

Current Affairs

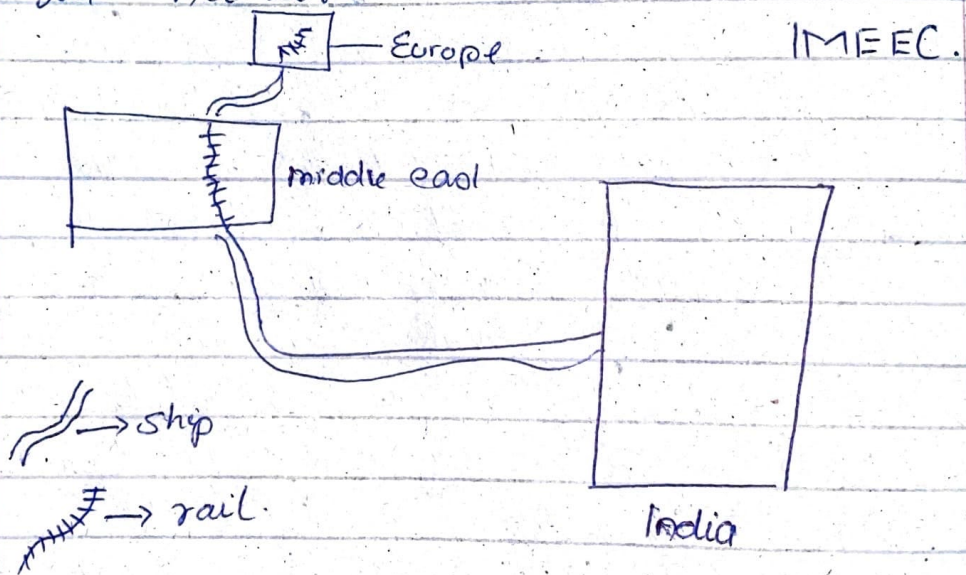
Q2 India-Middle East Europe Economic Corridor is projected as a competitor to Belt and Road Initiative of China. Critically evaluate the potential and the future prospects of the two projects.

Introduction.

The 21st Century can also be called as the century of economic corridors. This century has seen a surge in the development of economic corridors, with Belt and Road Initiative leading the pack. The recent emergence of Indian-Middle East-Europe Economic Corridor (IMEEC) marks a new chapter in the landscape, potentially challenging China's dominance. Both the projects might be in the aim of achieving global dominance or may be for global connectivity, the underlying situation indeed is to unfold in the coming decades. However both the projects faces immense challenges along a great potential to shift the global trade dynamics. Will it succeed the question that can only be ~~ade~~ addressed through underlying facts and understanding of both the projects.

3. The decade of Economic Corridors;

Since its inception in 2013, BRI has become a hot topic in the global arena. The project has become the world's most ambitious infrastructure project, encompassing land and maritime routes connecting Asia, Europe, and Africa. BRI prioritizes infrastructure development like ports, roads, railways and pipelines, aiming to boost trade, investment and regional cooperation. On the other hand IMEEC, launched in 2023 shares similar goals, albeit with a narrower focus on connecting India, the middle East, and Europe through a ship to rail network.



4. Potential of IMEEC and Challenges on its way.

a. Potential of IMEEC

i. IMEEC has great trade potential due to the high growth economies involved.

IMEEC's trade potential is immensely high as the involved economies have high growth. According to IMF, the combined GDP of India, the Middle East and Europe exceeds \$20 trillion, while it is projected that India and the Middle East to be the fastest growing economies in the coming years.

For this grouping of rich countries in an economic corridor will add to the richness of the corridor and increase its trading capabilities.

ii. IMEEC focus on clean Energy.

The IMEEC economic corridor envisions pipelines for clean ~~energy~~ hydrogen exports, aligning with global climate goals. According to the NITI Aayog report there will be a hydrogen pipeline from India to Middle East, hydrogen storages in the Middle East and then connected to Europe. This would facilitate the development of ~~KEP~~ FCEV in the countries and Middle East's vision of diversifying its economy.

b. Challenges in the way of IMEEC

i. Middle East being a ~~great~~ ^{huge} obstacle.

The Middle East is the land of disputes, where conflicts that had started decades ago are still in the play. This disputed area can disrupt the connectivity channel of IMEEC.

ii. Financial viability of the Project.

It is estimated that the cost of IMEEC is in hundreds of billions of dollars. Although the countries involved are some of the richest countries of the world, questions B.B.U., due to the lack of a proper framework of financing and who will be the beneficiaries would be a point of disruption and slowing down of the project.

5. Potential and Challenges of BRI.

a. Potential of BRI

i. BRI's scope and scale is unreachable.

The BRI started in 2013 has an unpredictable level of reach as over 150 countries have engaged in BRI projects with investments of around \$4 trillion and a combined GDP of \$41 trillion.

The BRI project also encompasses diverse land and maritime routes, connecting

Asia, Europe, Africa and beyond. This would allow BRI to create a network of infrastructure that facilitate trade and economic integration across vast region

ii) BRI's focus on development, addresses the problems of member countries.

The BRI project not only focus on connecting but focus on the development of the member countries. For instance BRI's focus on the Energy sector and Infrastructure in Pakistan. Furthermore, According to world bank report of 2023, BRI could boost global GDP by upto 29% and create millions of jobs, mainly in developing economies.

b. Obstacles for BRI

i. BRI faces significant environmental concerns.

The BRI project faces significant environmental concerns. The large-scale Infrastructure projects, particularly coal-fired power plants have lead to increase in greenhouse gas emissions.

Secondly the projects are criticized for causing environmental damage including deforestation, habitat loss, and water pollution.

ii) The Debt Burden on Member Countries.

The member countries of BRI have highly been exposed to Debt by China. The BRI recipient countries have borrowed heavily from China, raising concerns about their ability to repay the loans and potential debt traps.

Secondly the debt repayments by member countries strain the government budget for instance in the case of Pakistan.

6. The future Prospects of the Projects.

a. IMEEC future prospects;

The project success hinges on middle east stability.

IMEEC, currently in the MOU stage is highly dependent on the stability in the middle east. The ongoing conflict between Israel and Hamas has already hindered the progress of the project and has been delayed.

b. The future prospect of BRI;

heavily dependent on Addressing debt concerns.

The future of BRI hinges upon the debt concerns associated with the project. As in Sri Lanka case the country got bankrupt and had to hand over Hambantota similar concerns ear of member countries can hamper the project and s. have a spill over effect on the project's progress.

7. Conclusion.

While IMEEC and BRI hold significant potential to reshape global trade and connectivity, their success hinges

on Addressing individual challenges and adapting to shifting geopolitical and economic realities. IYEEC offers a promising alternative to BRI, promoting clean energy and diversifying trade routes, but its success depends on overcoming regional instability and securing financial viability. BRI, despite its vast scale and experience, needs to address concerns regarding debt burdens, environmental impact and transparency to ensure its long term sustainability. Ultimately the competition between these two corridors will play out in the coming years, shaping the future of global economic connectivity and influencing the balance of power on the world stage.

Q4 KSA - Iran rapprochement - would have far reaching positive implications on the conflicts in the middle east but would also have far reaching impacts on Pakistan. Discuss

1 Introduction

The long-standing animosity between Saudi Arabia and Iran has cast a long shadow over the middle East, fueling regional conflicts and exacerbating political divisions. However, recent signals of reconciliation, most notably by the restoration of diplomatic relations in March 2023, raise hope for a new era of stability in the region while this rapprochement

is widely viewed as a positive development, its implication for Pakistan, a close ally of Saudi Arabia requires careful consideration as it has both positive and negative effects on the country.

2. KSA - Iran Rapprochement Details.

The year 2023 witnessed a surprising turn of events in the volatile landscape of the middle east; the long frozen relations between Saudi Arabia and Iran began to thaw. This was due to many reasons, first and foremost both the nations had faced economic and political hardships due to their proxy wars in Yemen and Syria. Secondly, the rise of China and a perceived decline of US influence in the region have prompted Saudi Arabia and Iran to seek alternative alliances. Although the reconciliation efforts currently focus on restoring diplomatic ties, facilitating economic cooperation, and deescalating proxy conflicts. However, the future trajectory of the rapprochement remains uncertain, with issues like Iran's nuclear program and regional security posing potential challenges.

3. Implications of the rapprochement on Middle East

a. De-escalation of proxies.

The rapprochement would enable the

the de-escalation of proxy wars. As most of the proxy wars in the region were either backed by Iran or Saudi Arabia, through their rapprochement the situation could get stable. This could be in the form of resolving ~~ten~~ conflicts such as the Yemeni Civil war and the Syrian Conflict. As a result a way for peaceful resolutions would be paved.

b. Enhanced economic Cooperation

The ~~rapprochement~~ rapprochement in the middle east would be a sign of enhanced economic cooperations. As both KSA, KSA and Iran are big economies their improved relations would foster regional economic integration. This would boost trade, investment and energy cooperation across the middle east.

c. Reduced foreign Intervention fostering greater regional autonomy.

The rapprochement would reduce foreign intervention and foster greater regional autonomy. Previously due to KSA - Iran tension the regional players used to tailor their policies according to the requirements of foreign players like the USA but due to the ease of tensions between IRAN and KSA there would be no need for such intervention and as a result regional autonomy would be fostered.

4. Impacts of the Rapprochement on Pakistan.

a. Potential benefits.

i. Improving regional Security.

As the tensions between KSA and Iran would be eased, this would bring stability in the region. As Pakistan ~~had~~ has a shared border with IRAN its better security position would mean enhancement in Pakistan's security environment due to the minimized spill over effect.

ii. Enhanced Economic Opportunities

Increased trade and economic cooperation in the middle east could offer new opportunities for Pakistani businesses and workers. As a less volatile middle east due to the rapprochement could facilitate easier trade flows between Pakistan and the region and increase the opportunities for Pakistani workers and business to participate in reconstruction efforts in war-torn areas like Yemen and Syria.

iii. Pakistan would be able to strengthen its standing in the region.

Pakistan could potentially play a mediating role between Saudi Arabia and Iran to further enhance their relations. As Pakistan has a close connection with both KSA and Iran, this would

position it as a neutral mediator in the future possible disputes and strengthen Pakistan's diplomatic standing in the region.

b. Potential Challenges for Pakistan.

i. Can Politically weaken Pakistan partnership with KSA.

The rapprochement between KSA and IRAN could mean better relations between them. This can lead to a shift in

a) alliances by KSA as it would not really need on Pakistan as a regional security partner. Furthermore there can be a potential reduction in financial aid military support from KSA that would have significant economic and strategic consequences for Pakistan.

ii. Rise in Sectarian tensions in Pakistan.

Pakistan's own Sunni-Shia divide could be influenced by the rapprochement between Saudi Arabia and Iran, potentially exacerbating internal tensions. Increased engagement with Iran could face domestic backlash from certain segments of Pakistani society.

c. Conclusion.

The KSA-Iran rapprochement offers the promise of a more peaceful and stable middle east, with potential benefits for regional security, economic

Cooperation, and political stability.
However, for Pakistan, navigating this
new landscape will require a
delicate balancing act. Pakistan must
carefully assess the potential benefits
and challenges of this rapprochement,
adapting its strategic partnership and
foreign policy to leverage opportunities
while mitigating potential risks. By
actively ~~shaping~~ engaging with both
Saudi Arabia and Iran, Pakistan
can play a constructive role in shaping
a more peaceful and prosperous future
for the region.