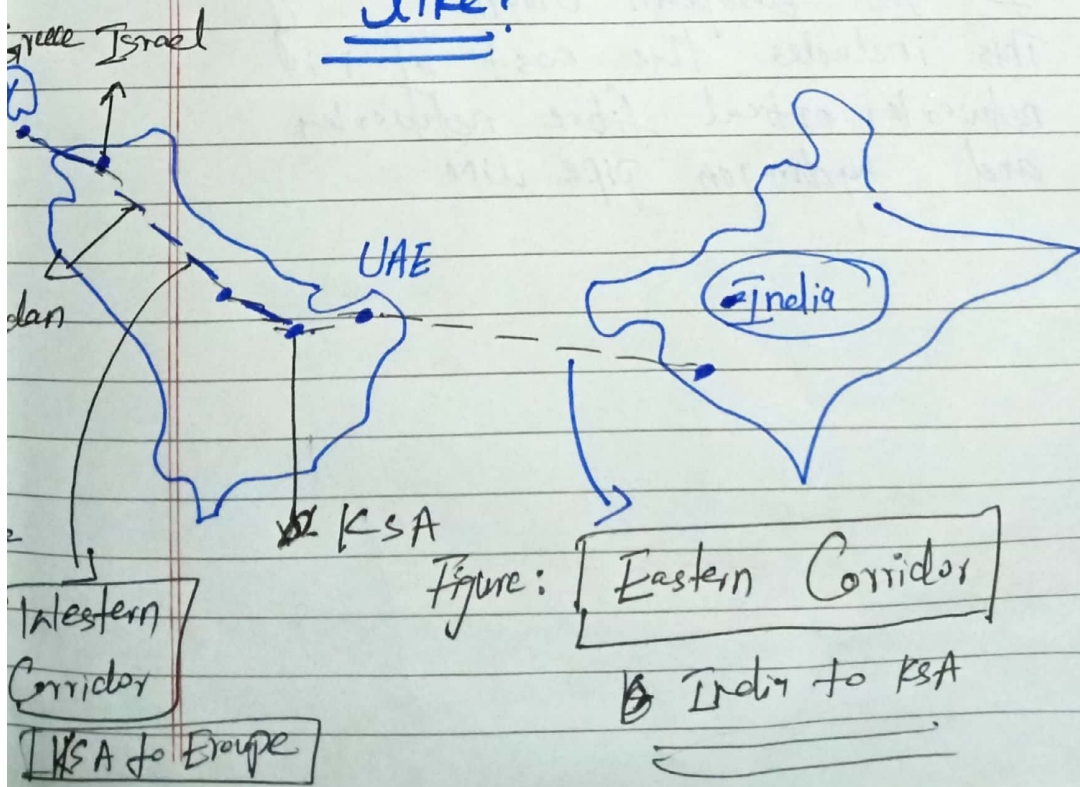
3 => Connecting Asia and Europe with Commercial Hubs.

4 => Development and Export of Clean Energy

5 => Supporting Trade and Manufacturing of Energies.

6 => Strengthening Food supply and supply chain.

V - What will IMEC Look like?



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## VI - What will IMEC include?

It will have following particulars;

- (i) Railway line
- (ii) Ship Rail Transit Route
- (iii) Road Transport Route
- (iv) Hydrogen pipeline
- (v) High density fibres

## VII - IMEC: THE BENEFITS :

IMEC will cut down 40% in travel time for transporting goods. In addition to this, it will 30% cut in cost of transporting goods. The project will cost almost \$20 Billion according to the European Union.

This includes the cost of rail network, optical fibre network, and hydrogen pipe line.

## VIII - How does IMEC compare with BRI?

In term of objectives, both mega projects BRI and IMEC are similar. But Belt and Road initiative is much bigger scale. because it has 150 countries ~~members~~ as its members. and 30 international organization. It was announced in 2013. In that sense, it is already a decade ahead of IMEC.

### (i) Common members: BRI Vs IMEC

Likee, USA, UAE and Italy are in both members. but Italy is indicating a bid a farewell to BRI as saying the BRI does not benefit as per expectations.

"Italy Defence Minister said that jointly BRI was to fulfill the purpose the strategically important objective but it largely failed to do so"

Italy term the BRI as "wicked"

## IX - How can IMEC replace BRI?

IMEC being a new challenger to BRI can overtake BRI through stimulating economic development. There is a need to usher an economic benefit to its member countries. Only giving a better connectivity will not serve the purpose. On the contrary, BRI has significantly given an economic semblance to its member countries.

Secondly, operationalization is very important as all ambitious pillars ~~are~~ look good at paper. The practicality of all objectives will be critical because fast delivery of projects will make it more relevant to the world. Thus, this will push a competition to BRI.

Thirdly, IMEC needs to ensure the autonomy of its member countries that this project will marginalise the autonomy of members. Whereas there is growing concerns that BRI is a "debt trap".

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What are the challenges to IMEC?

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(i) Tackling Beijing overtures:

will have to tackle the <sup>IMEC</sup> China's counter overtures to sabotage this through diplomatic manoeuvring. There is a need to proactively tackle the Beijing overtures.

(ii) Change of government: Political Headwinds:

In with the change of government in different member countries, there may be change of policy which will overthrow such ambitious projects. Time will decide this soon.

(iii) Trust Deficit:

Such mega-projects offer faces the trust deficit due to the over-hungry of various objectives.

XI- Conclusion

To sum up, IMEC is viewed as a competitor to BRI given the fact that both projects are similar in nature whereas it can be said that BRI is still taking a lead in this competition.

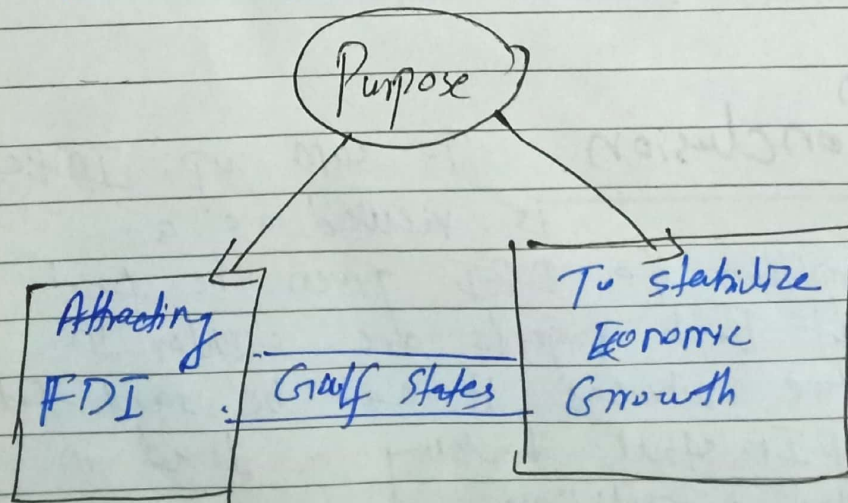
# Question # 05

## I - Introduction:

Special Investment Facilitation Council (SIFC) is a new roadmap to enhancing Foreign Direct Investment (FDI) in Pakistan. It is an initiative to facilitate the promised investment from Middle East. The council is being formed to attract Gulf investment in agriculture, IT, mining and defense production. The main goal of SIFC is to bring ease for the investors of Gulf countries and bring solution their concerns.

This council was formed in June, 2023 backed by Pakistan Army.

## II - Purpose of SIFC:

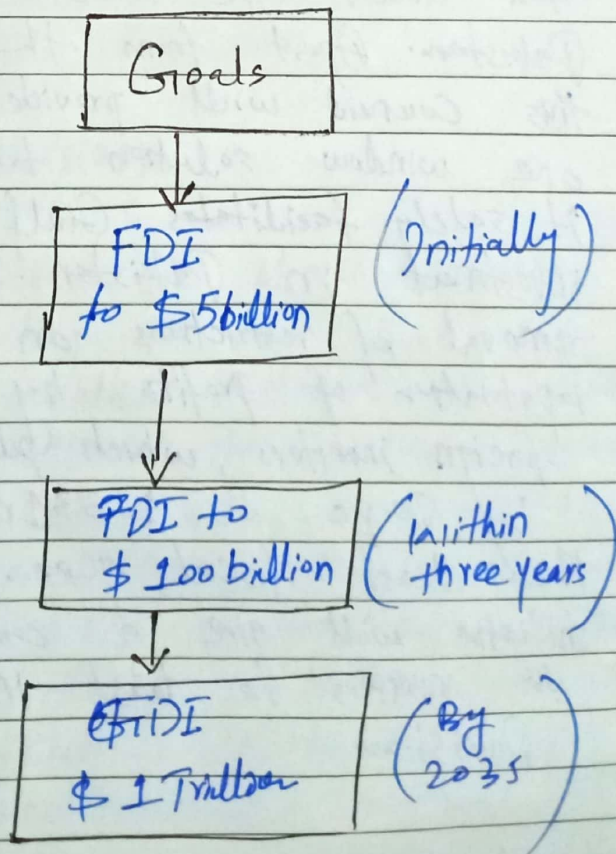




The purpose of SIFC is to attract Foreign Direct Investment (FDI). The second objective of SIFC is to stabilize the faltering economy of Pakistan as the current economic estimate is indicating a poor indicators in all sectors.

### III- What are the investment goals of SIFC?

Initially it aims at increase FDI to \$5 billion to support the battered economy. Then, it will increase FDI to \$100 billion in three years. By 2035, GDP will grow \$1 Trillion.



## IV - What are the Challenges for SIFC?

SIFC will witness many challenges including political instability, law and order problem and brain drain.

## V - Prospects of attracting FDI

The prospects of attracting FDI is bright given the fact that there ~~are~~ are two concerns of investors regarding the bureaucratic complexities which often hinder the investment in Pakistan. Apart from that, this Council will provide a one window solution to them. It solely facilitates Gulf investment in Pakistan. The removal of restrictions on repatriation of profits by foreign investors, which plunged by 80pc to \$ 331m in the last fiscal year. This initiative will give a confidence to investors to invest in Pakistan.

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## VI - Critical Analysis

Though, SIFC is aiming to attract FDI Foreign Direct Investment but the mechanism seems vague. It is earlier to project the benefits the SIFC very soon without letting the time to decide. The change of government in coming months will make it more difficult due to the ~~can~~ discontinuity of policy. In Pakistan, policies are largely failed due to lack of consistency. If this project becomes inconsistent in its implication and implementation it will not achieve its principle objectives.

## VII - Conclusion

To conclude the above discussion, it worth noting to say that SIFC is an excellent initiative in right direction given the economic turmoil in Pakistan. It can salvage Pakistan's economy and can potentially attract FDI if properly executed. However, there are certain challenges like political instability and law and order problem.

## Question #03

### I- Introduction:-

CPEC has completed its ten years in 2023 and governments of Pakistan and China decided to celebrate its one decade timeframe. The more important thing is to discuss its success and failures in the ten years. China-Pakistan Economic Corridor was launched in 2013 aiming at regional connectivity, trade enhancement, special economic zones and strategic infrastructure. It has achieved many achievements in some areas whereas it remained failure in other areas. A decade of CPEC saw many ups and downs in its implementation and projection.

On 1st August 2023, China and Pakistan celebrated the completion of 10 years of CPEC-

Chinese Vice Premier, He Lifeng paid a three day visit to Pakistan.

"CPEC has achieved significant success in infrastructure development and aiming to achieve it at large" — "He Lifeng"

## II- Milestone achieved in First Decade:

In first decade, China has made an investment of around 25 billion dollars. In the energy sector, 14 projects have been complete, 2 are under construction and 5 are under consideration.

Similarly, 4428 MW of energy is in process whereas 7280 MW was added to National Grid. In addition to this, 192,000 jobs were created.

### ⇒ Phase I (2015-2020)

Energy and Infrastructure Developments

→ 1320 MW Sahiwal coal Project

→ 1320 MW Port Qasim Power Plant

→ Peshawar - Karachi Motorway

→ Orange line Train Lahore

Phase II  
(2021-2025)

→ Gwarday  
Smart  
City

→ Master Plan

→ Vocational  
Training  
Center.

→ Expressway  
in Balochistan

Phase III  
(2023-2026)

Tourism and  
Human Resource  
Cooperation.

### III - Failures of CPEC

→ Delays in the materialization  
of actual plans - due  
to political instability.

→ Not salvage the economy  
of Pakistan

- Debt Trap concerns
- Security threats.
- Energy Crisis
- Brain Drain

## IV Conclusion

Though CPEC had an immense potentials to revamp the growth of Pakistan economically but it has not truly done the job. The delay in action plan in real-time made it difficult to further materialise the projects. It is said the prospects of CPEC is shining only if care is taken more caustudy.

