

SUBJECTIVE PART — PART-II

- Q. 2.** Privatization is inevitable as State Owned Enterprises have been a huge burden for the budgetary economy of Pakistan. Analyze the statement and give recommendations.
- Q. 3.** Dollar and SWIFT have been weaponized by US and Europe against Russia has sent strong message to the economies of the global south that they cannot overwhelmingly rely on the West and need an alternative currency and transaction system. Discuss.
- Q. 4.** Russia and NATO have outrightly opposing stance on how to end Ukraine's war. Trump on the other hand has different stance from NATO leader. Critically analyze the situation and give recommendations.
- Q. 5.** Pakistan-KSA Defense Pact would have far reaching geopolitical achievement for both the countries and economic opportunities for Pakistan.
- Q. 6.** Trump pullout from Paris climate agreement would have far reaching implications on future climate efforts. Critically evaluate the statement. Also analyze whether China and Europe could help the world to continue achieving the promises of COP21?
- Q. 7.** US used chip as weapon and China in return used Rare Earth metals. Critically evaluate the future trade war between the two world largest economies in the light of the above statement.
- Q. 8.** Critically evaluate Gaza peace plan and the chances of its success. Also analyze the policy of Islamabad regarding the plan and its possible fallouts on Pakistan.



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QNO-3

INTRODUCTION:

America's hegemony over the world started after world war II. America's hegemony simply means dollar's hegemony. As currencies of all countries in the world are backed by American Dollar, America weaponizes it against her rivals; the most prominent and archrival is Russia. This action by America warned other countries of world along with Russia; not to rely on American currency and transaction system.

Dollar and SWIFT

Since, America's deal with Saudi Arabia, international trade occurs in dollar; especially hydrocarbon trade:

Petro dollar

American currency is backed by petrol and all other currencies in the world are backed by US-Dollar.

SWIFT :

Society for Worldwide Interbank Financial Telecommunication

This is a system which is used by countries for transactions in international trade. Banks of two countries communicate through SWIFT codes to complete transfer. This system is controlled by America.

Weaponization of Dollar and SWIFT

Europe :

Since Russia-Ukraine war, economic ties between Russia and Europe has weakened.

Europe was biggest trade partner of Russia. Russia

mainly relies on **Hydrocarbon** export.

Europe's import from Russia was around **\$110b** before, which they cut down to **\$24b**.

Nord stream II is currently closed

The main objective of this unprecedented cut was to give a setback to Russian economy.

America:

America weaponized the dollar and froze Russian reserves of foreign exchange ~ **\$400b**

It has delinked Russia's banks from SWIFT

American President Joe Biden said :

“They will turn Ruble into Rubble”

America imposed sanctions on Russia, and the main reason was to weaken Russia's economy in

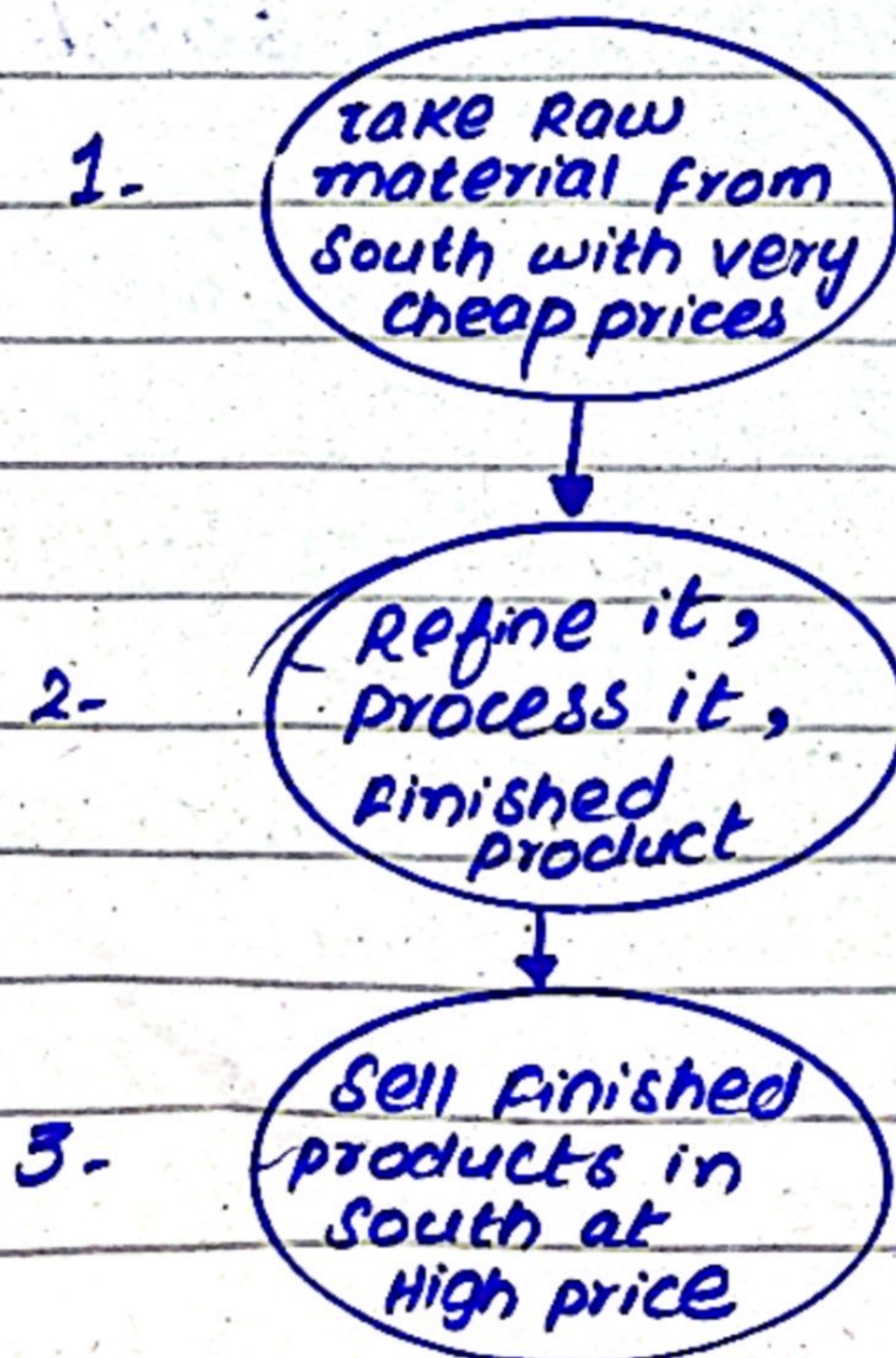
order to loss war in America Ukraine

North and South Divide

Global North which constitute around 20% of world's countries. This include developed countries of the world mainly North American and European countries.

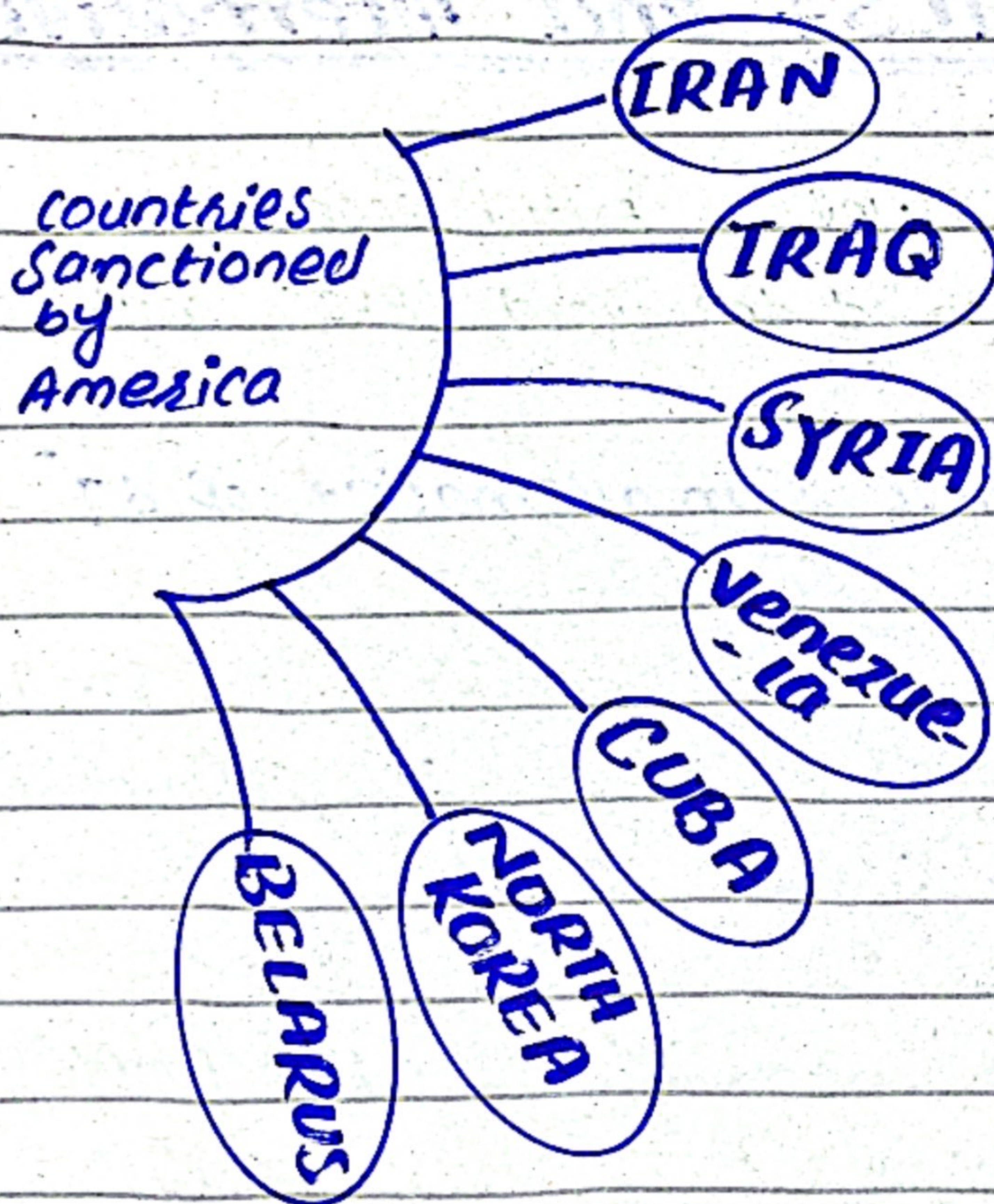
Global South include all under-developed countries.

It has been seen for centuries that developed countries always exploit underdeveloped countries.



Need for Alternative Currency and Transaction System

America has not only sanctioned Russia but there is a long list of countries that faced this tantarum of a great power



America control economy of the countries through sanctions and it can cripple any country, anytime.

Therefore, now :

The weaponization of Dollar and SWIFT against Russia has sent a strong message to Global South that it needs an alternative currency and transaction system.

Resultantly, Global South has started working on it.

BRICS+ and Alternatives:

Jim O'Neil, a British economist who coined the word BRIC says that :

‘BRIC is an alternative of G7’

G7 is the alliance of seven, world's developed and powerful countries from Global North.

⇒ So Global South has finally taken steps to rise against global north. BRICS is the alliance of emerging economies from global south.

Most of these countries are those, on which, America has

imposed sanctions.

Alternative Currency :

China has played a significant role and tried to fill the space created by US - sanctions.

⇒ Sanctions on Russia :

China is buying hydrocarbons from them in her own currency: **Yuan**. This step stabilized Russia's economy to a greater extent.

Similarly, trade with **Iran**.

It has introduced "Currency - Swap Agreement."

2024 : BRICS introduced idea of launching its own currency like Euro in EU:

Almost all countries accepted except India.

Alternative Transaction System :

BRICS has introduced another transaction system :

CIPS $\Rightarrow$ Cross-border International payment system as an alternative of SWIFT

Critical Analysis :

Though ^{the} global south has taken several steps after realizing the need of alternative financial system. However, there are a few speculations, whether this system will provide equity or China and Russia are going to be ^{the} global hegemon in place of America.

Conclusion :

America is controlling the whole world through ^{the} threads of her currency and transaction system. Her recent sanctions against Russia has warned ^{the} global south to look for an alternative system

to prevent rebuke of a global hegemon. The global south is on the track to introduce alternatives through BRICS+.

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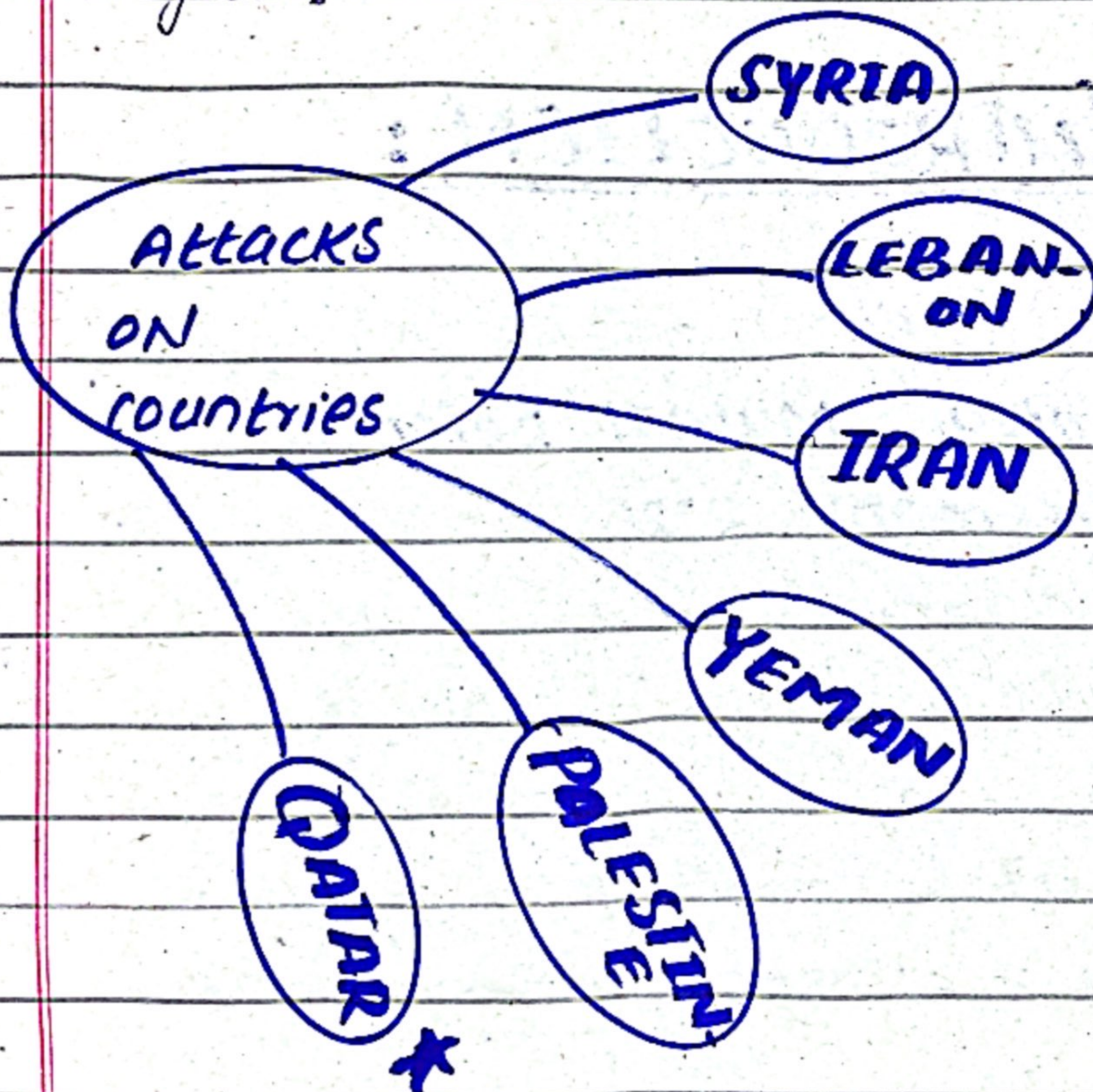
QNO. 5

INTRODUCTION:

Pakistan and Saudi Arabia's Strategic Mutual Defence Agreement 2025 is a landmark development in South Asian and Middle Eastern geopolitics. This defence pact at the time when there are security crises in Middle-East, elevates Pakistan's position as a security provider. This pact provides Riyadh a credible security insurance. This pact will bring economic opportunities for Pakistan directly or indirectly.

Condition of Middle-East and Need for Stronger Defence :

Israel, the perpetrator of genocide in **palestine**, is not only a threat for palestine but also for whole Middle Eastern region.



The security condition in the Middle East is compromised to a greater extent. The recent Iran-Israel conflict, escalated in June 2025, has created a

panic in Middle-Eastern countries. Following this attack, the attack on Qatar, who is an ally of America, has instilled fear in Middle-East. This situation along with some other factors pushed Saudi Arab for a defence pact.

'Any Aggression against one country will be considered as aggression against both'

~SMDA

Geopolitical Achievement for Saudia :

The geopolitical achievements that this defence pact brings for Saudi Arab are following :

1. This would increase Saudi-Arabians Strategic autonomy amid waning America's influence in

the region

2. This pact would challenge Israel's long-standing nuclear monopoly in the Middle Eastern Region.

3. Pakistan's nuclear deterrence and missile capability would give Saudi security insurance

4. Pakistan's defence manufacturing JF-17 project would support Saudi's 2030 vision's localization goal.

5. This would reduce Saudi's dependence on America for security.

6. This pact would prevent any war between Iran and Saudi.

7. This pact would decrease America's unnecessary influence on Saudi and this would in turn decrease pressure of joining Abraham Accord on Saudi.

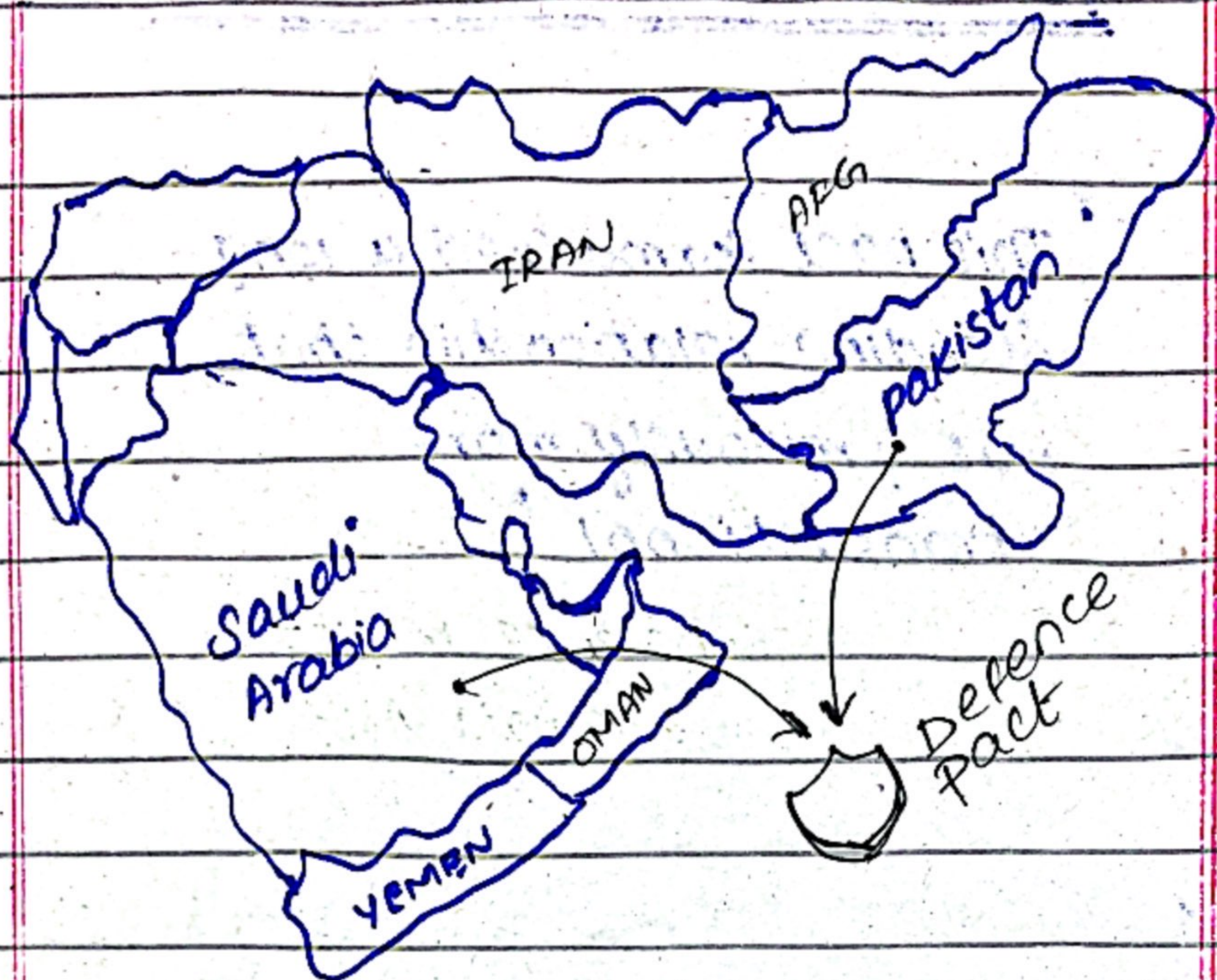
Geopolitical Achievement for Pakistan :

'This pact formalized a long-standing relationship that was previously more transactional'

~ Defence Minister
Khan Asif

1. This pact has improved Pakistan's image as a reliable security partner in the region.
2. This geopolitical alignment, would give Pakistan a decisive foothold in Middle East security Affairs.
3. Saudi's trading partnership with India might prevent any kind of future escalations between India and Pakistan in future.
4. This pact would attract other Gulf countries cooperations with Pakistan which would

strengthen muslim unity.



ECONOMIC OPPORTUNITIES FOR PAKISTAN

1. Security and economy go hand and hand.

Pakistan's securitization as the reliable security partner would attract ^{the} foreign direct investments.

2. Gulf investment in Pakistan's agriculture would boost its economy.

3. Hydrocarbon imports from Saudi Arabia with concessions would help in stabilisation of Pakistan's economy.
4. With the capital of Saudi Arabia and expertise of Pakistan, innovations in high-tech defence industry are possible.
5. Increased people to people, educational and cultural exchange would increase remittance flow to Pakistan.
6. Joint military-industrial ventures would transform both countries into export oriented, self-resilient defence producers.

Critical Analysis:

Though this pact ^{would} improve the economic condition of Pakistan and ^{offer} geopolitical achievements for both countries but it carries several challenges with it.

This might increase Pakistan's dependence on Saudi.

This might give a message of regional bloc formation.

India-Pak conflict in future would test Saudi's commitment.

Conclusion :

This defence pact at time of security issues improved and strengthened Pakistan's position in ^{the} Middle East. This pact almost neutralizes power balance in ^{the} Middle East as, Israel, the counter part. Along with the geopolitical achievement, this defence pact brings numerous economic opportunities for Pakistan.

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Introduction :

Climate change is a global issue. All the countries from all over the world came together and agreed on reducing global greenhouse gases emission in 1997 - Kyoto protocol. Due to certain limitations of Kyoto protocol, Paris agreement was presented in COP21. Trump has pulled out USA from Paris agreement. It means USA no longer work on emission reduction. This will have serious effects on climate change. On the other hand, China and European countries are working to cope with ^{the} climate change.

Paris Climate Agreement and the Behaviour of USA

Obama's Era

Climate Paris agreement was signed in 2015, at the time of Barack Obama. He considered climate change a serious threat and brought several changes

- 1- Discouraged New Drilling
- 2- Ban on coal Industries
- 3- Subsidized electrical vehicle production
- 4- plantation Drives
- 5- Funds for decarbonization
- 6- Restrictions on new oil & gas fields
- 7- convinced others to cut Carbon emissions.

Trump's Era

Trump is an American nationalist whose slogan is 'to make America great again'. His objective is to revive American Economy.

While, the initiatives of emission reductions are cost

effective, they hamper Trump's dream of economic revival.

Trump believes that climate change is a myth — it is a propaganda of china to slow down American economy.
Therefore he says,

“Drill baby Drill!”

He lifted coal project ban

He also lifted ban on oil and gas projects.

Encouraged US companies

to drill across the world

promotes industrialization.

“From Decarbonization to Re-carbonization”

Implications on future Climate efforts

Effect on international cooperation on this issue :

If America, who is one of the largest emitters of ^{the} greenhouse gases, would not cooperate for emission reduction, it would give legitimization to other countries to do so.

Climate Funding compromises:

Since, America pulled out from the Paris Agreement, the target of \$100b was lacking \$28b. Under Trump's administration, America paid \$11b less than their target. In future, other countries would also pay less than their targets.

Continues Emissions and unadaptability of Climate change :

no significant reductions in emissions would make climate change unadaptable by 2030
~ UNFCCC report

If America continues to emit, all mitigation and adaptation efforts would go in vain

China's role and the promises of Paris Agreement

Main agenda of Paris Agreement is :

“keeping ^{the} global surface temperature below 2°C , by emission reductions.”

Emissions mainly come from energy, vehicles, industry, and agriculture.

1. Solar Panels

⇒ China is the largest producer of solar panels.

⇒ ^{the} largest exporter of solar panels ~ 80%.

2. Nuclear technology

⇒ 4th generation civil nuclear technology promoted

3. Electric Vehicles

⇒ largest producer of electric vehicles i.e. BYD

4. Hydal power plants ⇒ 3000 dams in last 30 years

⇒ Three Gorges dam.

World's largest hydroelectric power station.

5. Wind projects producer ⇒ Also an exporter.

Limitations :

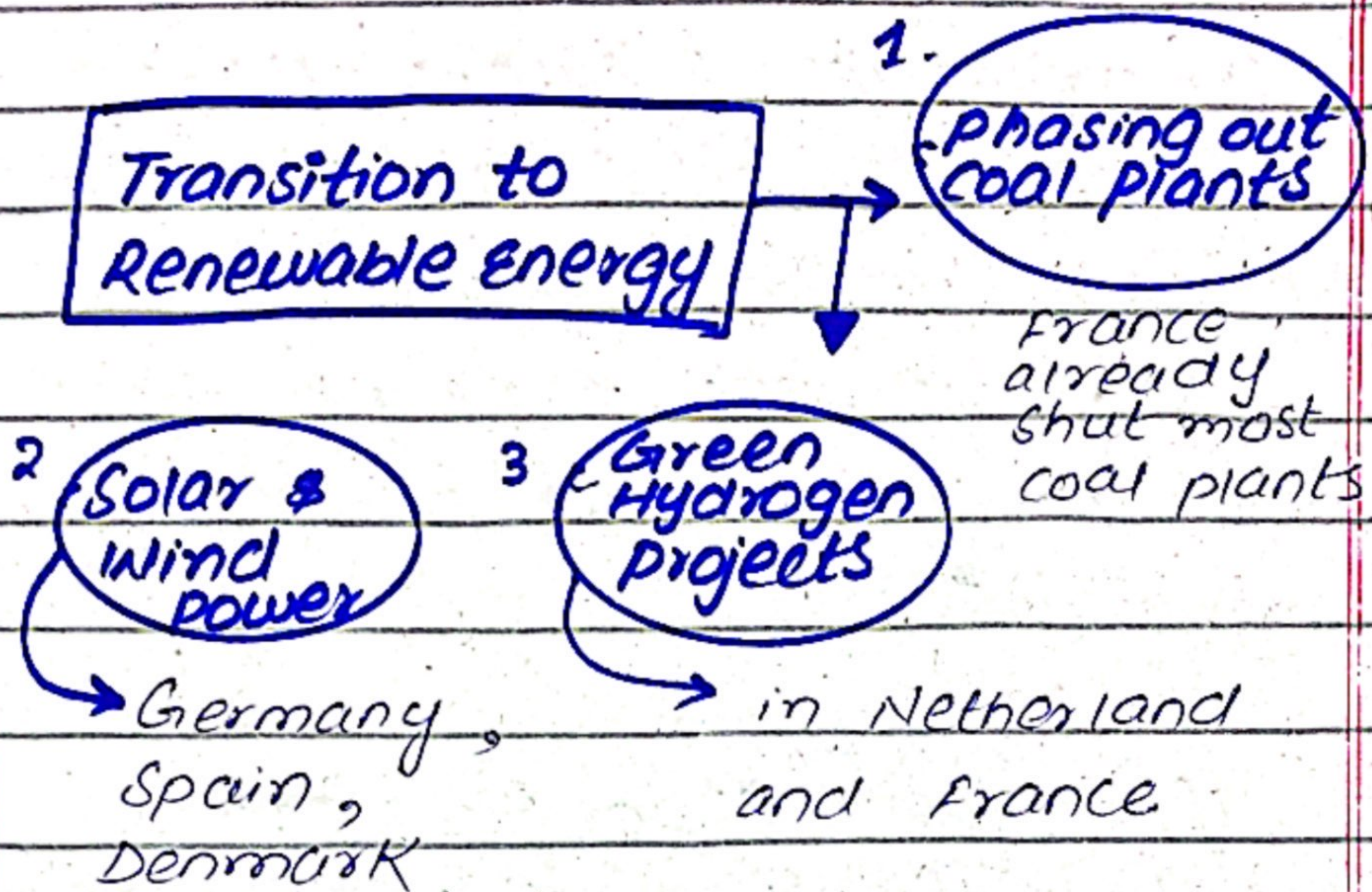
Despite all these advancements, china has yet failed to fulfill her targets of emission reduction.

If china continue to work on renewable energy resources, it might achieve the promises of cop 21.

Role of Europe and Paris Climate Agreement

European Union agreed on achieving net-zero emissions by 2050 and at least 55% reduction in green house gas

emissions by 2030 compared to 1990 levels.



Carbon Emissions and Price Trading

1 - Emission Trading system of EU :

Cap-and-trade Scheme

2. Carbon taxes in Sweden, Finland, and Norway
3. Promotes Market-driven reduction of CO₂

Green Finance and Climate Investment

EU Green deal Fund : over € 1tr

Limitation:

Despite all these ^{Green} advancements
Some countries of Europe still rely
on coal, gas, and oil that compromise
carbon emission reduction.

Public resistance to carbon changes
also hamper objective of Paris
agreement.

If all countries in European
Union agree to limit carbon
emission, it would lead to the
achievement of COP 21 goals.

Conclusion:

America's pullout from Agreement
creates various challenges for
future climate efforts. China
and Europe both are making
efforts to reduce emissions
through shifting to renewable
energy resource. Till yet, they
could not meet their emission
reduction targets. However,
if they fulfill their commitments
they would achieve goals of COP 21