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Q02:

I. INTRODUCTION

Privatization refers to the transfer of state-owned assets to private enterprises and businesses. Pakistan's history of privatization followed several phases under different governments. Many SOE's presently remain a burden on economy due to consistent losses. The enterprises, marred by inefficiencies and elite capture present a heavy burden. Stringent analysis of current assets, phased out privatization and public private ~~pri~~ partnerships can be promoted to shift economy towards growth.

II. BRIEF CONTEXT OF PAKISTAN'S PRIVATISATION

Pakistan's privatization followed from Zulfikar

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Ali Bhutto's nationalization policy. Amid massive inefficiencies, the first phase was led by Benazir Bhutto, in 1990. This was followed by Nawaz Sharif, with the cycle repeating amid constant regime changes. Musharraf's era is considered 'Golden Period' of privatization wherein banking sector and energy sector components were privatized.

III. INEVITABILITY OF PRIVATIZATION AMID LOSSES

CURRENT PREDICAMENTS

- Circular debt by energy SOE's
- Huge fiscal burden amid protection
- Persistant losses e.g PIA
- Low Revenues barring investment
- Politicized management increase challenges
- High tariff environment prevents upgrades

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(i) Circular debt posed by energy SOEs

The energy sector poses significant losses amid the current IPP contracts. The current circular debt stands at Rs. 2.1 Trillion which keeps mounting every year.

(ii) Fiscal deficit run by protection of SOEs

The state protects enterprises from competition through subsidies. This prevents them from upgrading and maintaining quality. Government spends around Rs. 1.5-2 trillion on protection of such enterprises.

(iii) Persistant losses drive expenditures by state

The state enterprises

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are mostly loss making and regularly record negative accounts. They project losses of about Rs. 800-900 Billion yearly. This poses significant burden on the economy.

(iv) Low returns bars investment from private sector

State enterprises barely run on breake-even. The constant low revenues prevent any internal or external investment, creating a spiral of downward growth. Organizations like PIA posted negative growth for the last decade, showing its inefficiency.

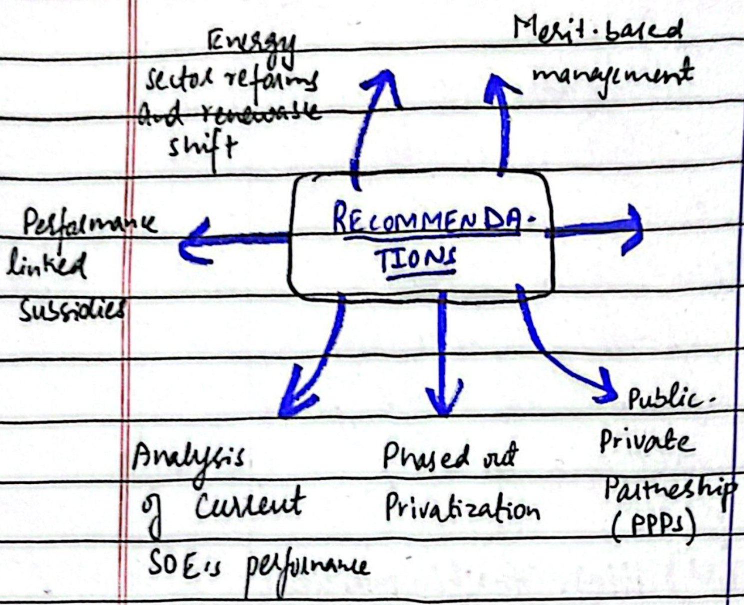
(V) Politicized management and infrastructure drives long-term deficit

Constant political interventions pose significant threat to efficient running of state owned enterprises. Changing of governments and its policies carry negative implications, impacting growth, highlighting the need for privatization.

(iv) High tariff policies impede upgrades and development

Pakistan has one of the highest tariff rates in South Asia. The rate stands at 13% as opposed to other neighbours. This prevents import of assets and machinery for upgrades, further inducing a cycle of inefficiency.

IV. RECOMMENDATIONS TO REDUCE BURDEN ON THE ECONOMY



(i) Analysis of performance of current SOE's

The states needs to perform a full-fledged appraisal of institutions. Data backed reports to highlight potential problems will provide a way for potential fixes. Artificial intelligence tools for data analysis can inform policy solutions.

(ii) Phased out privatization plan of most damaging SOE's

A long term plan

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involving privatization of assets needs to be developed to cut back losses. The Pakistan International Airlines privatization opens the road for future moves.

(iii) Public-Private partnerships as a means of efficiency

PPP's present a modern solution to drive efficiency in organizations. This will reduce risk from the government and improve running of organization. Pakistan has also adopted PPP's within projects like economic zones and industry.

(iv) Performance linked State support

Subsidies and support needs to linked with performance indicators. Pakistan needs to appoint

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more transparent systems amid corruption challenges. According to IMF's Diagnostic report, Pakistan loses 6% of GDP to corruption.

(vi) Energy Sector reforms to reduce debt burden

IPP contract renegotiation is integral to resolve circular debt crisis. The current contracts are exploitative and inefficient, thus need quick and timely revisions to reduce economic burden.

V. CONCLUSION

Pakistan's state enterprises are undergoing immense decline, posing significant burden of economy. Privatization brings a necessary and inevitable step to stop the decline and drive growth by bringing efficiency and impeding further losses.

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Q 05:

I. INTRODUCTION

The Pakistan-Saudi mutual defence agreement was signed in September 2025. This was a signal of renewed warmth from our middle east ally. While relations had thawed amid the war in Yemen, the new pact signals increased investment and support in economic and defence sectors. It presents a new mode of deterrence especially for Saudi Arabia. It was described by the Prime Minister Shehbaz Sharif as:

> "An attack against either one will be considered an attack on both"

II. GEOPOLITICAL IMPLICATIONS

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Geopolitical Dimension
- Mutual Deterrence signals Article 5 of NATO
- Deterrence vis-a-vis Iran
- Security of Middle East revamped
- Major support agains India
- Challenges tradional US security gurantees

(i) MDA signals NATO type defence

The agreement resembles the Article 5 of NATO, which entails mutual defence. This is significant as middle east has found a new level of support against previous adversaries like Iran and rebel forces in Yemen.

(ii) Deterrence vis-a-vis Iran and Israel a new outlook

The agreement presents a new level of security for Saudi Arabia, especially after the Doha Attacks

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by Israel. This forced Saudi's to seek alternative measures, providing security against traditional threats from Iran and Israel.

(iii) A new security provider for Middle East

The deal presents Pakistan as a new security provider.

> "Pakistan has taken the role of security provider not just for Saudi Arabia, but whole Middle East"
>
> (Maleeha Lodhi)

The analysis by Maleeha Lodhi describes this very arrangement.

(iv) Support against India on the East strengthened

The agreement provides

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mutual support, signalling renewed layer of security against India. As a major oil exporter, this could prove substantial in any future altercations.

(V) Challenges traditional US guarantees of security

The United States had taken the role of security provider for middle-east, with its bases spread out around the region. The arrangement weakens that commitment, showing diversification of security. This could lead to a broader shift among others to do the same.

> "The deal signifies that Saudi's no longer trust the US to protect their interests against Israel"

(Dan Smith SIPRI)

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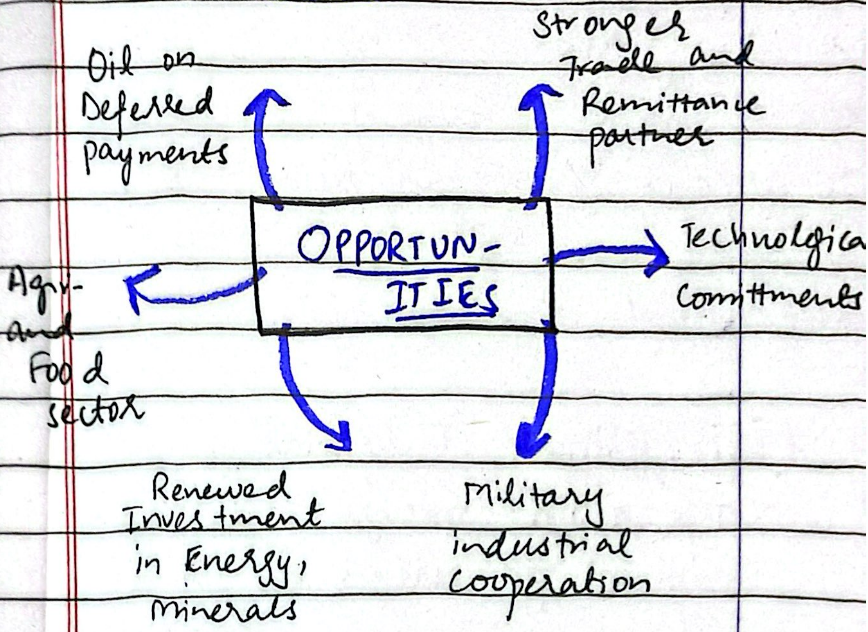
III. ECONOMIC OPPORTUNITIES CARRIED BY THE DEAL



(i) Renewed investment commitments in Energy and Mineral sector

The Saudi government signed new MoU's worth $25 million in areas of mineral exploration and energy sector. Major future investments are expected to be signed paving the way for economic development.

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(ii) Technological development through AI

Pakistan and Saudi Arabia recently announced the development of Artificial Intelligence hubs in Pakistan, in a bid to promote tech development and digital growth.

(iii) Military Industrial Cooperation through weapons procurement

The deal signals new attractions within military cooperation. Pakistan is set to increase military equipment and weapons trade with Saudi Arabia. This is also in line with Saudi Vision 2030 defence comittments.

(iv) Improved trade tries signals rising remittances

Saudi Arabia is Pakistan's

Date:

significant partners in remittances. Almost $ 9 Billion of remittance recieved annually, signalling reliance. Renewed ties trigger improved

(V) Oil on deferred payments to stabilize economic pressures

As one of the largest exporters of oil, the deal also brings security of supply chain within import of oil for Pakistan. This entails oil can be moved on deferred payment amid economic struggles, easing pressures.

(Vi) Agriculture and livestock investment bringing FDI

Saudi Arabia has also turned to Pakistan for its food security needs. Pakistan provides

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opportunity within its agriculture and livestock industry. The agriculture sector contributes 24% to GDP and provides labor to 37% of population, according to Beareu of Statistics. This signals increased employment and revenues, for economic development.

V. CONCLUSION

The Defence agreement provides greater opportunities for both nations. It is not only limited to defence cooperation but greater investment with economic dimensions. It mutually benefits both countries and changes Pakistan's relevance on global stage with Middle Eastern dynamics.