

Q6

Date: ___/___/20

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Islamabad - Kabul Tensions

In 2021, when Taliban came to power, it was expected that Pakistan-Afghanistan relations would be better in their government. But after they came into power, insurgency of TTP started and Islamabad-Kabul tension started to increase due to TTP's rise. As a result of Taliban regime, TTP used Afghan land as a launching pad for terrorist attacks. Many civilians and military personnel lost their lives. Also due to increasing terrorism, country suffered huge economic losses and country's image got a bad impression. However, by increasing cordial relation requires increasing trust, control on TTP, third party mediation and integration of Afghanistan into regional economy and trade.

Effect of TTP terrorist activities on Islamabad-Kabul relation

TTP is using Afghan soil as a launching pad for terrorist attacks in Pakistan which affected the political, economic and social sector of the country. Similarly security situation got deteriorated.

(1) Deteriorating security situation in Pakistan

Due to TTP, security situation in Pakistan is worsening.

According to Pakistan security report 2024, Attacks by TTP caused 300 death people and that by BLA caused 225 casualties during the years 2024. (PIPS).

Since these TTP is active from Afghanistan. Therefore, Pakistan relation with Afghanistan are not at good bases.

(2) Economic losses due to terrorist activities

"From 2001 to 2022, Pakistan lost 83000 lives and a financial loss of about 53 trillion Rupees." (NACTA Report).

Since most of terrorist activities are performed by TTP and Taliban government is unable to control them. It has increased Islamabad-Kabul tensions.

(3) Increasing nexus of Afghanistan with India

Recently, Taliban leadership said India is their big partner in the region. (Dawn News, Dec 2024).

This is due to trust deficit between Pakistan and Afghanistan.

Due to which Taliban govt is moving move towards India.

iv) Bad image of the country

Due to increasing terrorist activities, "Moody's had rated Pakistan not safe for economic activities."

v) Inefficiency of Taliban government in controlling TTP

Pakistan has conditioned their relations with Afghanistan that TTP should not use Afghan soil as a launching pad for terrorist activities in Pak but Taliban have failed in doing so. Instead they have provided sanctuaries to them, which has deteriorated relations of Afghanistan with Pakistan.

vi) Relocation of Afghan-refugees

In 2023, Pak government decided to move unregistered Afghan refugees back to Afghanistan. This decision worsen the relations of Islamabad-Kabul.

Recommendations for reducing Islamabad-Kabul Tensions

i) Intelligence base operations

In 2024, Pakistan had launched 59000 intelligence based operation against terrorist activities.

Pakistan should launched more IBOs in 2025 because country cannot afford a full fledge operation.

ii) Barter trade with Afghanistan.

In June 2023, Pakistan authorized barter trade with Afghanistan to exchange goods and services without cash. This would not only decreased pressure on foreign exchange but also increase trade with Afghanistan.

iii) Shifting of TTP away from Pak-Afghan border

Recently, Taliban government has shifted TTP from Kandhar to Jalalabad but terrorist activities by TTP in Pakistan continued. Taliban government should shift them away from borders and control them.

iv) By securing borders, the infiltration of TTP can be stopped

By strict control of border, Pakistan can hamper the members of TTP to infiltrate in Pakistan. This can be done by appointing personnel on borders with exchange of their duties.

v) China can play a role of mediator between Pakistan and Afghanistan.

China is the only country which have good relation with both

countries. That's why, it can play a role of mediator. for resolving issues between Afghanistan and Pakistan.

vi) Integration of Afghanistan into CPEC

Afghanistan is a land locked country. By integrating Afghanistan into CPEC, it can benefit from its good socio-economic effects. This will reduce Islamabad Kabul tension and Taliban would control TTP.

Conclusion:

Reducing tension with Afghanistan is the need of the hour. Therefore Pakistan should use all the channels to resolve issues with Afghanistan. Because Afghanistan is country's immediate neighbour. By taking security, economic and social measures, country can reduce tensions with Afghanistan.

Q5

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The role of BRICS+ in
dedollarization and getting rid
of western dominated system

Introduction

BRICS+ is the emerging organization led by countries from global south. It constitutes 45% of world population and 33% of global GDP as of 2023. BRICS countries have diversified their economic resources and challenged the world order led by western countries.

BRICS+ is shaping the future of global energy market. Moreover, its financial innovation include establishment of new development banks, and CIPS, establishment of interbank cooperation mechanism. It has also introduced currency swap deals to reduce dependence on dollars

How BRICS can shape order and get rid from western exploitation

1. Composition of BRICS

BRICS constitutes 45% of world population and 29% of global GDP in 2023 and 35% of Global GDP in 2024.

Similarly, BRICS members have diversified their economies.

⇒ Russia and Brazil are rich in natural resources

⇒ China and India have expanded economic manufacturing and IT sectors

2. Growing trade between members of BRICS

According to World Bank, China-India bilateral trade is \$113bn in FY2023, while China Russia Bilateral trade is \$190bn.

3. Growing trade b/w Russia and China despite sanctions:

A deal of \$400 billion Yuan

was signed to supply natural gas from Russia to China.

So they supported each other despite western sanctions. (Economist, 2024)

4. BRICS+ is shaping the future of global Energy markets

BRICS accounts for 29% of global oil and 27% of gas production.

With new members and status of BRICS+, oil values are increased by 37% and gas production contribution is 33%.

5. Currency swap agreements and move beyond dollar

BRICS+ countries have introduced currency swap agreements.

Because it lessen dependence on dollar and make trade easier.

Russia - China trade in Ruble.

Yuan has increased since Russian invasion of Ukraine. (BBC).

6. Establishment of new development Bank

To finance infrastructure and sustainable projects in developing countries, a new development bank is established with initial deposit of \$50bn.

This bank will reduce the dependence on developing countries on IMF and World Bank. Because this bank provides loan on easy conditions.

7. Contingent reserves Arrangement

To resolve the problem of balance of payment, contingent reserve arrangement CRA is introduced. The CRA has a fund of \$100bn.

8. Cross-border Interbank payment (CIPS)
as an alternative to SWIFT

CIPS deals with the processing
of cross border Yuan payment
globally.

Russian banks have increasingly
adopted CIPS enabling them
to conduct transaction with
Chinese bank due to western
Sanctions.

Establishment of Interbank Cooperation Mechanism

.BRICS+ has established Interbank
cooperation mechanism to strengthen
financial independence among members
countries reducing dependence on
dollar. The Interbank Cooperation
mechanism is great step towards
de-dollarization

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Conclusion:

BRICS+ has emerged as counter weight which has potential to get rid from western exploitation. It shares a large global population and GDP. It has taken significant steps towards de-dollarization and alternate to SWIFT. It has established new development bank, interbank cooperation mechanism (ICM) and CIPS to get rid of western exploitation. Its members had been doing trade in currency other than dollar and affect hegemony of dollar

State owned Enterprises should be privatized

1. Introduction

State owned Enterprises are the businesses or the organizations which are run by the government

and provide various public services and generate revenue. There are total 113 SOEs in Pakistan.

Loss making entities make a loss of \$4bn annually which 1.5 times more than the entire budget for education and health.

Therefore, privatisation of the SOEs is mandatory to save economy of the country. However privatisation can be done by mitigating the arguments against privatisation.

Reason for privatization of SOEs

- ① For saving the economic loss to country.

"Pakistan international losses accounts for Rs. 98 billion in 2022"

Similarly state owned Enterprises like Pakistan Railways and Pakistan steel mills are making a losses of billions of PKR

Therefore, SOEs are needed to be privatised to prevent economic and financial losses.

ii) Comparison of SOEs which are privatised are making profits

Muslim commercial bank which was privatised in 1990s resulted in their good performance.

Today MCB is paying Rs. 29 bn in taxes only.

iii) Performance of KE has improved

After privatisation of KE, it has reduced its losses from 34% down to 15%. In 2024

KE has earned a profit of Rs. 8.4 bn and paid Rs. 2.8 billion in tax.

iv) DISCOs are making losses

Distribution companies like

PESCO, QESCO, TESCO, HESCO

and SEPCO are making

huge losses. According to ministry of energy, PESCO has made losses of Rs 212 bn from 2018 to 2022.

V) SOEs losses are increasing day by day

Losses made by SOEs are ~~make~~ increasing day-by-day. For instance Pakistan steel Mills loss was Rs 14.9 billion in 2017 and in 2021 they were Rs 18.7 bn. The accumulated loss of Pakistan steel Mills has reached to 400 bn PKR in 2022.

3. How privatization can be done?

i) Policy making.

Policy should be made that private SOEs business would be run privately and regulated by government.

ii) By ensuring that SOEs are not undervalued

In 2005 when Pakistan steel bid was put forward at 17 billion PKR, it was rejected by Supreme court, that it is undervalued. Now, the accumulated loss of Pakistan steel Mills is Rs. 200bn in 2022. This undervaluation argument should be removed.

iii) By ensuring that privatization would not result in job loss.

It must be ensured that privatisation would not result in loss of jobs.

In 2005, MCB jobs were or its employees no. was 13000 and now its members are about 14000.

iv) Strengthening the institutions
The institutions which regulate the businesses and organizations should be strengthened. The monopoly of powerful companies should not exploit the common people.

Conclusion:

In a nutshell, Privatization of SOEs is mandatory to save the country from financial downfall. Privatization is necessary because economic loss is increasing and SOEs are unable to deliver efficiently. For this purpose, government should make policies, strengthening institutions and ensure job security.