Instructions to Secure Good Marks in the Current Affairs Paper

Important Note: Marks will be awarded strictly on the following parameters: Content 60%, References 15%, Subject-specific language 15%, Graphs, charts & diagrams 10%.

Key Guidelines: Each question should be attempted with 12–13 clear headings. The answer must be 8–9 pages (sides) in length to score above 15 marks per question. Questions usually contain 3–4 parts; each part carries equal weightage, so all parts must be discussed equally and proportionately.

Content & Argumentation: Always use examples from current and ongoing events to justify your arguments. Demonstrate strong analytical depth, not mere narration of facts. Support arguments with relevant data, reports, international indices, treaties, and recent developments.

Structure & Presentation: Begin every answer with an attractive, context-setting introduction. End with a forward-looking, well-linked conclusion that ties back to the question. Use headings directly derived from the question statement—pick words and phrases from the question itself.

Alignment with the Question: Each argument must be explicitly linked to the specific part of the question being asked. If your heading is not aligned with the demand of the question, the content—no matter how accurate—will not be rewarded. Avoid generic or unrelated headings; precision is key.

Language & Visuals: Use subject-specific terminology relevant to international relations, geopolitics, economics, and security studies. Incorporate simple graphs, flowcharts, tables, or maps wherever relevant to enhance clarity and scoring potential.

Day: Date:

QNo-2

Privatization is inevitable as state owned Enterprises have been a huge burden for the budget of the economy of Pakistan. Analyze the statement and give recommendation.

Introduction

The assertion that privatization is inevitable has to ... from ... escalate to a ... imperative for Pakistan's federal budget. As of 2026, the fiscal burden imposed by State owned Enterprises (SOEs) has ... with cumulative losses and unfunded liabilities exceeding 7.5 trillion rupees, nearly ... the national ... the black hole in public finance drains an estimated RS 1.9 billion daily. This ... government into a vicious cycle

3/4

Concise & inclusive

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cycle of high-interest borrowing to fund operational inefficiencies rather than development. Major entities like the power distribution companies (DISCOs) and Pakistan Railways continue to bleed billion, while the successful 2025 divestment of a 75% stake in PIA to the Arif Habib consortium has set a precedent for offloading strategic liabilities.

Analysis of the Fiscal Burden

The statement that privatization in **inevitable** stems from the severe fiscal distress caused by SOEs

1- Financial Hemorrhaging

Annual losses from SOEs often exceed the entire federal budget allocation for key sectors like education or health care. major

Date:

Day:

entities like Pakistan International Airline (PIA) and Pakistan Steel Mills (PSM) have historically accumulated debts in the hundreds of billion of rupees.

Circular Debt

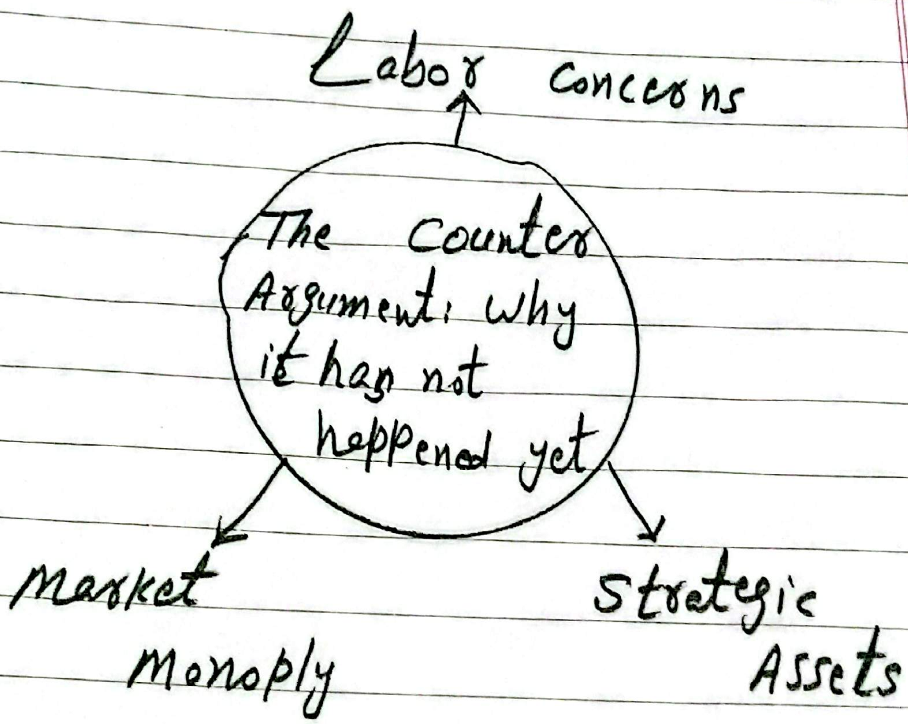
The energy sector SOEs (DISCOs) are the primary drivers of circular debt. Inefficiencies, power theft, and poor recovery rates creat a chain reaction of debt that destabilizes the entire sovereign economy.

Crowding out:

To keep these entities afloat, the government resorts to heavy domestic borrowing. This "crowd out" the private sector making credit more expensive for productive businesses and stifling overall growth.

opportunity cost.

Every rupee spent on a bailout is a rupee not spent on infrastructure, social safety nets, or technology.



Recommendations for a sustainable path Forward

Privatization should not be a "fire sale" but a structured reform process.

Day: Date:

1- Categorization of SOEs

The government of pakistan should divide SOEs into three categories.

A- Commercial (For sale)

The entities these are in competitive markets should be privatized like hotels, airlines, manufacturing. As privatized PIA, Roosevelt hotel and some other SOEs.

B- strategic (Retain and Reform)

Key utilities or security-related firms should remain under state control but be managed by independent, professional boards.

C- Essential services.

Non-profit entities providing social-goods that the private sector cannot cover.

2- The "pre- privatization" cleanup

Selling a loss- making entity difficult. The government should:

A-Debt Restructuring.

Move non-Performing loans into bad banks or holding Company to make the balance sheet attractive to investors.

B-Operational Rightsizing

Offer (VSS) Voluntary Separation Schemes, to employees to reduce the wage bill before the Sale.

3-Strengthening Regulatory Frameworks.

Before Privitizing entity utilities like (DISCO's), the government must empower regulators like NEPRA and OGRA. without strong oversight, private owners make hike prices without improving service. Competition must be the goal, & not just the change of ownership.

4- Transparency and Public Trust

To avoid allegation of "Crony Capitalism" the process must be handled through:

A- Open - Bidding

utilizing international platforms to attract foreign direct Investment (FDI). In recent bidding of PIA is very good initiative, it could be more attract if foreign tycons participate this bidding. Arif Habib consortium and Lucky Cement bidding which was telecasted on national for maximum bidding.

Day: ____________ Date: ____________

Stock Market Listings

Instead of selling 100% to one buyer, the government can divest 20–30% of shares on the Pakistan Stock Exchange (PSX), allowing the public to benefit from the ownership.

Conclusion.

Ultimately, the privatization Pakistan's SOEs is no longer a matter of ideological choice but an urgent structural necessity to avoid a total debt trap. While the sale of assets like PIA and the inclusion of mineral rich entities like Saindak metals into a active list show a renewed sense of urgency, the long term success of this policy depends upon transparency and strength of the post-sale regulatory environment.

A Conclusive Sir!

Day: Date:

QNo-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 and alternative currency system and transaction. Discuss.

Introduction.

The 2022 decision by the US and European union to freeze approximately $300 billion in Russian foreign exchange reserves and disconnect major Russian banks from the SWIFT messaging system marked a watershed moment in global finance. This transformation of US dollars and western financial infrastructure from neutral utilities into potent instruments of geopolitical coercion — a process often termed "weaponization" has fundamentally risk calculus for Global South. Nations across Asia, Africa and Latin America now perceive dollar-denominated assets not as safe heavens, but as potential hostages to western policy. Consequently Global South is accelerating efforts to build a multipolar financial architecture. By prioritizing local currency trade, developing blockchain-based payment alternatives like "BRICKS Pay" and (CBDCs) Central Bank Digital Currency.

The Architecture of Financial Coercion

The dominance of the western financial system rests on two pillars that have recently been utilized as geopolitical tools:

The US Dollar as a Reserve Currency

Over 80% of global trade is invoiced in dollars. When

US imposes "Secondary Sanctions" it effectively bans a country from the entire global market place, because almost the dollar transaction is being done by US based Banks.

SWIFT (Society for Worldwide Interbank Financial Telecommunication). SWIFT does not move money. it is the G-mail of banking. Disconnecting a nations like Russia and Iran prevents their banks from sending or receiving the secure instructions required for international transfers, effectively paralyzing their import-export capabilities.

Response of the global South: Seeking Alternatives

The Global South's reaction has moved beyond rhetoric into the construction of "Parallel rails"

Day: Date:

for the global economy:

1- De-dollarization of Trade

Bilateral agreements on the nations policy created a threat to dollar in the global market. China, Brazil, India and UAE, Russia and India all have signed agreement to settle trade in their respective national currencies, Yuan, Rupee, Real and Dirham rather than the dollar.

BRICS Expansion

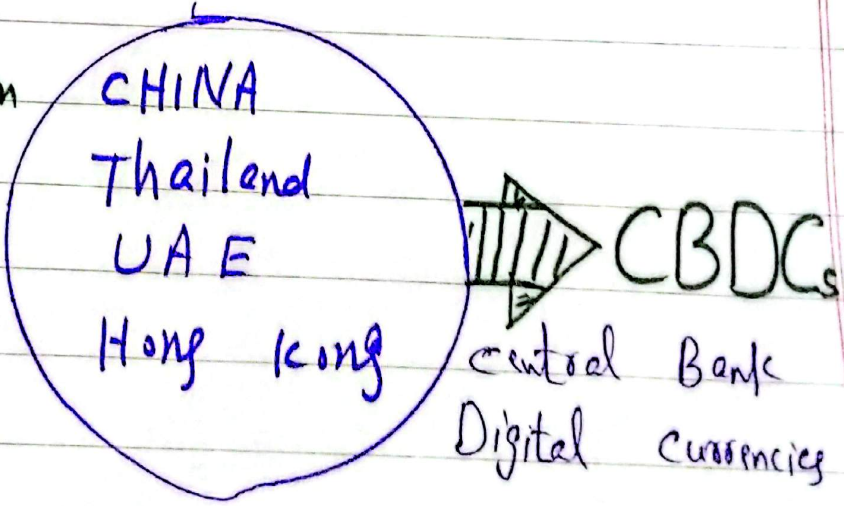
The inclusion of major oil producers like Saudi Arabia, Iran and UAE into BRICS + block in 2024-2025 has created a platform where the petrodollar can be changed by petro-yuan or other local currency settlement

2- Alternative Messaging System

To bypass SWIFT, China has expanded its CIPS (Crossborder Interbank Payment System) and Russian an alternate system SPFS (System for Transfer of Financial messages). These systems allow banks to communicate and settle trades without using western controlled infrastructure.

3- Technological Innovation (CBDCs and BRICS Pay)

Collaboration of



Countries uses Central Bank Digital Currencies for real time, Peer-to-peer cross border payments, by-passing the need for correspondent banks in New York or London.

BRICS pay

An internation bar association has published document about BRICS pay, it would be a proposed decentralized payment system using blockchain technology to facilitate trade within the block without converting to dollars.

challenges to the Transition.

Despite the momentum, moving away from the west is fraught with difficulty:

Liquidity and stability

No other currency matches the depth and liquidity of the US dollars. Emerging market currencies are often volatile, making them risky for long-term reserves.

Network Effects

SWIFT connects almost 11,000 institutions globally. The shifting of trade to CIPS or SPFS requires thousands of banks globally to adopt new software and regulatory frameworks, a process that could take decades.

Internal Rivalries.

Fear of suffering is worse than the suffering itself

(John Keats)

There exist various disagreements within the Global South. For an instance, Chine and India rivalry. Combodia and Thailand border disputes. Pakistan and India, Pakistan and Afghanistan disputes can slowdown the trade and interpersonal connection. These rivalries of nations hinder the creation of a true unified BRICS currency.

Conclusion.

The weaponization of the dollar and SWIFT has irrevocably shattered the illusion of neutral global financial commons. For the Global South, the message is clear: absolute reliance on Western financial architecture as strategic vulnerability. This new era is defined by regional currency blocs and digital payments "rails" that operate independently of western oversight. The shift signifies a broader demand for a more equitable international order where economic participation is not contingent on political alignment with the North.

Day: Date:

QNo-4. Russia and NATO have outrightly opposing Stance on how to end Ukrain's war. Trump on the other hand has different stance from NATO leader. critically analyze the situation and give recommendation.

Introduction

As of january 2026, the war in Ukraine has reached a strategic impasse where the diplomatic objectives of washington, moscow, and brussels have fundamentally diverged. The return of Donald Trump to the US Presidency has introduced a "transactional realism" that sharply contrasts with the value based stance of NATO's European leadership. while Russia maintains maximalist demands for territorial annexation and a neutral Ukraine, NATO allies emphasize sovereign integrity and long-term detterence. president Trump, conversly, has prioritized a rapid cessation of hostilities, often ~~wit~~ US military aid to pressure Kyiv into negotiations. This three way tension has created a fragile geopolitical environment where the terms of peace are being drafted in a Vacum of consensus.

1- Divergent Stances: A Comparative Analysis

The Russia and Ukraine conflict is currently defined by three incompatible visions for the Endgame

A- Russia's maximalist Demands

Moscow's stance remains "inflexible" despite economic stagnation, president putin continues to demand. At the time of unification USSR (Union of Soviet Socialist

Republic), Ukraine was part of USSR,

Full legal recognition of the territories. A neutrality of Ukraine is not accepted by NATO. Therefore, a constitutional ban on Ukraine ever joining NATO.

Demilitarization.

Strict caps on the size of the Ukrainian Armed Forces, effectively leaving the country vulnerable to future in-cursions.

Day: Date:

B- NATO,s European Leadership (The coalition of the willing)

European leaders led by figures like French president and German chancellor view any peace that rewards Russian aggression as a death warrant for European security.

Integrity: continued insistence on the 1991 borders or, at minimum a return to pre-February 2022 lines.

Iron-clad Guantees.

NATO alliances are pushing for formal security pacts that go beyond "promises" including the potential deployment of a European "reassurance force" on the contact line.

C- Trump Administration's 28-points plan

President Trump's approach is defined by de-escalation

"de escalation at any cost"
Key elements of his diplomacy in 2025 include:

Freeze the Frontlines

A proposal to halt the war along current lines of control, creating a demilitarized zone (DMZ) monitored by European — but not American troops.

Transactional Leverage

Trump has previously suspended arms deliveries to pressure Ukraine while offering economic enticements to Moscow to bring them to the table. On the other hand USA has increased NATO budget to spent 5% of its GDP on security. Another weapon used by USA is to impose te tariff on Russia and its supporting countries

Security Guarantees

offering Ukraine a 15-years security guarantee. whereas this guarantee is requested by Zelensky not less than 50 years, while explicitly excluding NATO membership.

2- Critical challenges to Peace

Trust Deficit: Russia has used negotiation windows in 2025 to buy time and avoid sanctions without making concrete military concessions.

NATO Fragmentation:
Trump "American's first" strategy has strained the alliance, as European members fear they are being "cut out" of a deal that directly affects their borders.

Ukrainian Domestic Pressure: president zelenskyy faces intense internal pressure. The population lives near border areas is actually contradicts the ideas of president zelenskyy. This is very cause of political instability in the country.

Recomendations for Sustainable Resolution.

1- The European Pillar of Security.

If US reduces its presence, NATOs European members must be in position to de-weaponing. EU led the monitoring the ceasefire to decelerate the tentions. This should be a EU-led Peacekeeping mission with a mendate to return fire if the ceasefire is breached.

11- Functional Sovereignty over Legal Recognition

A potential compromise could involve a "strategic ambiguity" regarding territory: Ukraine maintains its legal claim to occupied lands (de jure), but accepts de facto Russian control in exchange for immediate EU-standard reconstruction funds and fast track to EU (through not NATO) membership.

III The Critical Minerals offset

Utilizing the 2025 critical minerals deal as a model, Ukraine's vast natural resources should be used as collateral for long term western security investment. This transforms Ukraine from a security liability into a strategic economic partner for the both US and Europe.

IV Phased Sanctions Relief

Sanctions could not be lifted upon a signature, but tied to verifiable milestones; withdrawal of heavy artillery from the territory, return to deported children and long term energy price stability.

Conclusion. The path to ending The ukraine war in 2026 lies not in a perfect moral victory, but in a pragmatic "bitter peace" that not a single party fully desires but all found preferable to continued exhaustion. The current friction between president Trumps rush for a deal and NATO's demand for justice risks a "week peace" that Russia could exploit for a future third invasion.

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8

Q.No-5

Pakistan - KSA Defense Pact would have far reaching geo-political achievement for both the countries and economic opportunities for pakistan.

Introduction. In September 2025, Pakistan and Saudi Arabia entered a transformative era in their bilateral relationship by signing Strategic Mutual Defense Agreement (SMDA). This pact defined / described as paradigm shift, formalizes decades of informal security cooperation into a binding commitment where an act of agression against one is considered the act of agression against both. Beyond traditional security, the agreement serves as the cornerstone for pakistan's economic survival through SIFC (Special Investment Facilitation Council), bridging the gap between military deterrence and financial stability. This alliance not anchors Pakistan's relevance in Middle Eastern geopolitics but also provide Saudi Arabia with a reliable, nuclear armed partner as it seeks to diversify its security architecture under Vision 2030. For Pakistan the Pact is a strategic, lifeline that promises to convert its defense expertise into sustainable economic growth.

Geopolitical Implications: A New Regional Architecture

The SDMA represents more than a military alliance; it is a realignment of regional power dynamics of Pakistan in in both

Day: Date:

South Asia and Middle East.

NATO - Style Deterrence

By adopting language similar to NATO's Article 5, the pact sends a clear signal to regional rivals. For Saudi Arabia, it provides a credible deterrent against non-state actors and regional aggressions. For Pakistan it integrate its security calculus into the broader Gulf Co-operation Council (GCC) framework.

Strategic Autonomy

The agreement highlights Riyadh's move toward a "multipolar" foreign policy, reducing exclusive reliance on Western Security umbrella while elevating Pakistan as a central partner rather than a dependent.

Extended Strategic Depth

Pakistan has reportedly agreed to deploy missile batteries and air defense units in Saudi bases,

Day: Date:

enhancing the Kingdom's anti missile capabilities against drone and ballistic threats while expanding pakistan's operational footprint

Economic opportunities: The Defense-Development Nexus.

The defense act has acted as a catalyst for a broader Economic cooperation Framework, specifically targeting high-impact sectors under the SIFC umbrella.

1- Joint Defense production.

pakistan and Saudi Arabia are transitioning from a buyer-seller relationship to co-production.

• joint Venture

potential collaboration on the JF-17 Thunder program and unmanned aerial vehicles (UAVs)

• Technology Transfer: Establishing military manufacturing facilities in Saudi Arabia, aligned with their goal of localizing 50% of defense spending by 2030.

2- Direct Foreign Investment

The defense agreement provides the security "gurantees" required for massive Saudi capital flight into Pakistan. In late 2025, Pakistan presented a portfolio of 40 mega-projects worth over $28 billion to Saudi investors.

A- Energy Infrastructure: Saudi Aramco is leading $10 billion green field oil refinery projet in Gwadar. This will process 300,000 barrels per day, reducing Pakistan's import bill for refined petroleum products and stabilizing the Rupee.

B- Mining and Minerals

Through its mining fund Manara minerals, Saudi Arabia has acquired a stake (reportedly 10–15%) in the Reko Diq copper and gold Project for approximately $1 billion. This provides immediate foreign exchange liquidity and links Pakistan to global mineral supply chains.

3- Joint Defense Industrialization (Co-production)

The pact shifts the relationship from a "buyer–seller" model to joint venture model.

Technology Transfer.

Pakistan is assisting KSA in localizing 50% of its defense spending. In return Pakistan receives funding for its own defense manufacturing facilities, such as the production of drones and missile components.

Export Revenue.

By Co-Producing military hardware, pakistan can tap into

Day: ________ Date: ________

The Saudi supply chain to export "Made in Pakistan" equipment to other Middle Eastern and African markets.

4- Financial Stability and Soft Support.

The defense pact institutionalizes financial bailouts that were previously ad-hoc.

Debt Rollovers

As part of the strategic partnership, KSA has consistently rolled $3 billion rollover in late 2025 at concessional rates, preventing a sovereign default.

Oil facilities.

Pakistan benefits from a deferred payment facility for oil, which acts as a massive "interest free loans" that eases the pressure on Pakistan's monthly balance of payments.

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Day: Date:

5- <u>Labor and Remittances.</u>

The pact deepens ties that protect 2.7 million+ Pakistanis working in Saudi Arabia. Almost $6 billion ; Remittances received from KSA annually. NEOM, (a city) labour force is highly dependent on Pakistan.

<u>Conclusion.</u>

The Pakistan-Saudi strategic Mutual Defense Agreement is a milestone that transcends political cooperation, offering a blueprint for a modern, mutually beneficial partnership. Geopolitically, it cements Pakistan's status as a pivotal security provider in the Muslim World a "Holy city" while granting Saudi Arabia a strategic hedge in an increasingly volatile middle East.

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6