

(Mock - 2)
Current Affairs

Day: MTWTFSSDate: 30/07/2025Q.No.4

How do you see the water Politics in the region after India's decision to move out of Indus Water Treaty and China's decision to build the world's largest dam on Barhamaputra River?

Introduction:

Water is emerging as a key factor in geopolitical tensions across South Asia. India's reported intention to reconsider or withdraw from the Indus Water Treaty (IWT) and China's construction of the world's largest dam on the Brahmaputra River raise significant concerns about hydro-hegemony, regional stability, and ecological sustainability. These developments mark a shift from cooperation to strategic competition over water resources.

1. India's Decision to Withdraw from Indus Water Treaty:

=> Background

The Indus water Treaty (1960), brokered by the World Bank, allocates the waters of the Indus river system between India and Pakistan. Despite wars and conflict, it has survived for over six decades.

=> India's Justification

In light of repeated terror attacks (e.g., Uri 2016, Pulwama 2019, Peshawar 2025), India has questioned the relevance of the treaty with Pakistan.

=> Strategic Moves

i- India has expedited the construction of dams on western rivers (Chenab and Jhelum).

ii- Suspension of the permanent Indus Commission meetings post 2019.

2- China's Megadam on Brahmaputra (Yarlung Tsangpo)

→ Project Details

China has announced plans to build a super dam in Medog County, Tibet, with capacity surpassing the Three Gorges Dam. It will affect the flow of Brahmaputra, which enters India through Arunachal Pradesh and Bangladesh as Jamuna.

⇒ Strategic Implications

i-

Enhances China's upper riparian control, allowing it to dictate water flows during conflicts.

⇒ It could cause drought or flash floods in northeastern India and Bangladesh, harming agriculture and livelihoods.

3- Regional Water Politics - A Shift Towards Weaponization

i-

The region now witnesses the "weaponization of water", once a tool of cooperation, now

used for strategic leverage.

- ii- With no multilateral framework involving India, Pakistan and China water disputes risk spilling into full-blown security crises.

4- Legal and Environmental Concerns

i- Any violation of IWT could open the floodgates for treaty annulments globally.

ii- China's dam poses ecological risks: seismic activity zones, biodiversity loss, and displacement of ethnic communities.

5- Impact on Pakistan and Bangladesh

i- Pakistan: will face severe irrigation and drinking water stress if India restricts flow - fueling internal unrest and cross-border hostility.

- ii. Bangladesh, as a lower riparian of the Brahmaputra, it fears seasonal water shortage, siltation and fishery loss.

Way Forward

- ⇒ Revival of Track-II diplomacy on IWT.
- ⇒ Establish South Asian WATER Council under SAARC or BIMSTEC.
- ⇒ Promote data transparency and real-time flow sharing.
- ⇒ Invite neutral bodies (e.g; UN, World Bank) for mediation.

Conclusion

Water has now become a strategic asset in South Asia's geopolitics. While India's concerns over terrorism are not proved on international standards and the path of unilateralism threatens regional peace. And the absence of multilateral treaties on water governance in Asia

is deeply worrying and should be solved on earliest basis.

Q. No. 6

How do you see the challenges and Opportunities for China in the Trade tariffs imposed by US on both adversaries and allies?

The imposition of trade tariffs by the United States under administrations such as Biden and especially Trump has reshaped the global trading order, directly impacting China. These tariffs aimed at protecting U.S. industries and countering unfair trade practices, have created multifaceted challenges for China. However, they also offer strategic opportunities if leveraged wisely.

⇒ Challenges for China

- 1- Export Dependence and slowdown in Trade:

According to the Peterson Institute for International Economics (PIIE), U.S. tariffs on Chinese goods, covering more than \$370 Billion worth of exports have significantly impacted China's manufacturing and export sectors.

With the U.S. being one of the China's top trading partners, the tariffs resulted in:

- ⇒ The reduced demand for Chinese products.
- ⇒ Supply chain disruptions.
- ⇒ Job losses in export oriented industries.

2- ⇒ Technological Decoupling:

The Center for Strategic and International Studies (CSIS) notes that U.S. tariffs and technology bans (e.g., on Huawei, semiconductor restrictions) have accelerated a technological decoupling. This is

severely impacting China's access to critical technologies, especially in AI, quantum computing and semi-conductors.

3. Investor Uncertainty:

Foreign investors are increasingly cautious about investing in China due to:

- ⇒ Escalating U.S.-China tensions
- ⇒ Fear of secondary sanctions
- ⇒ Tariff unpredictability

4. Supply Chain Realignment:

The World Bank points out that U.S. tariffs have promoted multinationals to shift supply chains to Vietnam, Mexico, and India reducing China's dominance in global manufacturing.

Opportunities for China:

1- Boosting Domestic Consumption

In response to Tariffs China has initiated the Dual Circulation Strategy, reducing the reliance on foreign markets by:

Strengthening domestic consumption.

Encouraging innovation

Developing internal industrial value chains.

2- Diversification of Trade Partners:

China is expanding trade relations through Belt and Road Initiative (BRI) and Regional Comprehensive Economic Partnership (RCEP). According to Brookings Institution, trade with ASEAN and Africa has grown steadily, providing a buffer against Western tariffs.

3. Strategic Technological Development:

China has accelerated investment in indigenous innovation and self-reliance in tech, particularly semi-conductors, 5G, and renewable energy sectors, reducing future vulnerability to foreign sanctions.

4. Global Leadership Opportunity:

As the U.S. imposes tariffs even on allies (EU, Canada, Japan), China is trying to present itself as a defender of globalization and free trade seeking to:

⇒ strengthen ties with global south

⇒ lead global trade forums (e.g., BRICS, SCO).

⇒ challenge U.S.-centric trade architecture

- Martin Wolf (Financial Times): Highlights that while tariffs are hurting China's

exports, they also push China toward strategic autonomy and innovation.

Conclusion

While U.S. tariffs pose serious short-to-medium-term challenges for China, they also provide a catalyst for reform and strategic realignment and as a result China may emerge more self-reliant and competitive in the long run.

Q. NO. 1 : The Economic revival of Pakistan would be an elusive dream until extensive structural reforms are not introduced. Explain.

Introduction : Pakistan's economic challenges are chronic and structural, not merely cyclical. From unsustainable fiscal deficits to low productivity,

from a narrow tax base to rising debt levels, the country's economy faces deep-rooted issues. While short-term bailouts from IMF provide temporary relief, without structural reforms, economic revival will remain a distant dream.

Key Structural Problems Hindering Revival:

I. Fiscal Mismanagement and Low Tax Base:

⇒ Pakistan's tax to GDP ratio is below 9.1% (IMF 2024), among the lowest in the region.

⇒ A major chunk of the budget is consumed by debt servicing (over 50%), leaving little for development.

⇒ Tax evasion and exemptions to elites reduce revenue generation.

2- Circular Debt in Energy Sector:

⇒ Circular debt crossed Rs. 2.6 Trillion (NEPRA Report 2024).

⇒ Inefficiencies, line losses, and poor governance in the power sector discourage investment and cause fiscal hemorrhaging.

3- Over-reliance on Imports and low Export Base:

⇒ Trade deficits persists due to import-heavy consumption and lack of value added exports.

⇒ Pakistan's exports remain stagnant (~\$30 Billion) due to lack of diversification and energy bottlenecks.

4- Weak Industrial Base and Informal Economy:

Over 60% of Pakistan's economy is informal, causing revenue leakage due to lack of industrial

modernization. and low productivity.

5. Agricultural Stagnation:

Despite being an agricultural country, agriculture's share in GDP has declined, with poor yields, water mismanagement and outdated practices.

6. Political Instability and Policy Inconsistency.

Frequent changes in leadership and ad hoc policies discourage both foreign and domestic investment.

Need for Structural Reforms:

- 1- Broadening Tax base and Tax Reforms:
Bring agriculture and real estate into tax net and digitalize the tax system.
- 2- Energy Sector Overhaul:
privatize distribution companies,

improve billing recovery and move towards renewable energy.

3- Export led Growth Strategy:

Invest in textile modernization, IT, and agro-processing and provide export based incentives.

4- Privatization and SOE Reforms:

⇒ Loss making state owned enterprises like PIA and Pakistan steel mills drain the budget.

⇒ As per IMF 2023 staff report privatization and improved governance could save billions annually.

5- Judicial and Institutional Reforms:

⇒ Ensure contract enforcement, dispute resolution and anti-corruption mechanisms.

⇒ strengthening institutions like NAB, SECP, and SBP with autonomy and transparency.

Opportunities Through Reforms:

IMF standby Agreement (2023-24) and expected Extended Fund Facility (EFF) offer a framework for reform.

CPEC Phase-II, focusing on special economic zones (SEZs) can help in industrial revival.

Pakistan's young population (over 60% below age 30) is a demographic dividend if skill development and education are prioritized.

Conclusion

Pakistan's economic problems are systemic, not symptomatic. Therefore, unless deep, targeted and politically backed reforms are not introduced in taxation, energy, governance and industry policy, the dream of economic revival will continue to be elusive.

Q. No. 8 Critically evaluate Russia-China's growing Relations and its implications on global power politics?

Nature of Russia-China Partnership

i- Strategic Alignment Against U.S Dominance:

As both oppose Western interventionism, NATO expansion and the Indo-Pacific containment strategy targeting China.

ii- Economic Interdependence

⇒ Russia is now China's largest oil supplier, replacing Saudi Arabia post Ukraine war.

⇒ China provides technological support and trade, while Russia offers natural resources and weapons.

iii- Military Cooperation:

Regular joint

military drills in the Pacific, Arctic and Central Asia signal strategic cooperation.

Implications on Global power Politics:

- 1- Emergence of a Multipolar world:
Their alliance accelerates the decline of U.S unipolarity, strengthening the BRICS bloc, SCO and alternative financial systems (China's CIPS vs SWIFT).
- 2- It also causes strategic pressure on the West.
- 3- There is increased weaponization of energy and Trade in the world.
- 4- Their alliance is also eroding the dollar dominance. and causing de-dollarization.
- 5- It is also causing instability in Global South.

Conclusion

The Russia - China strategic partnership is a pivotal development in 21st century's geopolitics, challenging the liberal international order. However the alliance is more of a marriage of convenience than conviction driven by short term strategic needs rather than long term ideological alignment.