

Q6- Loadshedding has been a historical issue in Pakistan. The recent surge in prices have worsened the energy crises in Pakistan. Bad policy measures coupled with rising population deteriorated the condition more than ever. Moreover, the recent ongoing unstable Pakistan in term of economy, security and politics have caused a boom in prices. This is a cyclic event of Economic crises and energy crises that has caused Balance of payment deficit, inflation, huge debt, Industry shutdown, fall in savings, Brain-drain, etc. Possible recommendations include renewed contracts with IPPs, attract investment, broaden tax range, ^{reduce} ~~renew~~ transmission lines, losses, ensure security check, etc.

Balance of Payment deficit worsened

Balance of Payment deficit is the total amount of inflow and outflow from the economy. A BOP deficit means inflow amount is greater than outflow.

As the energy crises have affected the country in the following ways.

Outflow of investment causing Industrial shutdown
Energy crises has disrupted the operations of businesses. The high cost of production due to booming prices has resulted in investor faces losses.

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A lot of businesses announced shutdown. In FY 2022-23, more than 200 industries shut down on permanently or temporarily. This has discouraged new potential investors to invest in the country.

Exports declined due to industry's slow operation. As mentioned in the previous paragraph, many industries have closed and halted their operations. (Case) Moreover, there has been a rise in cost of production resulting in business's uncompetitiveness in international market. In 1990s, Pakistan used to be major exporter but that has ceased to exist.

Devaluation of currency resulted in BOP deficit and Energy cost rise. Poor economy and IMF SAPs requirement to shift PKR to free floating currency has resulted in devaluation. As a result, this has worsened Pakistan's situation because it imports most of its hydrocarbons to generate electricity. Devaluation results rise the cost of imports. Hence, in FY 2022-23, Pakistan's hydrocarbon were \$23 billion which constituted to 50% of trade deficit. Not only has it taken a toll in BOP but also on cost of producing electricity which has surged triple per unit.

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Debt to cover BOP deficit:

BOP deficit has resulted in the need of loan by Pakistan to cover its BOP deficits. This loan has accumulated so much that that it is not a huge contribution to BOP deficit in the form of debt repayment.

The huge current imports coupled with rising cost of production to cut load shedding issues and causing price boom has eventually forced Pakistan to make further agreements with IMF. It has targeted \$6.8 billion loan under EEF (Expanded Fund Facility)

Fall in demand and saving due to energy crisis

The surge in inflation with electricity as a contributing factor has caused a fall in demand and a slowed down economic growth. Moreover, people spend enough to cover their expenses resulting in less saving and thus less investment which is further deteriorating the economy.

Brain drain of youth from Pakistan

The well educated youth of Pakistan are leaving the country due to uncertain economic conditions and worsening energy situation. They can have a better standard of living and job opportunities. This

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may result in shortage of intellectual property and affecting efficiency and innovation in general.

Resource-allocation

~~the~~ Improving on the energy issues:

Pakistan must take urgent steps to device new policies of minimising and reversing damages by energy issues.

- 1) Renewed negotiations with IPPs and sustainable policies regarding it.

Pakistan's bad governance and poor economic policies have in historical context have made Independent Power Plant a topic of huge concern. Firstly, these IPPs work on hydrocarbon with huge investment. Secondly, they are given the priority of capacity payments. Consequently, Pakistan's economy has been drained with this burden passed onto final consumer.

Moreover, it has been using the revenue allocation for IPPs for non-developmental expenditures. This needs to be used not be used for other purposes rather the and solely for repayment to IPPs. Moreover, Pakistan ended capacity payment with some IPPs and

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introduced the policy of payment in local currency to neutralise the effect of currency devaluation.

2) Minimise Transmission losses and theft.

As per the estimate, the electrical transmission losses of Pakistan is highest in South Asia with the record of 17%. Pakistan needs to reverse the substandard transmission system to cut the loss & energy inline. Moreover, strict penalties must be imposed on energy theft. Modern meters and check and balance should be introduced to avoid electricity theft.

3) Shift to local non coal and renewable energy production systems

Since hydro carbon are a major chunk of GDP deficit, Pakistan should utilise the local non coal and increase its extraction. According to reports, Pakistan has approved \$5 billion of loan for oil and gas exploration. Moreover, Pakistan needs to build dams, wind mills, solar mills, etc to increase its investment. The CPEC investment in Balochistan and Islamabad in solar energy production has increased electricity production.

Conclusion

Pakistan's economy is in severe crises due to poor political and security stability. Energy crisis has made the situation more painful with rise in loadshedding and surge in rate with the introduction of gas and urea in the market. It has a cyclic effect where a per energy issues has affected the economy which has made energy issues intensified. If proper policies and specific measures are not taken, Pakistan will be engulfed more in this cyclic loop.

(ii)

Russ
weigh

Q4- Russian-Ukraine war has been ongoing since the 2022. Russia claim that it's ethically on Ukraine is justified on the basis of threat to its national security. Ukraine, on the other hand, has strong back of NATO and US to confront. Russia and hold a defensive posture. The war has historical as well as current implications on Russia, Ukraine and NATO.

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a) Historical Context-

1) Formation of NATO and its expansion
NATO was built in mid-winter twentieth century to fight soviet and fight against USSR in cold war. After cold war, it still played its active role, for example in Afghanistan. Moreover, it has

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added new members from European countries to strengthen its foothold. One of the primary reasons for Russian attack on Ukraine is the violation of Ukraine to join NATO which means renewing one right on the border of Russia. During those times, NATO managed to include Finland and Sweden as members and boycotted its border there.

(ii) Russian Strategic culture of stronghold on neighbours and uninterrupted warm waters.

As Ukraine used to be part of USSR before breaking away. From 1991-2008, majority of parliamentarians were pro-Russian but with the passage of time, the country tilted towards the Europe. Ukraine's diplomatic relation with European Union countries intensified in trade, defence, tourism, etc. Ukraine participated in NATO military exercises. Ultimately, it intended to join European Union and NATO. This was seen as a threat by Russia as West's encroachment towards Russia. Hence, in 2014, Russia annexed Crimea and in 2022, attacked Ukraine again to ensure political stability.

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Moreover, Russia used uninterpreted access to warm waters of Black sea, Baltic sea, The Mediterranean sea and Arabian sea to ensure trade security and strong military presence. Majority of trade of Russia is conducted through Black sea with complete naval fleet presence in this region. Annexation of Crimea in 2014 provided ram in access to Black sea.

b) Pre-events and and attack on Ukraine by Russia

i) Events leading to attack

During 2018, Vladimir Zelensky won the Ukrainian elections. He was a pro-European Union and pro-NATO leader. As mentioned before, he was responsible for increases conducting joint military exercises overseas with NATO and sharing trade with European Union. In 2022, he applied for NATO membership which antagonised Russia leading to war. Areas in East and South East Ukraine & Luhansk, Donetsk, etc were captured and declared breakaway by Russia.

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g Reaction of NATO and U.S

Revised and expansion of NATO

NATO

As a result of war, a series of countries such as Estonia, Poland and Bulgaria invoked article 4 of NATO due to Russia's expansionist policies as since Russia consolidated Ukrainian territories. Hence, NATO members are making comprehensive strategies to counter Russia. This is evident as Ukraine war with 26 NATO countries providing weapons to Ukraine such as F-16, tanks and fighter missiles. Billions of dollars are being channelled to Ukraine as financial aid to ensure Ukraine's financial stability. In addition, NATO has been supplying war mercenaries against Russia. As a result, Ukraine's resistance against Russia increased.

NATO has added Finland and Sweden as NATO members. Not only are they providing funds and soldiers but also giving their territory for deployment of weapons near Russia territories. The border is 1300 km long and has threatened national security of Russia. Hence, Russia deployed a chunk of its force on near border of Finland.

Who will win?

- a) The Russian strategic advantages
 i) Nuclear arsenal as behaviour

Among the nuclear countries, Russia and US have the number of nuclear arsenals in the world. The suspension of Intermediate-Range Nuclear Forces Treaty was by US and Russia has resulted in arms race between both the countries. Moreover, Russia vetoed a UN resolution of arms control in outer space. Such policies are taken to enhance Russia's nuclear behaviour against the mighty NATO forces. Russia has fine and again resumed to relations with NATO if NATO got involved in direct confrontation.

- ii) Oil & gas
 Oil dependence of Europe

European countries rely on oil and gas. This is the reason of seeking sanction by the West and US on Russia. In 2022, the world in energy supply & oil and gas to Europe relies in almost to energy security & the countries and a surge in oil prices. Hence, Europe depends on energy supplies from Russia.

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12) NATO's sanctions and aid to Ukraine
NATO on the other hand, has imposed sanctions against Russia. This has been particularly challenging to Russia as it settles through economic challenges from sanctions which affected various sectors of economy. The pressure is building with recent sanction by Swiss govt on against Russia. However, it has seen actively involved in trade and enhanced economic cooperation with countries like China. Therefore, world was not able to achieve its objective of sending Russia. However, the however, the constant aid and weaponry did resulted in Ukraine's retaliation against Russia.

In my opinion, therefore Russia has greater chances to wining war due to nuclear deterrence which avoids direct confrontation with NATO, the middle east crisis with slight in US aid to Israel and the failure of NATO's objective to beat Russia.

Q7-

CPEC is the flagship project of BRI by China to establish modern Silk-Roads and enhance its global connectivity.

CPEC corridor is situated in Guwadar, Pakistan with potential investment of \$50 billion. However, CPEC did not managed to reach its initial milestones due to internal reasons, in the context of Pakistan such as security issues, political instability and economic instability and external reasons such as Indian counter approach to CPEC's establishment.

a) Internal Reasons to CPEC's project slowdown

1) Security threats to Chinese nationals,

There have been various reports on of terror attacks on Chinese nationals in different parts of Pakistan. For example, series suicide blast in Karachi University targeted Chinese officials. As a result, Chinese investors are concerned and have killed businesses. However, Pakistan has shown its dedication to provide the investors foolproof security. Moreover, attacks have been made to sabotage CPEC projects and attack Guwadar city. Among these attackers are BLA terrorist organisations who consider Chinese individuals on favourites of Pakistan.

→ utilitarian perspective

2) Political Instability

Pakistan has been historically engulfed in political dystopia with either military dictatorship or unstable & civilian govt. Consequently, it is disaligned on governing policies. This has resulted in inconsistent govt policies, such as tax policies, investment policies, security policies, etc. Hence it is facing difficulty to curb the economical disaster that almost led it to its bankruptcy. This has discouraged CPEC investors to invest in country with severe political turbulence.

3) Economic Instability

The currency devaluation, inflation, huge debt and BOP deficit lead country Pakistan to the brink of being bankrupt. A rational investor would think twice before investing in such conditions. This indicates severe risk of investment and potential loss.

Hence, the reservation & security investor and Chinese govt are linked with

unstable political, economic, Pakistan with grave security threats.

2) Extended threats

1) India and the establishment of IPEC

India sees views CPEC as a source of stable Pakistan and a Chinese security threat. Moreover, CPEC passes through disputed areas which has been highly objected by India as an encroachment on Indian territory. The stability of Pakistan means the Hindutva ideology of India to establish its hegemony on South-Asia is undermined. There has been evidence of RAW's involvement in terrorist activities to keep Pakistan destabilised. Moreover, it has been part of connectivity project known as ITAC which cross India's RAWA to connect India with UAE and Saudi Arabia. Analysts consider it as counter of CPEC. Hence, India is taking every step to use sabotage CPEC.

In psychology, CPEC can prove as game changer. It is a ~~psychological~~ ~~economic~~ ~~world~~ with China affecting it.

Geo-strategic game in South China Sea and Taiwan

China has dispute with Quad members over the control of South-China Sea. This is the major route of trade for both US and China.

To counter Chinese claim, US has built military in various islands and in ~~its~~ ^{various} areas like Japan and pathway like Strait of Malacca. This is considered as trade security threat by China which is a global economic power. Moreover, tensions are rising in Taiwan which could result in Chinese invasion. In such events, China wants to make sure that it has strategic edge in the form of CPEC as alternative route. QUAD, on the other hand, does not want China to gain strategic advantage. Hence, they are also trying to undermine CPEC.

& Pakistan

In conclusion, the combination of internal factors in the form of economic, political and security instability, as well as external factor revolving around Indian, Chinese and US geopolitics ^{at} have significantly contributed to the slowdown of CPEC projects.

Q2 - Introduction -

Since Oct 2023, Palestine has been engulfed in war with Israel resulting in deaths of 39000. UN has passed way resolutions but that has been ineffective due to the silence of US and Western countries who consider themselves champions of human rights. Such double standard would leave a permanent mark in the Muslim world.

Switzerland
Views of general population's views on West as advocates of human rights and anti-western sentiment

Anti-American sentiments are on the rise. US, France, UK and other European countries are actively providing weapons and aids. They claim Israel as fighting legitimately and deny any genocide. While they have different views on Ukraine. Muslim world consider it as hypocrisy.

Business being affected

Country is directly or indirectly linked with Israel has lost billion of dollars due to boycott. The Muslim world may continue with boycott and prefer non-American and non Israeli products.

Aids thrown in the sea and killing of civilians

Humanitarian aids are thrown purposefully in the sea to humiliate Gazans. Civilians including children are killed and massacre in pretext of fighting Hamas. West has legitimised it and has turned blind eye on such atrocities. Muslim world who once praised West has negative sentiment.