

# Current Affairs Mock

## Question 4

### 1. Introduction

Russia and China are growing closer, especially since Russia invaded Ukraine in 2021. Their growing economic, strategic, and geo-political collaboration reflects an effort to potentially challenge the post-WW2 US led world order. The U.S started exporting its democratic rules-based world order after the end of WW2 in 1945 through proliferation of international institutions, international law codification, and self-determined newly emerged states. However, at that time the world operated in bipolar system and The Soviet Union countered US world order. The dynamic changed after the fall of Soviet Union in 1991 and the emergence of a unipolar system dominated by U.S. However, the recent rise of China and reassertion of Russia has posed a threat to US led world order. Russia and China have increased trade to evade threat of sanction and tariffs, and are playing



an important role in introducing a geopolitical and strategic shift through BRICS.

## 2: Revisionist Ambitions of China and Russia - An Attempt to Challenge US led World Order

### 2.1 Russia-China Growing Economic Collaboration

Russia has faced severe sanctions since it violated UN Charter Article 2(4) and 2(7) by invading Ukraine in 2021. At the same time, Western economies are decoupling from Chinese products and China is seeking new markets for exports. Provided Russian dire conditions, China has emerged as the top export destination for ~~Europe~~ Russian oil and gas.

Russia-China Trade Data	
2016	2023
Trade Amount:	Trade Amount:
\$66.1 bn	\$240 bn
	(245%)
	Growth
	Source: Statista



2.2

# Analysing Impact of Growing Economic Collaboration to US led World Order

The growing trade between Russia and China, 245% since 2016, is to reduce the potential impact of Western sanctions. US led world order has limited coercive tools to maintain its coherence:

## Coercive Tools Available Under US World Order

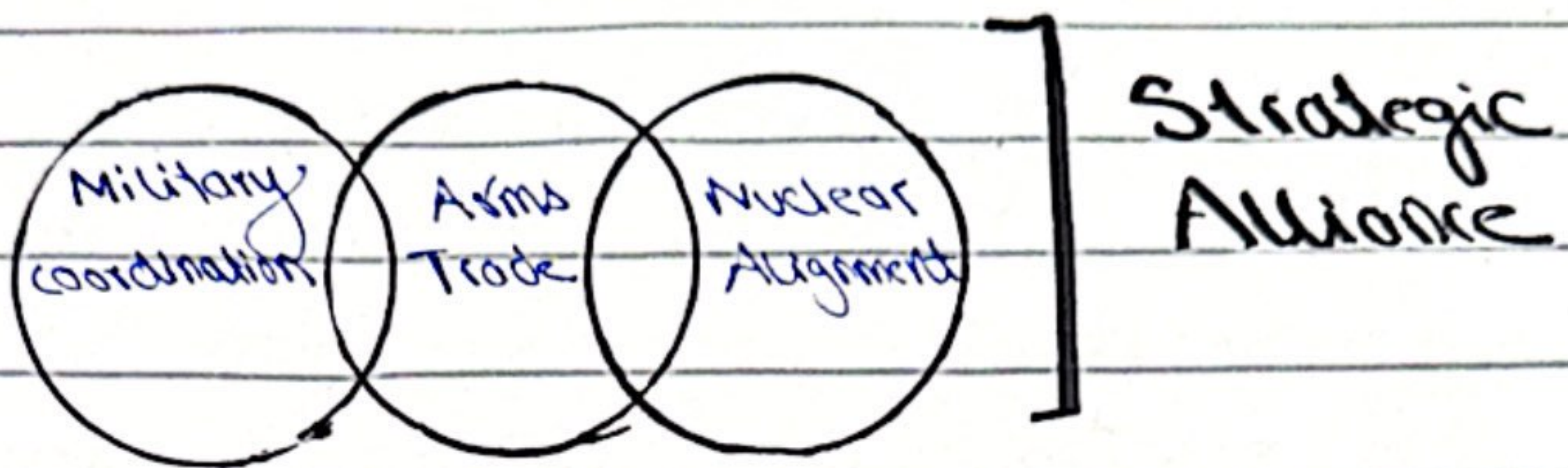
Sanctions	Collective Action	Self-Defense + UNSC
<ul style="list-style-type: none"> <li>Economic and Military</li> <li>Cripple Economy</li> <li>Restrict arms</li> </ul>	<ul style="list-style-type: none"> <li>Under NATO Article 5</li> </ul>	<ul style="list-style-type: none"> <li>Article 51 under UN Charter</li> </ul>

Through increased trade between Russia-China, they have reduced power of sanctions, decreased dependency on West. Currently NATO Article 5 cannot be applied on Russia and China and self-defense UNSC authorization is limited to Ukraine only.



2.3

## Russia-China Growing Strategic Collaboration



Russia-China military coordination has increased over past few years. Joint military drills have been conducted in 2022 by the name of "Vostok-2022". They have also undertaken multiple naval exercises. Russia has also been supplying China advanced military technology, specifically defense systems, to enhance China's strategic capabilities and to increase deterrence against potential U.S. threat or challenge in South China Sea and Taiwan. Moreover, strategic dialogues have been conducted to balance U.S. nuclear deterrence.

2.4

## Increasing Russia-China Geopolitical Alignment

i)

• Multipolar Advocacy:

Russia and China have



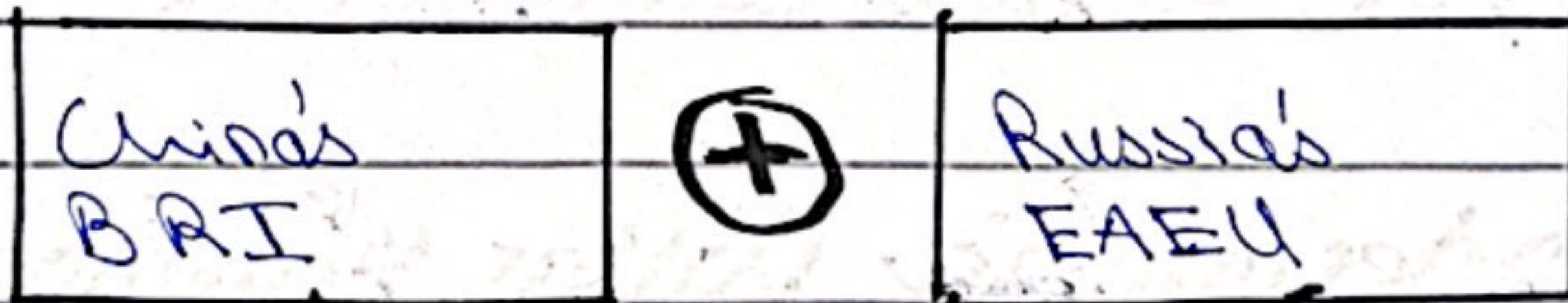
been advocating for a multipolar order at international and regional institutions: BRICS, SCO, UN.

ii) • Mutual Opposition to NATO and US-led Strategic Alliances

Russia → Opposes NATO's expansion towards Russian borders

China → China's opposition to alliances in Indo-Pacific: AUKUS and Quad

iii) • Strategic Goals in Eurasia



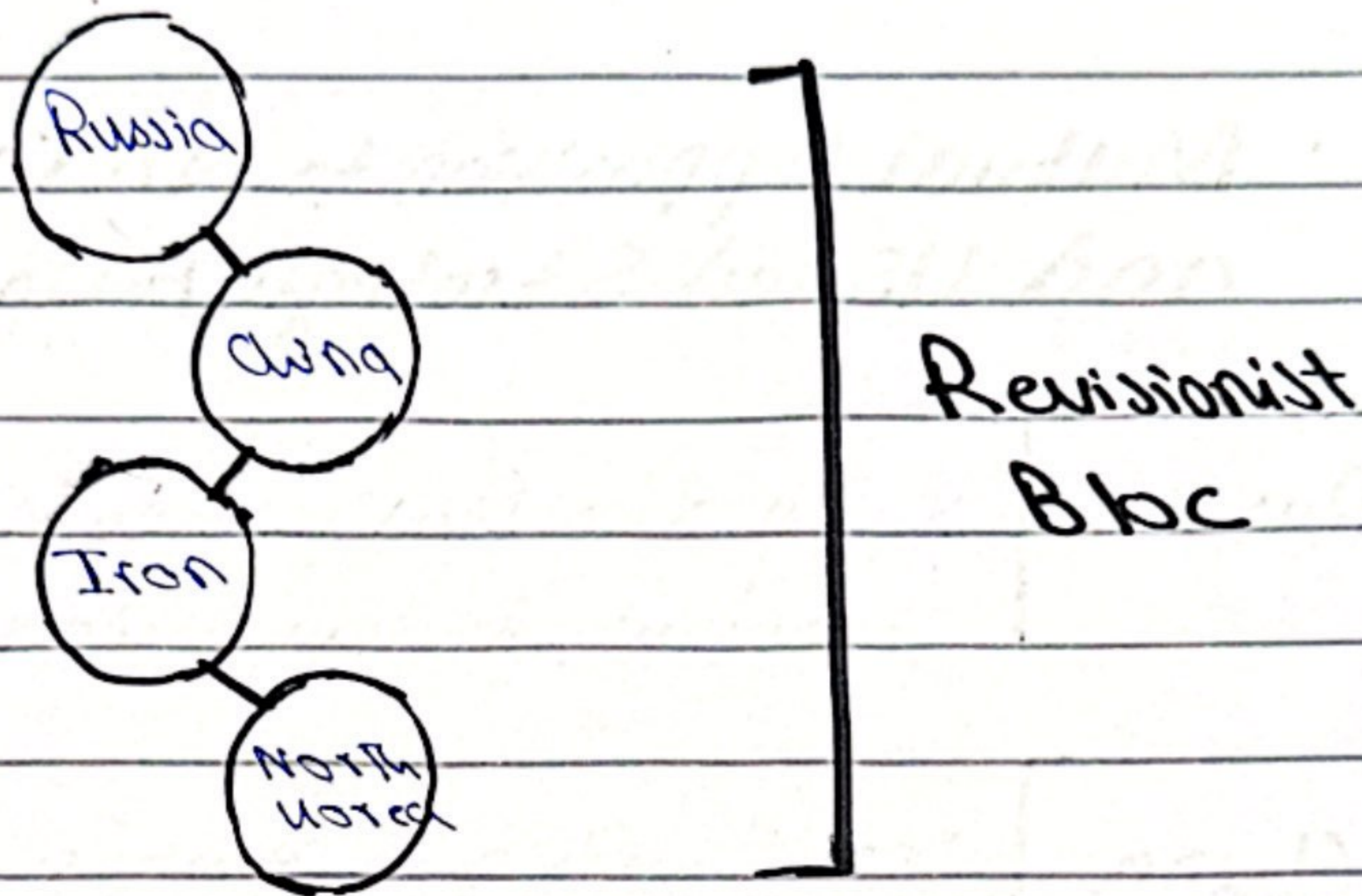
= Limit Influence of U.S.

iv) • Analysis of Jeffery Sachs

A renowned IR scholar. Believes US assertive and aggressive actions have prompted Russia-China to engineer



Counter alliance networks through a new axis: Revisionist Axis:



### 3. Implications for Growing Russia-China Partnership for US led World Order

#### i) Undermining Dollar Hegemony

Due to overuse of sanctions, and sanctions being one of the core coercive tools of US led world order, Russia-China are trading in local currencies. Moreover, establishment of alternative payment system like the China's "IPs" and proposed BRICS currency aim to challenge US control of global financial order by undermining



dollar dominance as global tender.

## ii) Increasing Strategic Rivalry

Russia's growing aggression in Ukraine and direct invasion in 2021 post-2014 Crimean annexation. China's military exercises in Taiwan and South China Sea. These military ventures are to challenge U.S. global influence, alliance system, and perception.

## iii) Emerging Global Division

Creation of parallel global institutions like The Asian Development Bank and Asian Infrastructure Investment Bank has created and provided alternatives to Western dominated institutions like The World Bank. Moreover, expansion of BRICS and growing influence of SCO further polarise international politics and reduce US influence.

## iv) Shifting Alliances

Growing Russia-China partnership has changed the alliance



dynamics in Asia and Africa. Countries are now seeking neutrality or non-alignment and adopting regional partnerships. The Shift reduces globalised alliance network established to preserve US-led world order. Even traditional U.S allies like Pakistan have sought to ally with China under BRT. The international atmosphere has pushed U.S historical enemies: North Korea and Iran closer to Russia and China. These shifting alliances favour Russia and China and weaken U.S led world order strategically.

#### 4. Conclusion

Russia-China partnership is indeed a response to US led world order. Their goal of achieving multipolarity and brought them together despite asymmetry in power and divergent regional interests. Russia and China's growing cooperation poses a threat to American hegemony and indicates an end to unipolar world system. The US and its allies require strategic recalibration while Russia-China's economic, strategic, and geopolitical efforts test US world order to the core.



## Question 3

### 1. Introduction

State owned enterprises have been detrimental to Pakistan's economy. Pakistan nationalised 31 industrial units under The Nationalisation and Economic Reforms Order in 1972. Since then the debate over privatisation and adverse impacts of SOEs on Pakistan's economy have been discussed. It is critical that Pakistan privatises its non-strategic national assets to reduce fiscal deficit, utilise its debt effectively, stimulate growth by utilising the private sector, and focus on core areas. The privatisation should be conducted in a transparent manner as per policy directives provided by The World Bank and IMF along with utilisation of private sector specialised consultancies.

### 2. SOE's - A persistent Burden on Pakistan's Budget and Detrimental to Pakistan's Economic Growth

#### i) Losses of Pakistan's SOE's



(B)

SOEs have incurred an aggregate loss of PKR 905 billion in 2022-2023. This marked a continuous up-trend. As of December 2024, the cumulative losses of SOEs from 2014 till 2024 reached an astonishing PKR 5.9 trillion. (Source: Dawn)

### Major Loss-Making Entities (Jan-June 2024)

National Highway Authority (NHA)	⇒ PKR 151 bn
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Duetta Electrical Supply Company (DESC)	⇒ PKR 56 billion
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Pakistan International Airlines (PIA)	⇒ PKR 51 billion
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### ii) Impact on Worsening Fiscal Deficit

The fiscal deficit is further exacerbated by substantial losses of SOEs which require continuous government bailout support. In the fiscal year 2023-2024, Pakistan fiscal deficit was 6.8% of Gross Domestic Product (GDP).



amounting to PKR 7.2 trillion. During this period the government provided direct fiscal support to SOEs totalling PKR 400 billion. The support negatively impacts Pakistan's capacity to allocate resources effectively to key sectors like health and education.

### iii) Operational Inefficiency

SOEs incur significant losses because they operate inefficiently. However, despite the government extending significant amount of fiscal ~~deficit~~ support, these enterprises provide inefficient and ineffective service delivery. As per study conducted by a private consulting firm, labour productivity within Pakistan's SOEs is on average 35%-40% lower than private firms. These problems culminate into financial losses, poor service delivery, and unsatisfied clients/customers.

### iv) Debt Accumulation - A Fiscal Burden

Due to inefficiencies and persistent financial losses, SOEs have



accumulated debts to fund its operations. These debts are eventually paid off by the federal government which worsens its fiscal deficit.

**PKR 2 trillion** ⇒ SOE's accumulated liabilities in 2023.

Funds and debt spent on these loss-making entities due to their internal inefficiencies reduces public investment into other much needed and more optimal services related to socio-economic development.

## v) **Reduces Potential to Attract Much Needed FDI**

Pakistan's current fiscal deficit and low economic growth require injection of foreign direct investment (FDI). Privatisation can attract FDI but Pakistan's focus on retaining SOEs disincentivises foreign investors which prefer lower government intervention. SOEs signal a closed economy to FDI.



### 3. Reasons Why Privatisation of SOEs is the Optimal Solution to Reduce Burden on Budgetary Economy of Pakistan

#### i) Reduces Fiscal Consolidation

Privatisation would reduce Pakistan's fiscal deficit, currently standing at 6-8% of GDP. The burden on Pakistan's federal government to extend fiscal support, pay off SOEs debt, and provide continuous subsidies would end.

#### ii) Provide Optimised Resource Allocation

Pakistan's critical sectors like Education and Health remained underfunded. For example Pakistan spends around 2% GDP on Health while WHO recommends at least 4%-5% GDP spend on health. Privatisation would provide relief to Pakistan's budget allocation, allowing better and more useful resource allocation.



iii)

## Increase Efficiency, Innovation, Revenue Generation, and Service Delivery

Private sector would allow adoption of modern efficient management practices with the integration of technology. Due to private sector profit incentive, resource management would be more optimized allowing these firms to be more competitive at local level and globally as well. Moreover, service delivery would improve, especially in the energy sector, railway, and airline. This would allow increased customer satisfaction.

iv)

## Attracting FDI

Privatization would attract foreign investors allowing increased inflow of FDI. The FDI would help Pakistan reduce its fiscal deficit, manage debt repayments more effectively, and strengthen local currency. This would boost confidence in Pakistan's economy and stimulate economic growth currently standing at unimpressive 2.5%.



#### 4. Ways in Which the Privatisation Process Should be Carried out

##### i) Transparent Process with Strict Accountability Mechanism

The government should adopt a transparent process which is free from corruption. The allotment process should be done through open-bidding system. Valuation of the SOE should be conducted by a credible private auditing firm like EY or KPMG. Accountability mechanism should ensure no disruption or hurdle is created by any government personnel during privatisation process.

##### ii) Gradual Sector-wise Privatisation

A carefully curated plan should be drafted to ensure efficient privatisation process. The government should start with PIA which has total losses accumulated at ₹40000 crore in 2023. PIA should be prioritised first as airlines attract investors more easily. The example of Air India privatisation should be studied to follow a proper



privatisation plan. Sectors such as banking, energy, and telecom should be next after successful PTA privatisation as a successful precedent would be set and these sectors also lucrative for investors.

iii)

### Ensuring Stakeholder Engagement and Involving Public-Private Partnerships (PPP) to Build Trust

Address resistance from labour unions in a timely manner to avoid later delays. Political interest groups should be consulted and a consensus should be achieved prior to announcement to avoid disruption. Private investors and experts should be involved in PPP to ensure a smooth transition and to counter red tapism. Potential resistance should be addressed within PPP's through offering retaining programs, severance packages, and future job creation initiatives.

iv)

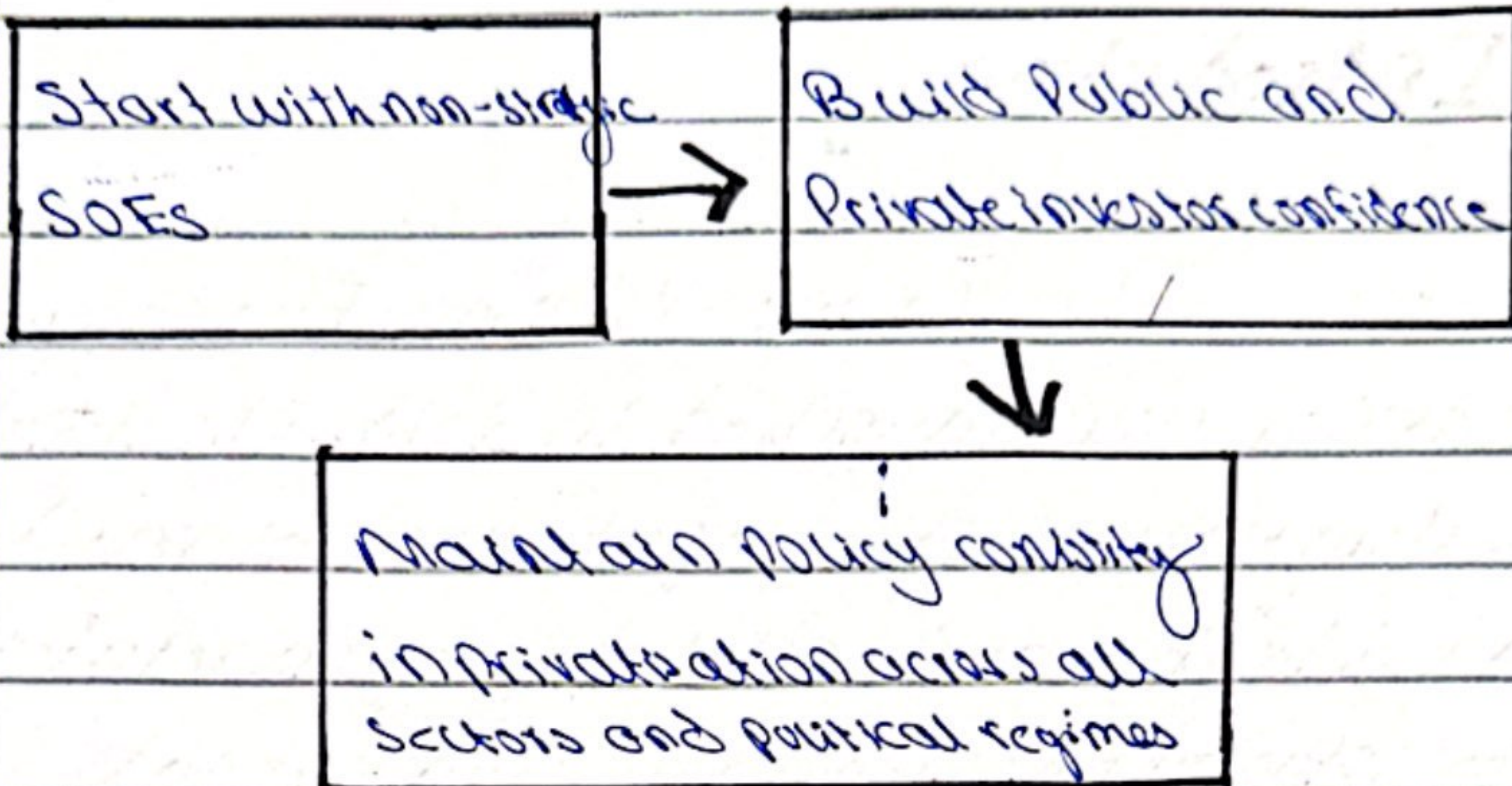
### Implementation Process and Policy Consistency

A step-by-step implementation plan with consistent policy should be.



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adopted.



## 5. Conclusion

The persistent financial loss and inefficiencies of SOEs are a consistent burden on Pakistan's budget and overall economy. Privatization offers a viable and only feasible way forward. The privatization policy would not only reduce fiscal deficit and debt burden but could stimulate economic growth through FDI and improve service delivery. The success of the privatization policy is dependent on transparency, policy consistency, political will, and carefully curated implementation process. Through an effective approach, Pakistan can make its loss-making SOEs into engines of growth.



## Question 8

### 1. Introduction

The China-Pakistan Economic Corridor was launched in 2013. The initial valuation of the project was estimated at \$120bn and included projects related to infrastructure, energy, and special economic zones (SEZs). However, China recalculated the project feasibility and reduced it to \$65-75bn. In recent years, since 2020, CPEC has majorly slowed down. The reasoning behind the stagnancy is Pakistan's internal security dynamics, political instability, and inability to contribute effectively towards the project. At the same time, China has also reoriented its focus on other BRI routes, been entangled in a trade war with U.S, and shifted focus on strategic calibration in the South China Sea and Taiwan. The re-invigoration requires diplomatic reengagement, shifting priorities, stable political environment, security guarantees, and reassessment of potential benefits for both actors.



## 2. Reasons for Slowing Down of CPEC Projects

### i) Pakistan's Unstable Security Dynamics

Since 2017, there have been 14 terrorist attacks targeting Chinese nationals in Pakistan. More than 20 Chinese have been killed in these attacks with dozens other injured. Notable attacks on Chinese include: Besham Suicide Bombing (March, 2017) resulting in the death of five Chinese engineers and Karachi Airport Bombing (October, 2017) leading to death of two Chinese engineers. China has announced disappointment over Pakistan's security dynamics and it has directly impacted progress of CPEC.

### ii) Rising Insurgency in Balochistan, Pakistan

The CPEC route starts from Kashgar in China and ends at Gwadar, Pakistan. The flagship project of CPEC is the Gwadar deep-sea port which would act as an economic zone.



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for China and reduce the Malacca dilemma. Ecuador is located in the Balochistan province which has been facing the fifth wave of insurgency since 2021. The insurgency activities have seen a surge since 2021 and in 2024 alone there were 171 terrorist attacks conducted in Balochistan. The instability in the province reduces progress on CPEC.

### iii) Role of External Actors in Slowing Down CPEC

India

India has consistently opposed CPEC due to historical rivalry with Pakistan, claim on territory of Gilgit-Balistan which is within the route of CPEC, and strategic alliance with US against rival China through Quad.

#### Impact:

Utilisation of its intelligence agency RAW (Research and Analysis Wing) to support militant groups like Balochistan Liberation Army (BLA) to sabotage



CPEC infrastructure projects. The arrest of RAW's field spy in 2016, Kumbhushon Jadhav, confirms India's involvement.

U.S.

U.S. strategic rivalry with China has played out on creating diplomatic pressure on Pakistan as a means to restrict progress on CPEC and impact China's overall BRI project. Sanctions imposed on Chinese firms like Huawei restricts technology exports crucial to CPEC's projects.

Afghanistan

Pakistan - Afghanistan border instability and Afghanistan's support of other militant groups in areas such as TTP have negatively impacted CPEC's infrastructure project development.

#### iv) China's Strategic Recalibration

China has shifted focus away



From CPEC on other BRI routes, especially since 2017 U.S.-China trade war broke out. Moreover, since 2016 China is focusing more on military development and strategic alliance to counter U.S. influence in Indo-Pacific and to reassert dominance over Taiwan. This has shifted focus of China from economic alliance with Pakistan to strategic alignments with Russia, Iran, and North Korea.

### 3. Ways to Re-Invigorate CPEC Between Islamabad and Beijing

#### i) Diplomatic Engagement

Pakistan must utilize diplomatic assets placed in Beijing to avert focus on CPEC. This advocacy would open pathway for state leaders to re-plan the progress and pathway to completion of CPEC. Moreover, diplomatic engagement would allow reassessment of CPEC in economic and strategic matters to both countries. The return on CPEC would allow new plans and potential benefits since strategic shifts and change in



international political environment since 2013.

## ii) CPEC Expansion from Economic Dimension to Strategic Cooperation

The international political environment has changed considerably from 2013. The head of states of both countries should work on expanding CPEC from the economic dimension to strategic as well. The pivot would allow China to overcome Malacca dilemma and utilize Pakistan's cooperation in Cold War 2.0 against U.S. At the same time, Pakistan would have increased security guarantee against India and Afghanistan.

## iii) Coordinate Effort to Counter Security Instability in Pakistan Through SCO

The Shanghai Cooperation Organisation (SCO) has Pakistan and China as its member. Under SCO is a wing named Regional Anti-Terrorist Structure (RATS). Pakistan and China should mutually coordinate to utilize RATS



in counterterrorism efforts within Pakistan, specifically Balochistan. The improved security condition would provide Chinese investors sufficient guarantees to initiate the SEZs.

#### iv) Increased Pakistan's Commitment through Financial Burden Sharing

Pakistan should share financial burden within CPEC to an extent. This would portray China, Pakistan's willingness to cooperate on CPEC. The extended Pakistan's stake would increase Pakistan's dedication to counter terrorism, speed up progress of CPEC, and ensure stability within its region.

#### v) Counter External Influence through Coordination

Pakistan and China should mutually share coordination in CPEC and counter external influence of India and Afghanistan in the region and respond in solidarity to diplomatic pressure by U.S.



## 4. Conclusion

The slowing down of CPEC involves a multidimensional network of problems including security instability, influence of external actors, China's shift in focus, and Pakistan's unstable conditions. However, through diplomatic engagement, effective utilization of international organisations, security guarantees, and coordinated approach; Pakistan and China could work towards re-integrating CPEC at the same speed and will <sup>similar to</sup> ~~be~~ <sup>in</sup> 2013.

## Question 1

### 1. Introduction

The Hay'at Tahrir al-Sham (HTS), which was till 2016 a faction of Al-Qaeda, has played the lead role in toppling the fifty year old hold of Assad family on Syria. Bashar al-Assad ruled Syria since 2000 till 2011 in an autocratic manner which had split the country into fragments since 2011 civil war. Bashar's regime fell due to polarised environment in Syria, role of



multiple external actors, weakened Iran presence in Syria, resuscitation of Russia to Ukraine since 2021, and rising role of Israel and its asserting influence. At the same time, the fall of Assad has implications way beyond Syria as the Middle East has further destabilized, Iran's deterrence has reduced, Israel's territory in Golan Heights has expanded, and Turkey's war with Kurds has become more favourable for Turkey.

## 2. Reasons Why HTS Islamist Rebels Have Toppled Down Bashar al Assad Regime

### i) Longstanding Opposition to Assad Regime

HTS has capitalized on years of civil unrest which started with the Arab Spring in 2011. Since the civil war outbreak in Syria, opposition to Assad regime has remained significant due to his oppressive authoritarian regime, inability to provide basic goods, and violent crackdown on rebels. HTS utilized these factors to topple



Assad's regime.

## ii) Consolidation of Power by HTS

HTS managed to unify various rebel factions under their leadership, providing HTS more power. At the same time, HTS since 2017 have been faced with calmer conditions and fewer crackdowns. The military operations further reduced since Russia waged war against Ukraine in 2021, allowing HTS to consolidate, unite, and train for the attack on Damascus.

## iii) Exploitation of Assad's Regime Weakness

Since the 2011 civil war, Assad's regime suffered from economic collapse. The major oil rigs of Syria were controlled by American-backed SDF, providing Assad with limited resources. Moreover, Assad's external support from Russia and Iran decreased due to Russia-Ukraine war in 2021 and Israel-Hamas war in 2023. The Assad regime had limited army in reality with low spending and



poor wages. HTS exploited the internal discontrol and the regime's weakness to end Assad's rule.

#### iv) HTS Strategic Alliances

HTS leveraged alliances with opposition groups like The Syrian National Army, support from SDF, and indirect support from Turkey. Utilising internal and external support and by exploiting divisions within Assad's forces, HTS achieved its objective.

### 3. Implications of Fall of Assad Regime in Syria and Beyond

#### i) Creation of Power Vacuum

The Assad regime ruled Syria for 50 years. The fall of the regime has created a strategic power vacuum which will lead to intensified infighting among rebel factions in Syria. Other external actors would fuel their fighting among rebels as U.S, Turkey, Iran, and Israel all have strategic interest in Syria.



## ii) Regional Destabilization and Refugee Crisis

Neighboring countries like Lebanon and potentially Turkey could face security concerns. The spillover of extremist ideologies could destabilize nations in the Middle East. Moreover, already 3 million Syrian refugees reside in Turkey and 1.5 million are in Lebanon. Further, refugee crisis would be detrimental to the stability and economies of the neighboring countries.

## iii) Geopolitical Recalibration

External actors including Russia, Iran, Turkey, and the U.S. would need to reassess their role, strategy, and alliance structure. The reassessment process may potentially escalate proxy conflicts in the region.

## iv) Resurgence of ISIS

Provided the current instability within Syria, the Islamic State in Iraq and Syria (ISIS) may exploit



the situation to regain a foothold in the region. Syria provides a suitable breeding ground for fresh recruits and mobilisation for ISIS to extend influence beyond.

## v) Shifts in Axis of Resistance

Iran's Axis of Resistance has been a key element in acting as a deterrent to U.S. and Israeli military actions. Iran utilised Syria to supply weapons to the Lebanon group, Hezbollah. The fall of Assad regime weakens Iran's influence in Syria and provides Israel with further capacity to attack Iranian territory by air without significant U.S. support. This adversely impacts Iran's broader regional strategy and alliance structure while reducing deterrence capacity of Axis of Resistance.

## vi) Violation of International Norms

The prolonged Syrian conflict, takeovers of Syria by a non-state actor, humanitarian crisis, and



external interventions erode global norms and humanitarian law. The role of external actors violates global norms of sovereignty and internal non-interference protected by international law under Article 2(4) and Article 2(7) of The UN Charter (1945).

## 4. Conclusion

Syria's regime change and fall of <sup>Assad regime</sup> HTS marks an unprecedented and unexpected chain of events. Assad's internal weakness, growing discontent within Syria, weakened allies, and crippled economy led to his demise. However, the HTS takeover and exit of Assad has broad implications. Internally Syria will face governance challenges, refugee crisis, and potential infighting. Implications beyond signal towards a weakened Iran, fear of extremist ideology spillover, and increased strength of Israel.