

Day: Wednesday

Date: 10/27/24

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 T-80, attract investment, broaden tax range, reduce transmission lines, losses, ensure security check, etc.

Add main heading

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. 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 soaring 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. ~~Thus~~ Moreover, there has been a rise in cost of production resulting in business's in competitiveness in international market. In 1990s, Pakistan used to be major exporter but had ~~now~~ ~~has~~ ~~ceased~~ to exist.

Devaluation of currency resulted in BOP deficit and Energy <sup>cost</sup> rise for economy and ITIF SPPs requirement to shift PKR to free floating currency has resulted in devaluation. As a result, this has worsened Pakistan's situation because if imports more of it hydrocarbon to generate electricity. Devaluation results rise the cost of imports. Hence in FY 2022-23, Pakistan's hydrocarbon were \$43 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 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 EFF (Extended 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 slower 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.

Add headings and sub headings

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 then 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

~~PKR~~ Improving on the energy issues:

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

- 1) Renewed negotiations with ~~PPP~~ <sup>IPPs</sup> 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 input costs. 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. The and solely for repayment to IPPs. ~~And~~ Moreover, Pakistan added 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 guidelines 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 than 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 income. The CPEC investment in Balochistan and Hyderabad in solar energy production has increased electricity production.

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Conclusion

Russia's economy is in severe crisis due to poor political and security stability. Energy crisis has made the situation worse pointed with rise in food inflation and surge in rate with the introduction of VAT and VED in fuel sector. It has cyclic effect on the economy which has affected the issues intensified. Proper policies and fiscal measures are not taken, Pakistan will be engulfed more in this cyclic loop.

You need to add graphs and charts... Link each argument to the asked part

Q4- Russian-Ukraine war has been ongoing

Since the 2022 Russia claim that its interest 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.

a) Historical Context-

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

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

(ii) Russian Strategic culture of stronghold on neighbours and uninterrupted warm relations. Ukraine used to be part of USSR before breaking away. From 1991-2008, majority of parliamentary 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 both'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 ~~unintended~~ access to warm waters of Black sea, Baltic sea, The Beringian 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. Annexion of Crimea in 2014 provided ~~ran~~ in access to Black sea.

b) Pre-events and attack on Ukraine by Russia

i) Events leading to attack

During 2018, Vladimir Zelenskyy won the Ukrainian elections the 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 for 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 ~~breakdown~~ by Russia.



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g) Reaction of NATO and U.S

Revised and expansion of NATO

As a result of War, a series of <sup>NATO</sup> 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 in Ukraine's war with 26 NATO countries providing weapons to Ukraine such as F16, 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 materials 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 them weaponry for deployment in various war Russia territories. The border is 1300 km long and has threatened national security of Russia. Hence, Russia deployed a ~~chunk~~ chunk of its force on the 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 has 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 deterrence against the mighty NATO forces. Russia has fine and again resumed to relations with NATO. If NATO got involved in direct confrontation,

- ii) <sup>oil & gas</sup> Oil dependence of Europe

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

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1) 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 bank on against Russia. However, it has been actively involved in trade and enhanced economic cooperation with countries like China. Therefore, WFP was not able to achieve its objective of sending Russia. However, the humanitarian aid resulted in Ukraine's suffering against Russia.

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

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Q7-

~~CPEC~~ ~~is~~ ~~an~~ ~~all~~ ~~China~~ ~~initiated~~ ~~major~~ ~~project~~ ~~of~~ ~~BRI~~ ~~by~~ ~~China~~ ~~to~~ ~~establish~~ ~~modern~~ ~~Silk~~ ~~route~~ ~~and~~ ~~enhance~~ ~~its~~ ~~global~~ ~~connectivity~~. ~~CPEC~~ ~~consider~~ ~~is~~ ~~situated~~ ~~in~~ ~~Guwadar~~, ~~Pakistan~~ ~~with~~ ~~potential~~ ~~investment~~ ~~of~~ ~~500~~ ~~billion~~. ~~However~~, ~~CPEC~~ ~~did~~ ~~not~~ ~~managed~~ ~~to~~ ~~reach~~ ~~its~~ ~~milestones~~ ~~due~~ ~~to~~ ~~internal~~ ~~reasons~~, ~~in~~ ~~the~~ ~~context~~ ~~of~~ ~~Pakistan~~ ~~such~~ ~~as~~ ~~security~~ ~~issues~~, ~~or~~ ~~political~~ ~~instability~~ ~~and~~ ~~economic~~ ~~instability~~ ~~and~~ ~~external~~ ~~reasons~~ ~~such~~ ~~as~~ ~~Indian~~ ~~border~~ ~~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, ~~several~~ ~~suicide~~ ~~blast~~ ~~in~~ ~~Karachi~~ ~~University~~ ~~targeted~~ ~~Chinese~~ ~~officials~~. As a result, Chinese investors ~~are~~ ~~concerned~~ ~~and~~ ~~have~~ ~~hired~~ ~~bodyguards~~. However, Pakistan has shown its ~~dedication~~ ~~to~~ ~~provide~~ ~~the~~ ~~investors~~ ~~full~~ ~~proof~~ ~~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 ~~Sachin~~ ~~Indian~~.

→ 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 w/ government policies. This has resulted in inconsistent govt policies, such as tax policies, investment policies, security policies, etc. Hence it is facing difficulty to fund 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 led country Pakistan to the brink of being bankrupt. A national investor would think twice before investing in such conditions. This indicates severe risk of investment and potential loss.

Hence, the reservation of security investment and Chinese govt are linked with

und  
 unstable political, economic, Pakistan with grave  
 security threats.

↳ Extended threats

1) India and the establishment of IJTEC

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 is established  
 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 BDT's IRAWA  
 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 plays economic world with China affecting it  
 is

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 ~~Territory~~ <sup>territories</sup> like Japan and territory 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.

In conclusion, the combination of internal factor in the form of economic, political and security instability as well as external factor such as around Indian, Chinese and U.S. geopolitics <sup>at hand</sup> 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.

