

Question # 03

The current economic challenges of Pakistan are challenges of political economy or the issues are deep-rooted in structural flaws in our economy. Take a side and suggest policy measure to address these challenges

Answer :

⇒ Introduction

Economic Challenges of Pakistan

Budget deficit

22 Trillion expenses and 18 Trillion revenue collection

Trade deficit

\$58 bn imports and \$32 billion of exports

⇒ Structural flaws in Economy

(i) Informal Economy

60%+ economy in undocumented

(ii) High Cost of doing business

An investor pays 55% of revenue in term of taxes

(iii) Absence of long term policies

India made 10 year business

policy in 1991, while Bangladesh

in 2007. Still Pakistan lacks

in making business policy.

DATE: ___/___/___

DAY: ___/___/___

Economy of Pakistan often remained in ventilator. Since the inception of country, economy faces ups and downs. Currently, economy seems stable but analysts pointed it as a short term relief. Several challenges are part of discourse in Political and bureaucratic domains, but the ~~core issues~~ ^{core issues} ~~essence~~ ^{of} are still remain unaddressed. Economists suggest that until the major hurdles aren't solved, economic independence and long term stability would hard to ^{be} achieve. The major challenges in economy is ~~Budget~~ Trade deficit that leads to Low reserves and currency devaluation. Pakistan's imports are severely high than its exports. In FY 2024, the country has imports of \$58 bn dollars, ~~conf-~~ ^{commodity} exports were only \$22 bn dollar. \$26bn dollar trade deficit is making Pakistan most vulnerable. Secondly, budget deficit is another issue that country is facing. According to statistics of Budget FY 2025, country is in 4.7 trillion rupees of loss annually. Expenses are 22 trillion rupees where revenue collection stuck at 18 trillion. The major

DATE: ___/___/___

DAY: ___/___/___

Source of revenue collection in Pakistan is tax. This budget deficit remains same according to average of recent 5 years, that clearly indicates that no serious have been taken to address this issue. Economic challenges are not a big issue, ~~the~~ real concern lies that what steps have been taken to gain economic prosperity. India were also on the verge of default in 1991, Bangladesh economy rise in recent decades, clearly shows that economic stability can be achieved with persistent, effective and transparent long term policies.

Structural Flaws in Economy:

(i) Informal Economy :

One of the major reason of economic downfall is undocumented and informal economy. According to world bank's statistics, almost 60% of Pakistan's economy is undocumented posing burden on country's financial system. This sector not only results in loss of revenue collection but also creates mistrust in formal sector of

DATE: ___/___/___

DAY: ___/___/___

economy. Elite Capture and Influence makes reforms and progress ~~un~~addressed. In 2024, tax collection was only 11.2 Trillion rupees which is much lesser than target set by FBR. This approach of unbalanced economy, increasing pressure in already documented sector, whereas others like real estate, retail, and agriculture sector are like needle in sea.

way forward:

In order to address this issue, effective policy making and implementation is required to bring informal sector in tax net. Feudalistic and Self biasness should be overcome, and collective measures need to be taken for long term and effective result.

(ii) High Cost of doing business:

Another flaw in economy of Pakistan is high cost of doing business. This ultimately weakens the confidence of investor and result in closure of businesses. In the recent decade, most of the companies have either closed their businesses or they shifted in neighbour states

DATE: ___/___/___

DAY: ___/___/___

Like Bangladesh, one of the major export sectors, textile is also facing severe challenges. From 2023, more than 1600 industries are closed or shifted outside Pakistan, according to Pakistan SME's Association. High cost of power, restrictions or costly import of raw material and unstable policies are increasing the cost of business. FDI is unlikely to come in the country, whereas already working groups are closing their businesses.

Way Forward :

Low cost of power, easily and duty free imports of raw material in selective sectors, and steady, and long term business model is required to foster the businessman's confidence and bring Foreign direct investment.

(iii) Absence of long term Policies :

Economic stability cannot be achieved overnight, it requires long term vision and persistent, stable policy implementation. Pakistan's neighbour like India was also on the verge of default in 1991 but long term economic plan for 10 years helps them to regain their economic stability.

DATE: ___/___/___

DAY: ___/___/___

Bangladesh 10 year Plan in 2007 is another example of effective Policy making. In the world of globalisation, where only that survives who have competitive market and products to offer. Regional competitors are shining whereas Pakistan economy is shrinking. Way Forward:

Economic Stability should be prioritized over Political motives. Inter-party long term economic plan could be beneficial in the unstable Political System of Pakistan.

Question # 04

Analyze the trajectory of Pakistan-Afghanistan relations in the Post-2021 period of Current regime in Afghanistan. How have border security, refugee issue, and regional re-alignment influenced bilateral ties?

Answer:

DATE: ___/___/___

DAY: ___/___/___

Outline:

⇒ Pakistan-Afghanistan relation post 2021:

Doha Agreement

2 years of truce, and rehabilitation of Taliban.

Recent surge in terrorism and border skirmishes

⇒ Factors Influencing bilateral Cooperation:

(i) Durand Line dispute

Afghanistan denies the international border

(ii) Refugee crisis

Over 3.4 million refugees and their involvement in illegal activities

(iii) Strategic alignment and foreign policy of both countries

Pakistan's Policy of Strategic depth

Afghanistan's offensive Policy towards Pakistan

Pakistan Afghanistan relation Post-2021.

Doha accord in 2021 between Afghanistan and the America was the clear symbol of Pakistan's diplomatic efforts to bring peace and stability in the region. Pakistan welcomed the native's government and pursue the policy of mutual cooperation in all factors, whether, its strategic, economy or political. With the collaboration of both states, a joint peace agreement were signed for two years and both agreed to not to use their soil against each other and process of rehabilitation started. Pakistan released Afghanistan's Captives and they repatriate our inhabitants. But after the ending of truce agreement, rapid surge in terrorism is being seen in Pakistan. American withdrawal and their consciously letting the arsenal and modern machinery have made Taliban more stronger and precise in Guerrilla warfare. History shown that that 2 years of truce agreement had given enough time to Taliban to re-organize. Number of inhabitants returned to northern

DATE: ___/___/___

DAY: ___/___/___

without oversight and they re-organized themselves. Since 2022, every year terrorism activities are being increased where only in 2024 almost 450 attacks were being taken against Pakistan. 2025 statistics show that there are involvement of foreign actors that they are now more equipped with modern arsenal. That results in Pakistan use of hard power in second week against Fitna al-Khawarij and their heaven in Afghanistan. Border skirmishes were stopped after 3 ~~few~~ days of continued attacks from both sides. The current regime denial not to take action against terrorist which are working from Afghanistan soil, raised serious concerns, whereas latest Agreement in Doha bring light of hope in dark clouds.

Factors influencing bilateral Co-operations :

(i) Duband Dine

Afghanistan denial to accept international border is one of the

Primary reason to incooperation. International Community accepted the duband line and Pakistan Stance to honour ethnic cross border relation is policy of peace and stability. whereas Afghanistan current De-facto regime claims not only border surrounding areas but also in depth annexation of Pakistan's land is weit concerning and irrational. unless rational and considerable policies are made by Afghanistan government, long term peace and bilateral ties are hard to achieve.

(ii) Refugee Crisis &

Despite truce agreement and repatriation process in 2021, Pakistan didn't forced Afghan refugees to leave immediately as this would raise serious humanitarian crisis. Around 3.4 million Afghan refugees are living in Pakistan, according to ministry of foreign affairs, with the analysts claims many unregistered refugees. with the Passage of time these foreign national are found involved in many of illegal and

anti-state activities according to intelligence reports. Their involvement and in depth social and strategic ties raising serious concerns. Pakistan's recent campaign to repatriate Afghan nationals is facing many critics but strategic elite prioritized national interest and internal security over bilateral cooperation.

(iii) Strategic Alignment of both states :

Pakistan's Foreign Policy toward Afghanistan was to use Taliban and De-facto government as a strategic depth. This approach harms the bilateral cooperation and created mistrust among Afghan leadership. Afghan ethnic norms are sort of different where they always prioritised their own traditions, rationality, and religious Caliphate approach. Both sides have used each other and tried hegemonic relations. Analysts says that this leads to today's mistrust and clashes. Respecting each other's sovereignty and long term economic and bilateral would bring peace and prosperity.

Question #05

Assess the changing dynamics of Pakistan-US relations in the context of strategic realignment

Answer :

~~Historical ties with~~ Relationship ~~with~~
between Pakistan and US :

(i) Cold war

(ii) Post ~~Cold war~~ 9/11

Historical Relationship between
Pakistan and USA :

(i) Cold war

(ii) Post 9/11

Global Power Shift and Recent
ties with Trump 2.0 :

(i) China's rise

(ii) Strategic Cooperation with
Trump and Economic deals
(whether Strategic Partnership
or Transactional ?)

DATE: ___/___/___

DAY: ___/___/___

Historical Relationship between Pakistan and the USA:

Pakistan and the USA were sometimes became non-nato strategic ally and sometime declared ~~over~~ as a betrayed. Both sides have gain their strategic gain with the changing global and regional dynamics. From SEATO, CENTO, 1979's Afghan jihad war, or Post 9/11 cooperation, Historian considered these relations as a sort of transactional. Several statements from technocrats of both sides shows this policy in their statement which will be discussed.

(i) Cold war :

After the end of cold war in ~~1989~~ 1989 with defeat of USSR, a statement from foreign minister of Pakistan raised serious concerns

} America used Pakistan as a tissue paper and throws away ~~it~~ when used. }

DATE: ___/___/___

DAY: ___/___/___

This Statement clearly indicates that relations among both states are were transactional.

(ii) Post 9/11 :

Pakistan and USA relations again became stronger with owing to strategic location of Pakistan and America's operation against terrorist heavens in Afghanistan. The USA declared Pakistan as Non-NATO strategic ally and with the end of war or near the end that America again accused Pakistan.

{ "Having Pakistan as a friend is like you have snake in your pocket and you consider that it will not bite you." }

Henry Kissinger

and Trump Statement in 2018 that

{ "Pakistan has gave us nothing but deceit and a lie." }

these Statement again clearly describe the bilateral cooperation

DATE: ___/___/___

DAY: ___/___/___

was ~~not~~ sort of to achieve own national objectives and gains.

Trump 2.0 and global power shift :

with the retaking^{of} oath in Washington, Trump clearly shifted the global world order. It has used hard power in term of global Tariff and unstable policies against both allies and opponents. This give China a gap to ~~re attract~~ attract global states toward itself.

Indian defeat in May with ~~strikes~~ Pakistan, turns the trump approach and secondly increase in demand of rare earth minerals attracted trump towards Pakistan. Pakistan regional influence and importance is again acknowledged by businessman nature of Trump.

DATE: ___/___/___

DAY: ___/___/___

Because of poor time management
I cannot complete my answers.
However, I gave little bit
hint to express and answer
my last question.

Are my points valid and
reasonable?