

# RUSSIA-CHINA ALLIANCE: CHALLENGE TO US LED WORLD ORDER

## INTRODUCTION:-

Since the fall of Soviet Union in 1991, US has been enjoying unipolar world order. In unipolar world order, led by US, all the power, hegemony and dominance reside with US. However, with emerging powers like China and Russia and more so with their partnership with each other, has shaken the foundation of US led world order. Moreover, every partnership emerges from some common goals because "the enemy of your enemy is your friend". However, this growing alliance that birthed from same grievances has challenge US unipolarity.

## HISTORICAL BACKGROUND OF SINO-RUSSIA RELATIONS:-

During cold war era, these two countries shared a competitive relationship but their competitive relationship soon evolved into a more friendly one after the dissolution of USSR.

## IMPACT OF US POLICIES ON BOTH COUNTRIES:-

US policies have severely impacted both Russia and China. Russia has been an affectee of US sanctions since the annexation of Crimea in 2014. Similarly, the rise of China has threatened US, so



it started a trade war against China since 2018. Hence, both countries have been facing wrath of US dominance and hegemony, therefore, they joined hands to shake US led world order and step into new world order - multipolarity.

## ECONOMIC COLLABORATION

### TRADE OF ENERGY BETWEEN TWO COUNTRIES (RUSSIA & CHINA):

Traditionally, Europe has been the biggest buyer of Russian hydrocarbons but since the war broke out in Ukraine, Europe has cut 70% oil imports and 50% gas imports to destabilize Russia's economy because finance plays a major role in war. So Russia needed new markets to maintain its economy. It made a strategic move to slow down the price of its hydrocarbons up till 35%.

China and India benefitted from cheap hydrocarbons and China has become the biggest importer of Russian hydrocarbons. Furthermore, sanctions did not work the way Europe wanted it to work.

Russia earned 66 Billion dollars more in 2022 than previous year, even when the war was not on the panel, it still earned more in the year when sanctions due to war were full in swing.



## TECHNOLOGICAL TRADE BETWEEN RUSSIA AND CHINA :-

Due to the Russian-Ukraine war, the US allies, Japan, ~~South Korea~~ North Korea, and Germany cut their chip import to Russia that was very important for Russian electronics, defense, transport, energy. Therefore, China took the opportunity and has become the largest exporter of semi-conductors and other industrial inputs such as micro-electronics, drone, turbojet engines and materials like nitrocellulose.

### BENEFITS

China got a big market for its exports and a chance to indirectly help Russia in war.

Russia's industrial & especially defense industry didn't suffer due to embargo.

## STRATEGIC AND MILITARY COOPERATION :-

### EXCHANGE OF STRATEGIC WEAPONS:

To strengthen China's man power, Russia has started selling strategic weapons to China. Especially, S-400 missiles that is anti-ballistic missiles to China. Similarly, China's Air Force is one of the emerging air force but still lags behind.



USA So, Russia sold its SU-35 jet fighters

and 5th generation aircraft to China to strengthen its air power.

Both countries benefitted from one another, Russia got market and China got strength.

## SINO-RUSSIA MILITARY INTERACTION

In mid of 2024, Reuters published an article that claims two countries have held live-fire maritime drills in the South China Sea and joined long range bomber patrols, this news has published by their own state media as well. However, military interaction between People's Liberation Army and Russian Armed Forces is limited but this still a greater threat to deter or curtail two military giants by US.

## GEO-STRATEGIC ALLIANCE BETWEEN RUSSIA AND CHINA.

### FOLLOWING THE NARRATIVES ON EVENTS OF GEO-POLITICS:

Russia and China, both follow same pattern on geopolitics such as Israel's growing aggression towards Gaza. Both countries acknowledge that Israel is committing war crimes in Gaza but they also blame US for its support to Israel. Both countries blame US for providing weapons to Israel and through that



it launches war on Gaza, Hezbollah in Lebanon and on Iran, then Tehran retaliates which makes the region instable

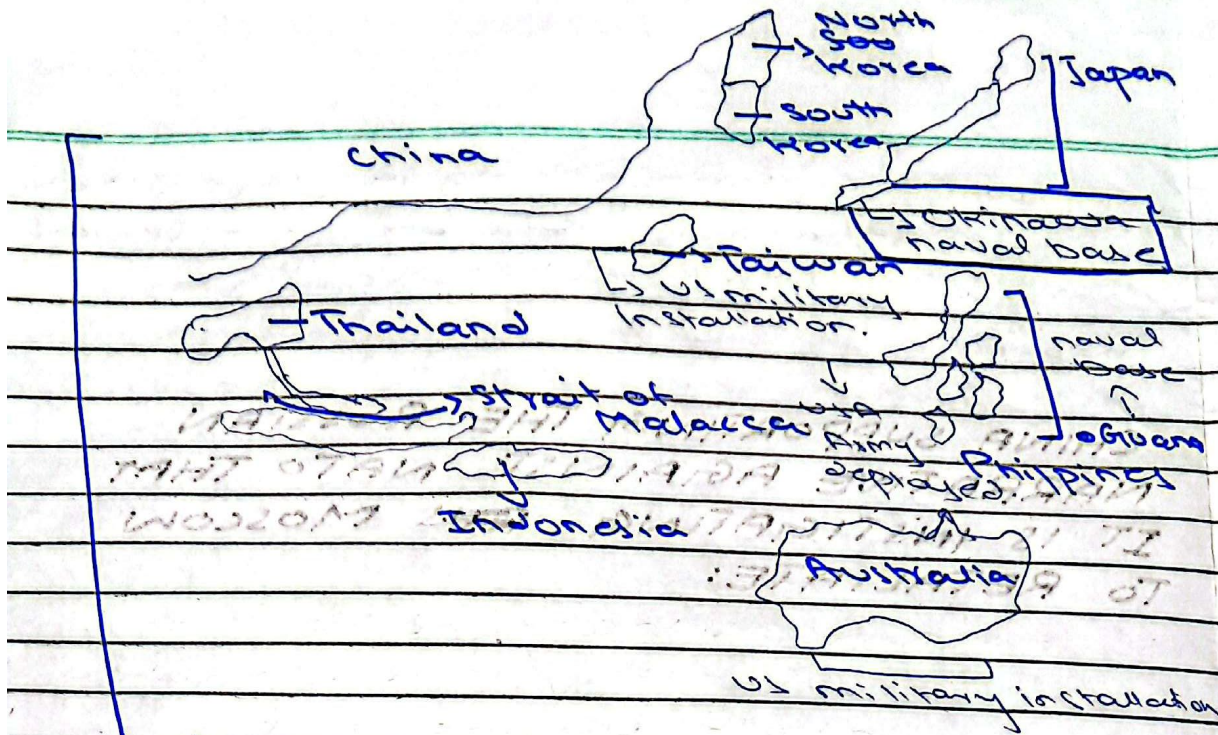
### CHINA SUPPORTING THE RUSSIAN NARRATIVE AGAINST NATO THAT IT IS INSTIGATING ~~AS~~ MOSCOW TO RETALIATE:

Beijing supports the narrative that NATO's expansionist policies instigated Russia to attack Ukraine to limit NATO in Europe. China says that Russia is victim in this scenario because it did not start a war in Ukraine due to its expansionist desires but due to growing regional strength of NATO to insecure Moscow.

### UNDERSTANDING BETWEEN BEIJING AND MOSCOW ON GEO-POLITICAL CONCERNS OF EACH OTHER:-

Russia understands China's concern in Indo-Pacific region and East-South China Sea. It understands that US has formed military alliance against China that are **QUAD AND AUKUS**. AUKUS military alliance has a nuclear powered submarine that is dead silent in water and cannot be detected by Sonar. Moscow understands the encirclement of China by US military.





## US - MILITARY INSTALLATION TO ENCIRCLE CHINA

On the other hand, China understands Russia's concerns over Nato expansion. So both countries don't want the fall of either, hence, supporting each other.

## FRUSTRATION TOWARDS US-LED WORLD ORDER

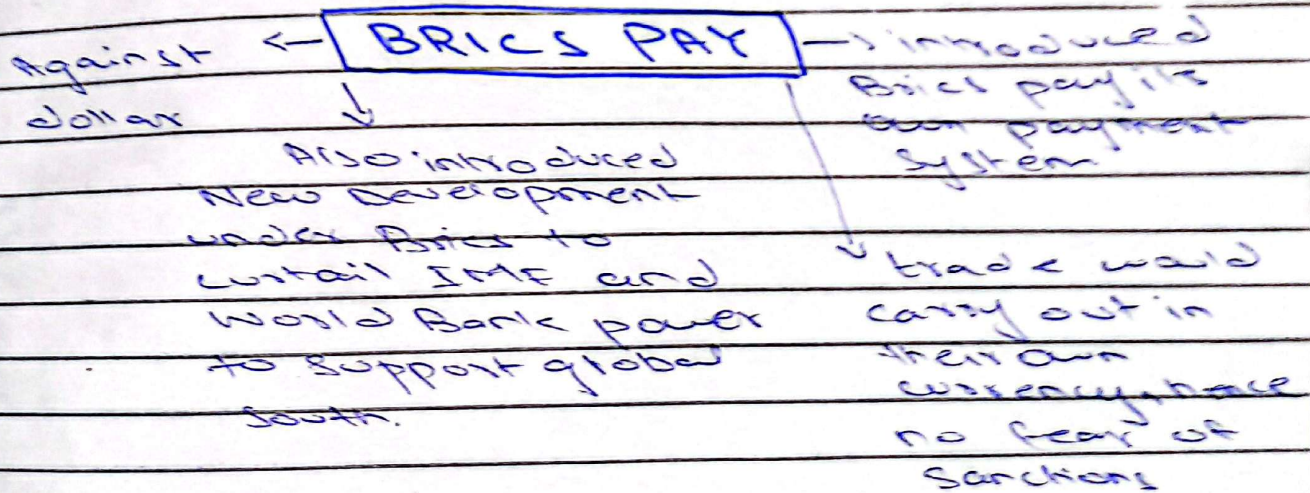
As mentioned above that Russia doesn't suffer due to cut by Europe but since US has sanctioned Russia, so despite Moscow doing economically good but can't take out its money back because world trade happens in dollar and SWIFT has delisted major Russian banks. (SWIFT works in bank to bank transfer in codified information). Although, Russia is exporting but can't retrieve dollar. So, this builds up frustration and Beijing fears the same.



Rate if it tries to annex Taiwan which  
US oppose.

## BRICS USED AS A WEAPON AGAINST DE-DOLLARISATION:-

China and Russia with other global  
south countries joined hands to introduce  
their own payment method to break  
down the dominance of dollar, hence,  
US world order



## CHALLENGES FOR US-LED WORLD ORDER:-

### ↳ Reduction of Dollar dominance:

→ Weakening dollar dominance,  
hence, slipping away power from  
US

### ↳ EMERGENCE OF MULTI-POLARITY:-

→ With ~~de~~ dedollarisation, unipolarity  
will fall, and multipolarity will rise.



## CONCLUSION:-

Beijing and Russia collaboration on economic, strategic and geo-political fronts have emerged as one of the strongest ally in order to challenge US led world order. However, still there is a long way to go for this partnership for breakdown on unipolarity.



## CURRENT AFFAIRS

### EVALUATING THE COMMITMENTS AND FAILURES OF COP-29:-

#### INTRODUCTION:-

Conference of Parties (COP-29) marked the pivotal event in climate diplomacy. Its aims were to collaborate for mitigation and adaptation of green energy. It provided nearly 200 countries to come together on a platform and discuss emerging climate threats. However, with some mutually agreed upon commitments, there ~~was~~ <sup>was</sup> a lot of disappointments and mixed feelings as well. The developing nations were pinning their hopes on this summit to able to get some finance that could help them alleviate from climate catastrophe, however, outcomes came across as bad taste in their mouths?

#### KEY COMMITMENTS ACHIEVED ON COP-29 PLATFORM:-

##### 1) CLIMATE FINANCING:-

This COP was also named as "Finance COP" because this was the summit that would actually earmark finances. So, it did, it designated "300 BILLION DOLLARS" for climate financing but it wasn't sufficient by 2035.

##### 2) CARBON CREDIT MECHANISM:-

This recent summit (COP29) also ruled



1. The way  
ed

out some important rules for carbon credit trading.

**Article 6.2 OF PARIS AGREEMENT:-**

Previously mentioned carbon credits to all and allocating these credits to states demanded rules for trading. So, this COP 29 set some rules to reduce carbon emission.

**Article 6.4 of Paris Agreement:-**

This article placed centralised mechanism for carbon trading that the interest of the indigenous people would be kept under consideration.

Also, made a committee that would look after that the rules are being followed or not.

**3) ACKNOWLEDGEMENT OF PHASING OUT FOSSIL FUELS:-**

Many developing countries like US. acknowledged the need to phase out coal, oil and gas and move to safe renewable energy.

**KEY FAILURES OF COP-29:-**

Besides some commitments, the COP-29 outcomes were ridden with failures and disappointments.

**1) INSUFFICIENT CLIMATE FINANCING:-**

Developed countries ~~pledged~~ designated \$300 Billions for climate funding but the developing nations, those who are actually seeing climate change, demanded 1.3 trillion dollars. How



their this pledge was overruled. The way big giant emitters of carbon balked from the demand shows their hypocrisy because these states according to

**"Stockholm International Peace Institution", these big states spend annually "2.4 trillion" dollars on weapons.**

This states the hypocrisy and their priorities in the world which are not on the lines of saving the earth from environmental disasters.

## **2) LACK OF AMBITIOUS REDUCTION TARGETS:-**

This summit did not suggest any new or enhanced National Determined Contributions (NDCs). This shows lack of interest in reducing emissions.

Moreover, it can also lead to the ~~the~~ derailment of ~~the~~ goal set by Paris Agreement to limit emissions till 1.5°C or maximum 2°C which is also a distant dream now.

## **3) INFLUENCE OF OIL LOBBY:-**

To start with, the summit COP 29 was held in a petrostate is so ironic from the theme of the UNFCCC.

Furthermore, there were no promises made by oil hub countries to phase out fossil fuels that reduces the credibility of the summit. Since the



Opening keynote of the speech at COP 29 by host and President of Azerbaijan of Ilham Aliyev puts off the motive of climate summit. He said that fossil fuels are "gift of God" to states and the world. These words set the intention of the host.

## GEO-POLITICS DYNAMICS:-

### 1) New Administration for US:-

US is key player in climate finance, however, with the new Trump government looming around, the threat ~~at~~ of cutting down finances and backing off also lurk.

### 2) China with New Leadership Role:-

China is showing the world with its transitioning from non-renewable to renewable energy resources and with advocating for more finance funding for global south that what responsible leadership looks like

### 3) Global South - Discontent:-

Whatever unveiled at COP-29, this has disappointed global south on many levels. Because countries like Pakistan has less than 1% contribution in carbon footprint, still it is facing climate disasters such as floods in 2022 and smog in consecutive years of 20



and 2024; thus, it is major responsibility of earth burners to aid developing nation. However, some figures of global south recorded their grievances

"This document is little more than an optical illusion?"

~~Rishi~~ Chandani Reih,  
Indian delegate.

## IMPLICATIONS FOR FUTURE :-

### LACK OF TRUST ON MULTILATERAL FORUMS :-

The COP 29 failure this year leads to lack of trust on multilateral forums ~~for~~ that enhance cooperation on so many levels.

### ALL EYES ON COP 30 :-

COP 30 ~~would~~<sup>will</sup> be held in non-petronate Brazil and global south can get relief from that though the expectation and trust are eroding.

### CONCLUSION :-

Since COP-29 held, no developing state is satisfied and many stating this as lack of goodwill because no expected funding ~~source~~ was provided that would actually







# DOLLAR AND SWIFT HEGEMONY AGAINST COUNTRIES OF GLOBAL SOUTH COUNTERED BY BRICS+ TO GET RID OF IT

## INTRODUCTION:

Since the end of World War II in 1944 and with Bretton Woods agreement, the US has been weaponising Dollar and SWIFT against the countries of South. However, with growing hegemony, frustrated countries especially China and Russia who have faced ~~US~~ or have fear to face US wrath in shape of sanctions and economic restrictions. Therefore, countries of global South especially Russia and China established BRICS that is now BRICS+ to challenge \$ Dollar dominance.

## CHALLENGES OF DOLLAR DOMINANCE FACED BY DIFFERENT COUNTRIES :-

Almost for 80 years, countries lived under the fear of dollar dominance.

### 1: DEPENDENCE ON DOLLAR:

There is a great dependency of dollar in many countries. The dependence of dollar means that



a country has to do trade internationally in dollars. So, all the exports and imports of a country is dollar dependent. Similarly, a country needs to hold sufficient amount of foreign reserves in dollars in order to be economically stable. Moreover, the loan that a developing country takes is also in dollars and interest on it is also in dollars. Therefore, developing countries are burdened under the hegemony of dollar. For instance, in 2023, Pakistan was going through a major threat of default because of its insufficiency of foreign reserves and current account deficit.

### Foreign Reserves of Pakistan:

↓ 2021 = \$20.1 Billion.

↓ 2023 = \$2.9 Billion (low)

## 2: ECONOMIC SANCTIONS:

Another tool of weaponisation of dollar and SWIFT is economic sanctions on countries due to dollarised international trade that is **almost 80% trade**



Beijing considers Taiwan as

in dollar", stated by Al-Jazeera.

US uses this to sanction countries who challenge the US led world order or is a threat to it.

For instance, **US sanctioned Iran** to halt its nuclear program. Similarly, **US sanctioned Russia** after its war on Ukraine. US allies like Europe also cut down its 70% import of hydrocarbons

### 3: **SWIFT: A WEAPON OF ECONOMIC DESTRUCTION**

SWIFT stands for Society for World-wide Interbank Financial Telecommunication. SWIFT is a system that transfer codified information from one bank to another. **More than 12 thousand banks are attach to SWIFT in the world.**

This is why it is a major weapon for economic destruction.

#### **SWIFT AGAINST IRAN:**

In the aftermath of US sanctions in Iran, SWIFT disconnected Iranian banks, the country lost half of its revenues from SWIFT, lost half of its



oil export and 30% of its foreign trade.

## **SWIFT AGAINST RUSSIA:-**

After the Russian-Ukraine war, Europe cut down its hydrocarbon imports from Russia to dent its economy in an ongoing war but Moscow reduced its hydrocarbons price up to 35% and China and India become its biggest exporters but due to the hegemony of US in financial world system, Russia cannot retrieve its money in dollars from SWIFT.

## **SWIFT DE-LISTED MAJOR RUSSIAN BANKS:-**

As SWIFT de-listed major Russian banks, it impacted Moscow in a way that the Russian exports did not get effected by sanctions but due to dollar hegemony, it cannot retrieve its own money/dollar.

## **4: CHINA FACING THE SAME CHALLENGE IF IT ANNEXES TAIWAN:-**

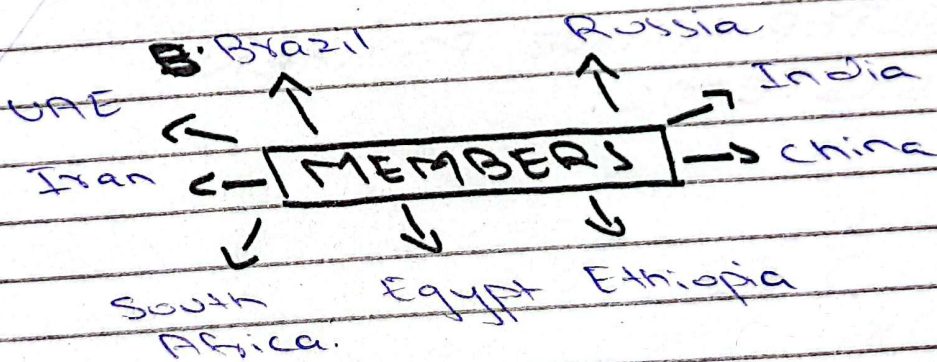
Taipei is an ally of Washington and US supports Taiwan against China's annexation because



Being considered Taiwan as its part but if it will annex Taipei then there will be the same consequences as Russia.

## BRICS+ AS COUNTER MEASURE AGAINST US WEAPONISATION OF DOLLAR AND SWIFT :-

Global South especially China, Russia and Iran due to frustration of dollar dominance is shaking US order through BRICS+.



## 1: BRICS TRANSACTION SYSTEM:

These countries want BRICS own transaction system to solve the problem of dominance of dollar and SWIFT system.

## 2: FINANCIAL INDEPENDENCE BY BRICS OWN CURRENCY:

BRICS countries in 2023 signed BRICS own currency



agreement that the Chinese President suggested could be electronic or paper.

### 3: BRICS PAY THAT ALLOWS TRADE IN LOCAL CURRENCIES:

The BRICS Pay introduced that the member countries can do trade in their own local currencies to break down the dominance of dollar.

This approach has seen success through bilateral trade between India and Russia.

### 4: ALTERNATIVE PAYMENT SYSTEMS:

China's Cross Border Interbank Payment System (CIPS) could be expanded to provide an alternative to SWIFT, especially for BRICS and global south.

### 5: STRENGTHENING NEW DEVELOPMENT BANK :-

By strengthening New Development Bank (NDB) that is under BRICS, this can break dollar hegemony through IMF and World Bank.



## IMF AND WORLD BANK WORKING

① IMF gives loans for crisis of budget deficit and balance of payment

② World Bank gives loan for developmental projects

③ IMF and World Bank decides voting right by GDP size (Europe and US has 2/3 majority in voting)

④ IMF and World Bank used by US to promote its liberal economy in global south by giving loans on terms and conditions.

## NDB: MERGED ROLES OF IMF AND WORLD BANK:-

- Give loans like IMF but on terms and conditions of other country (taken).
- Provide developmental aid loan.
- More democratic process
- Has voting right equal.



## OBSTACLES TO IMPLEMENTATION

Technical & Logistical Challenges

Internal Differences Among BRICS

Resistance from West

### CONCLUSION:-

Since the dollar has dominated world financial system, there are now repulsions to it. However, the counter measures by BRICS country can give dent to US led world order but there are some obstacles in the way of BRICS, if these hindrances get resolve then the world will see new era of BRICS powers.



# STATE OWNED ENTERPRISES AS BURDEN: BENEFITS AND WAYS TO PRIVATISE THESE

## INTRODUCTION:

State owned enterprises are those sectors which are owned and run by state's government but countries like Pakistan, that has poor governance and stumbling structure of economy then these enterprises pose burden on state machinery. However, to make the country stable and these sectors afloat, a robust structure of reforms are needed to sell these public sectors to private owned companies or owners. Hence, there are ways and benefits to privatise these

## REASONS STATE OWNED ENTERPRISES ARE A BURDEN:-

Public entities ~~are~~ exist to foster industrialisation, give public services and to provide economic benefits. When these functions are not fulfilled then they become burden on state budget.

## 1: CHRONIC LOSSES:-



In Pakistan, some public sectors like Pakistan International Airlines (PIA) or Pakistan Railways have faced chronic losses instead of giving profits to the country. As Finance Minister said, "growing burden of SOEs has cost 6 trillion in 10 years". According to him per day loss due to these SOEs is 2.2 billion.

### SOES INCURRED TOTAL LOSSES ACCORDING TO AGGREGATE ANNUAL REPORT OF FEDERAL SOES RELEASED BY FINANCE DIVISION :-

Fiscal year 2022-2023 = Total loss of 905 billion

↓  
• 23% increase from previous fiscal year.

①

Power sector = loss of 304 billion despite allocation of 759 billion  
particular Discos

②

Railway sector = loss 5595 billion.  
Cumulative loss over past decade



③ PIA = loss of 153 billion loss alone in 2023.

These <sup>are</sup> some chronic losses that were faced by the country. PIA CEO warned that its annual loss would reach **259 Billion Rupees in 2030.**

So, it needs urgent reforms.

By making these SOEs private, government would get resources to allocate ~~to~~ in major sectors that are important e.g. education and health. Privatisation surely alleviate burden from government's shoulders.

## 2: DEBT ACCUMULATION:-

Not only these state owned enterprises are burden on country but also accumulate debt that the government has to pay, further exacerbating Pakistan's fiscal challenges.

This undermines economic stability

**For instance,**

**PIA DEBT = 825 billion**

Privatisation would relieve the country from additional debt accumulation.



### 3) POOR QUALITY SERVICE OF SOEs :-

The potential advantage of privatisation is good service of these public sectors. For example, the PIA plane crashes especially of 2020 add to the mismanagement of these sectors that need immediate reforms for safety of citizens.

### 4) CORRUPTION AND POLITICAL INTERFERENCE :-

There have been many reports by IMF or World Bank that SOEs in Pakistan are flawed due to rampant corruption.

The scam of the National Insurance Company Limited (NICL) involving the purchase of 10 acres of land in Karachi at exorbitant prices witnessed the point of frequent corruption. Similarly, these public sectors ~~are~~ come under Ministries so there is also chance of political manoeuvre.

### 5) PRIVATISATION OFTEN LEADS TO FOREIGN DIRECT INVESTMENT :-

A country's foreign direct investment



increases by privatisation because investors often see efficient and profitable sectors to invest.

## WAYS TO IMPLEMENT PRIVATISATION :

- ① Make robust legal structure for privatised companies.
- ② Reform Pakistan's market economy to make it suitable for public.
- ③ Opt for public-private partnership.

## CONCLUSION:-

Privatisation is a two way sword with pros and cons but country like Pakistan needs robust reforms for privatisation for better economic functions and public services. However, it is a long process and have challenges in its way but to make country financially healthy, this is the only step to take.