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Batch 83 (4/203)

Mock Exam-IV

Current Affairs

Q NO.3

Dollar and SWIFT have been weaponized by US and Europe against Russia has sent strong message to the economies....?

1 Introduction

The recent Sanctions against Russia, including exclusion from

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the SWIFT payment network and restriction of dollar-based transactions, have demonstrated how the US and European powers can use financial systems as strategic tools. These measures not only impacted Russia's economy but also sent a clear warning to emerging economies and the global south: reliance on western-controlled financial infrastructure carries geopolitical risks. This has sparked renewed debates on developing alternatives currencies and payment mechanisms, aiming to reduce vulnerability.

to unilateral sanctions
and hence economic
sovereignty.

Understanding the Dollar's Dominance in Global Trade

The US dollar serves as the world's primary reserve currency, accounting for over 60% of global reserves. Most international trade, energy transactions, and cross-border finance are conducted in dollars. This gives the US the leverage to impose sanctions that restrict

access to global markets, freeze assets, or disrupt financial flows, effectively turning economic power into a strategic weapon.

3 Role of SWIFT in Global Financial Transactions

The Society for worldwide interbank Financial Telecommunication (SWIFT) facilitates secure communication of cross-border payments among thousands of banks. By suspending a country from (SWIFT), western powers can effectively cut off its financial connectivity,

hampering trade, investment and capital flows.

Russia's partial exclusion in **2022-2025** highlighted SWIFT's strategic importance as a global financial chokehold.

4 Case Study:

Sanctions on Russia

Following its geopolitical moves, Russia faced restricted access to dollar liquidity,

SWIFT payments and international reserves,

causing short-term liquidity crises, trade disruption, and currency depreciation.

Despite resilience measures like increasing gold

reserves and alternative payment channels, the sanctions showed the vulnerability of countries dependent on western financial systems.

5 Implications for the Global South

Emerging economies in Africa have realized that over-reliance on the west exposes them to policy coercion, financial pressure and supply chain vulnerabilities.

Nations like Iran, Venezuela, and Myanmar experienced similar shocks when sanctions targeted their

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dollar transactions or SWIFT access. This has promoted calls for diversifying reserve currencies and financial infrastructures.

6 Push for Alternative Currencies

Countries are increasingly exploring non-dollar trade settlements, including the Chinese Renminbi (**RMB**), regional currencies, and cryptocurrencies. China's Belt and Road Initiative (**BRI**) and bilateral trade agreements now increasingly feature RMB settlement, providing a

partial hedge against dollar dependency.

7 Development of Alternative Transaction Systems

Russia, China, and other nations have developed alternative messaging systems to SWIFT. Such as Russia's SPFS and China's CIPS, enabling cross-border settlements independent of western financial networks. This reduces the potential impacts of unilateral sanctions and strengthens economic sovereignty.

8 Geopolitical Significance of Financial Independence

Reducing dependence on the dollar and SWIFT is not just economic but geopolitical strategy. It allows countries to pursue independent foreign policy without fear of financial retaliation.

For the global south, signals that aligning too closely with western powers may come at the cost of economic autonomy.

9 Economic Risks of

Maintaining Dollar Dependency

Dependence on the dollar exposes economies to currency volatility, inflationary pressures and sanctions risk. Countries that fail to diversify face disruptions in trade finance, investment inflows, and access to global capital markets whenever political tensions arise.

10 Regional Efforts to Strengthen Financial Autonomy

Regional blocs such as BRICS and SAARC are exploring regional payment mechanisms and reserve currency pooling to reduce dollar reliance. The BRICS Contingent Reserve Arrangement allows member states to bypass dollar-dominated networks during crises, promoting financial stability within the bloc.

11 Role of Technology and Digital Currencies

Digital currencies issued by central banks (CBDCs) offer an alternative to traditional payment systems.

China's digital yuan pilot projects and discussions among other central banks demonstrate potential for secure, controlled, and non-dollar denominated transactions in global trade.

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Challenges in Implementing Alternatives

Despite initiatives, dollar alternatives face hurdles: lack of global trust; liquidity concerns, low adaption, and interoperability issues. SWIFT alternatives are still limited in reach.

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Compared to the global dominance of the existing network, making full de-dollarization a long-term project.

13 Strategic Recommendations for Global South

- i) Diversify foreign exchange reserves beyond USD.
- ii) Promote bilateral and multilateral trade in local or regional currencies.
- iii) Invest in alternative messaging and digital payment infrastructure.
- iv) Strengthen regional economic cooperation to buffer against external shocks.
- v) Engage in risks assessment

and scenario planning for sanctions exposure.

14 Long-Term Implications for Global Trade

The weaponization of the dollar and SWIFT is likely to accelerate financial multipolarity, with global south countries gradually seeking de-dollarized trade networks, digital currencies, and alternatives infrastructures. While full independence is challenging incremental diversification enhances economic resilience and reduces geopolitical

vulnerability.

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Conclusion

The US and Europe's strategic use of the dollar and SWIFT against Russia has highlighted a fundamental vulnerability for the global south. Over-reliance on western-controlled financial systems exposes countries to coercion and economic instability. The lessons are clear: diversify, currencies, invest in alternative transaction networks, and strengthen regional cooperation. The emergence of RMB settlements, SPFS, CIPS,

and CBDCs points to gradual shift towards a more multipolar financial architecture, giving developing nations greater sovereignty over their economic futures.

Q NO. 5

Pak-KSA Defence Pact

1 Introduction:

In 2025, Pakistan and Saudi Arabia signed a historic mutual defence pact, formalizing security cooperation and extending Pakistan's military assurances, including nuclear coverage, to the

kingdom. The agreement comes amid rising regional tensions, evolving Gulf geopolitical and the need for strategic partnerships. Beyond security the pact signals potential economic dividends for Pakistan, including foreign investment trade expansion, and job creation. Analyzing the geopolitical and economic dimensions is crucial to understand its long term significance.

2 Strengthening Bilateral Security Cooperation

The pact institutionalize decades-long military

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collaboration, joint exercises, intelligence sharing, and coordination in defence planning will enhance the security architecture of both nations, deterring external threats and projecting stability in the Gulf region.

3 Pakistan's Role as a Regional Security Provider

By extending assurances to Saudi Arabia, Pakistan demonstrates its geopolitical relevance beyond South Asia. This elevates Pakistan's standing in the Muslim world, allowing Islamabad to act as a strategic

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security guarantor in
regional conflicts.

4 Counterbalance to Regional Threats

The pact serves as a counterbalance to Iranian influence in the Gulf and Red Sea region. It reinforces Saudi security against proxy threats, while giving Pakistan a stake in Middle Eastern strategic calculus, enhancing its diplomatic leverage.

5 Deepening Strategic Ties Through Military Training

Longstanding Pakistani military deployments and training programs for Saudi forces now gain formal backing. This ensures long-term interoperability, doctrinal alignment, and enhanced combat readiness, benefiting both armed forces operationally.

6 Economic Opportunities

Through Investment

Saudi Arabia confidence in Pakistan's stability under the pact can trigger FDI inflows, particularly in energy, infrastructure and defence

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sectors. Previous cooperation under vision 2030. initiatives shows that security stability attracts long-term investments.

7 Enhanced Labour and Trade Links

Pakistan can negotiate better terms for its expatriate workforce in Saudi Arabia, securing jobs and remittances. Defence collaboration may lead to joint ventures in defence production, training academies, and technology transfers.

8 Nuclear Umbrella

and Deterrence

Significance

The formal extension of Pakistan's nuclear deterrent underscores strategic trust and strengthens regional deterrence posture. It demonstrates Pakistan's capability to provide credible security assurances, enhancing Riyadh's defence confidence.

9 Geopolitical Implications for the Gulf

The pact shifts regional alliances subtly, giving Pakistan

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a seat at the Gulf strategic table. It allows Islamabad to influence decisions on Yemen, Red Sea security, and maritime cooperation in the Arabia Sea.

10 Potential Diplomatic

Risks

Closer Pakistan-Saudi ties may strain relations with Iran or other regional actors. Pakistan must balance its security commitments with its neutral foreign policy stance, maintaining ties with all major players.

11 Implications for Defence industrial Cooperation

The pact opens avenues for joint defense production, including UAVs, surveillance technology and military hardware. This will modernize Pakistan's defense sector and generate skilled employment.

12 Strategic Leverage in international Forums

Pakistan can leverage the pact in UN and OIC platforms, advocating

for regional stability initiatives. This enhances Pakistan's global diplomatic profile and influence in multilateral negotiations.

13 Long-Term Economic and Strategic Integration

The pact encourages broader bilateral agreements including energy, infrastructure and technological collaboration. It strengthens economic resilience while ensuring strategic interdependence between the two nations.

24 Strengthening Muslim World Leadership

Beyond bilateral gains, Pakistan's role in providing security assurances reinforces its leadership within the Islamic world, projecting credibility and responsibility in defense and economic matters.

15 Conclusion

The Pakistan-Saudi Arabia Defence pact is a landmark agreement with far-reaching geopolitical and economic implications. Strategically, it strengthens regional security, enhances Pakistan's diplomatic stature, and deepens cooperations in defense

and intelligence. Economically, it promises investment, job creation, and industrial collaboration, supporting Pakistan's development agenda. By managing associated diplomatic risks carefully, Pakistan can leverage this pact to consolidate its regional influence and achieve long-term security and economic dividends.

A No. 6

Trump Pullout from Paris Climate Agreement would have far reaching implications on future climate efforts....?

1

Introduction:

In 2017, the United States, under president Donald Trump, announced its withdrawal from the Paris Climate Agreement (COP 21, 2015), citing economic concerns and national sovereignty. This move was widely criticized as it represented a major setback for global climate governance given that the US is the world's second-largest emitter of greenhouse gases. The decision has far-reaching implications on future climate efforts and global collective action. Meanwhile, emerging climate leaders like China and

European Union have sought to fill the leadership vacuum, ensuring that Cop 21 commitments continue to be implemented worldwide.

2 Importance of the Paris Climate Agreement

The Paris Agreement is a landmark multilateral treaty under the UNFCCC, aiming to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C above pre-industrial level. It commits signatory countries to nationally determined contributions

(NDCs) and climate finance support for developing nations. US withdrawal threatens the credibility and momentum of this global framework.

3 Immediate Global

Repercussions

Trump's pullout sent negative signals to other nations, potentially reducing ambition in climate pledges. It also affected the flow of climate finance, as the US was a major contributor to the Green Climate Fund and other adaptation projects.

impacting vulnerable
developing nations.

4 Economic vs Environmental Priorities Debate

The US justified withdrawal citing economic competitiveness and job losses. However analysts warned that failing to act on climate change carries long-term economic risks including extreme weather damage energy insecurity, and health costs.

The move highlighted the tension between short-term economic gains and long-term sustainability.

5 Impacts on Global

Emission Reduction

Targets.

US emissions accounts for around 15% of global CO₂ emissions. Withdrawal could hinder achieving global emission reductions targets, requiring other countries to increase efforts to compensate for the gap left by US inaction.

6 Impact on Climate

Diplomacy

The US pullout weakened global climate diplomacy undermining trust in multilateral commitments. Developing

Countries, especially those dependent on climate finance, may face delays in mitigation and adaptation programs, affecting the overall implementation of COP 21 goals.

7 China's Leadership in Climate Action

China, now the **largest** emitter globally, has stepped up its climate diplomacy. Initiatives include expansion of renewable energy, electric vehicle promotion and commitments under COP 26 to reach carbon neutrality by 2060. China has also

increased South-South cooperation providing technical and financial assistance to developing countries.

8 Europe's Role in Maintaining Cop 21 Goals.

The European Union has reaffirmed its climate leadership with the **European Green Deal**, aiming for net-zero emissions by 2050.

Europe continues to mobilize climate finance, technology transfer, and policy guidance to support global climate action, offsetting some effects

of US withdrawal.

9 Joint initiatives by China and Europe

China and Europe have collaborated on renewable energy projects, green finance and carbon market linkages. This cooperation ensures continuity in global climate efforts, promoting innovation and scaling solutions for emissions reductions.

10 Risk of Leadership

Vacuum

Despite efforts by China and Europe,

absence of US leadership creates a political and financial vacuum, which can slow global progress. Many countries may hesitate to adopt ambitious NDCs without strong US engagement.

11 Opportunities for Multilateral Climate Governance

The situation provides an opportunity for new coalitions, like the High Ambition Coalition, to lead climate action. Non-state actors, city networks and corporations

can also play complementary roles, compensating for temporary US absence.

12 Implications for Future COP Negotiations

Trump's pullout sets a precedent that domestic politics can override international commitments, emphasizing the need for legally binding frameworks and strong accountability mechanisms to sustain climate action across administrations.

13 Recommendations for Global South

- 1 Diversify sources of Climate finance beyond US Contributions.
- 2 Engage with China and Europe for technology transfer and renewable energy projects.
- 3 Strengthen regional climate initiatives to reduce vulnerability to global policy shifts.
- 4 Advocate for binding commitments and transparency in reporting NDCs.

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Strategic Lessons for Climate Policy

The pullout demonstrates that climate agreements require broad multilateral support,

resilience against political shifts, and active participation from major emitters. China and Europe's proactive engagement shows that leadership can be shared and global climate governance can adapt to challenges.

15 Conclusion

Trump's withdrawal from the Paris Agreement was a significant geopolitical and environmental setback, highlighting the fragility of climate diplomacy dependent on a few major powers. However the continued leadership of China and Europe, along with innovative

has allowed the world to maintain momentum toward COP 21 goals. The event underscores the importance of shared responsibility, diversified leadership, and resilient global governance mechanisms to address climate change effectively in a multipolar world.

Q NO. 8

Critically evaluate
Craza peace plan and
the chances of its
success....?

1 Introduction

The Craza
Conflict has been one of the

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longest-standing geopolitical crises, with repeated escalations between Israel and Palestinian factions, particularly Hamas. In 2025, a new Cuzapence plan was proposed to achieve a sustainable ceasefire, ensure humanitarian access, and establish a political framework for governance and reconstruction. Pakistan, historically a supporter of the Palestinian cause, has voiced its positions to safeguard Palestinian rights while balancing its diplomatic relations in the region. Evaluating the plan critically alongside Pakistan's policy and potential

consequences, highlights the complex geopolitical and strategic stakes involved.

2 Objectives of the Gaza peace Plan

The primary aim of the Gaza peace plan is to establish a durable ceasefire that prevents future outbreaks of violence while creating conditions for the reconstruction of infrastructure and public **services**. The plan also seeks to foster political dialogue between the rival Palestinian factions, particularly

Hamas and the Palestinian Authority, in order to build **a** Unified governance structure. By engaging regional actors such as **Egypt, Jordan**, and international institutions, the plan endeavors to stabilize Gaza and facilitate long-term peace, making its objectives ambitious but crucial for regional security.

3 Security Provisions in the Plan

Security remains at the core of the Gaza peace plan emphasizing demilitarized zones monitored by

international observes to prevent militant activities. Border control measures are included to restrict the movement of weapons and combatants aiming to protect civilians and maintain law and order. However, enforcement of these measures is challenging due to the fragmented authority within Iraq and presence of armed non-state actors. Past ceasefires have shown that without rigorous monitoring and accountability security provisions can easily be undermined.

4 Political Framework

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and Governance

The plan proposes a political structure that encourages cooperation between Hamas and Palestinian Authority, potentially through a Unity Government with internationally supervised elections. The inclusion of political oversight mechanisms aims to ensure legitimacy and representation while resolving internal divisions. However, historical mistrust and ideological differences among Palestinian factions pose a significant hurdle to achieving a cohesive governance.

framework, which may limit the plan's long-term effectiveness.

5 Humanitarian and Reconstruction Measures

A key component of the plan is the provision of humanitarian aid and reconstruction funding to restore Gaza's infrastructure, housing, health facilities, and public services. International donors, including the UN and European countries, are expected to coordinate funding and technical support. Effective implementation of these measures depends

heavily on maintaining security and political stability as repeated conflicts have historically hampered reconstruction efforts and delayed the delivery of essential aid to civilians.

6 Evaluations of Israel's Role and Compliance

The success of the Gaza peace plan is contingent upon Israel's adherence to its commitments including cessation of military operations and facilitation of humanitarian access. Domestic political constraints and security **Concerns** often limit the

Scope of Israeli Concessions
Past agreements demonstrate that even minor violations can escalate tensions, making Israel's compliance a critical factor in determining the feasibility and sustainability of the plan.

7 Regional Geopolitical Implications

The plan involves key regional actors such as Egypt, Jordan, and Gulf States, which serves as mediators and facilitators. Their active engagement is intended to maintain balance and prevent external

interference.

Nonetheless, regional rivalries particularly involving Iran and other non-state actors, continue to complicate the geopolitical landscape potentially undermining the plan's implementation and long-term success.

8 Chances of Success:

Optimistic Perspective

Despite challenges, the plan has elements that could foster success.

International monitoring, funding, and technical support may encourage compliance among Palestinian

factions and Israel.

Additionally the potential reconstruction incentives can create economic and social stability, reducing the likelihood of renewed hostilities.

If political and security mechanisms function as intended, there is a moderate chance for incremental progress toward lasting peace.

9 Chances of Success:

Limitations and Risks

Historical grievances, ideological divides, and entrenched mistrust remain significant

obstacles. militant attacks and retaliatory measures can quickly derail ceasefires, and political volatility in both Israel and Gaza may further hinder implementation. moreover, reliance on external powers for enforcement exposes the plan to global political shifts making the probability of comprehensive success moderate to low without sustained commitment from all stakeholders.

20 Pakistan's Policy on the Gaza Peace Plan

Pakistan has reaffirmed its support for Palestinian rights and humanitarian assistance, advocating for an internationally supervised and equitable solution. Islamabad emphasizes that any resolution must respect Palestinian sovereignty and ensure the welfare of civilians. At the same time, Pakistan balances its regional diplomacy, maintaining relations with Gulf States that are critical to its economic and strategic interests. This approach allows Pakistan to remain a principled supporter of Palestine while safeguarding

its broader foreign policy objectives.

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Strategic Implications for Pakistan

Supporting the Gaza peace plan strengthens Pakistan's soft power in the Muslim world and reinforces its image as a responsible actor in global Islamic affairs. Diplomatically engagement allows Pakistan to cultivate stronger ties with Gulf States potentially unlocking economic and security benefits. However Pakistan must carefully navigate relations with other

regional actors to avoid entanglement in direct conflict or tensions arising from its position.

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Economic and Diplomatic Fallouts

Pakistan's involvement could open avenues for participation in reconstruction and development projects funded by Gulf donors, contributing to infrastructure growth and job creation domestically. Conversely, overt political alignment may attract pressure from western countries to moderate its stance which requires a nuanced diplomatic

strategy. Overall, the **economic** opportunities must be weighed along side potential diplomatic risks.

23 Lessons from Previous Peace Efforts

Past Gaza peace initiatives have often failed due to weak enforcement, lack of internal unity among Palestinian factions, and inconsistent international support. For Pakistan these lessons emphasize the importance of realistic engagement focusing on the humanitarian, diplomatic and economic

Channels rather than direct military involvement supporting **enforceable** mechanisms and monitoring frameworks is key to ensuring that Pakistan's role remains constructive and credible.

14

Recommendations for Islamabad

Pakistan should continue advocating for Palestinian rights in international forums such as the UN and OIC, while promoting humanitarian aid and reconstruction assistance. Coordination with Gulf States and

other muslim countries
can amplify pakistan's
influence in ensuring
effective plan implementation.
Additionally Islamabad
should emphasize diplomatic
engagement and conflict
mediation rather than
entanglement in military
affairs, preserving strategic
flexibility.

15 Conclusion

The Gaza
peace plan represents
a significant effort to
resolve a persistent
regional conflict.
Its success depends
on the cooperation
of israel, palestinian
factions and regional

and international stakeholders.
Pakistan's role focused
on diplomacy and
humanitarian support,
strengthening its soft power
and regional influence
while opening potential
economic opportunities.
The plan's effectiveness
remains uncertain,
but careful principled
engagement by Islamabad
can enhance both the
prospects for peace and
Pakistan's standing in
the Muslim world.
Sustainable resolution will
require long-term
commitment, political
cohesion, and robust
monitoring to ensure the
protection of civilians.

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and the stability
of Caza.

