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Q. 2

### 1. Introduction

Privatization of state-owned enterprises has become the need of the hour as the state-owned enterprises have failed to contribute to their potential. These organizations drained resources of the state and political patronage and bureaucratic hurdles all of these and more reasons have contributed to these enterprises increasing the burden on the tax-payer of these organisations. Most financial leaders have demanded that Pakistan privatize these enterprises as they do more harm than good.

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.

## 2. Analysis of the statement

The arguments for privatization of state owned enterprise as inevitable :

### 1. The case of PIA

A. failed to post a single profit in the last two decades

PIA has operated for decades now, and with each passing year the losses have increased many fold.

- PIA since 2012 has posted losses of \$2 billion. This is close to the amount Pakistan borrowed to avoid default to give a compassion -  
IMF 2024

## B. Overstaffed - political interferences

Politicians use these organizations to provide employment to people.

There are 12,000 employees on permanent basis in PIA

In comparison, emirates employees all of its employees on contractual basis.

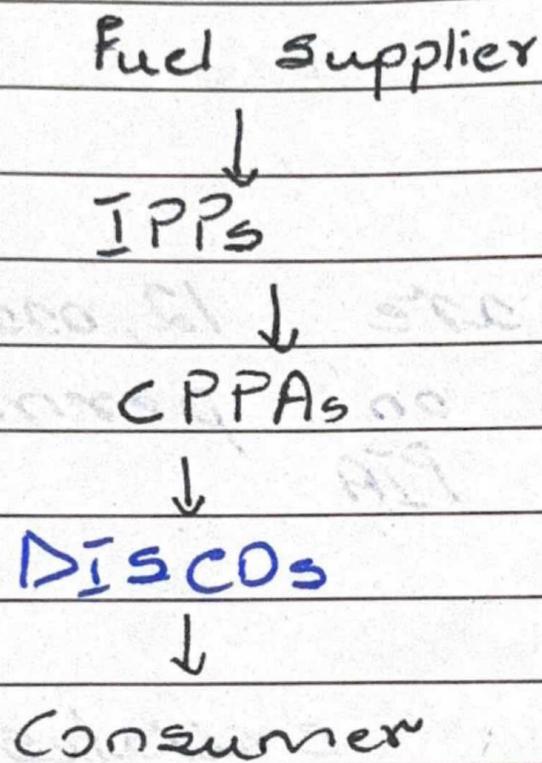
The different way of operating organization shows why privatization is necessary in Pakistan. The organization is run on inefficient framework.

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## 2. DISCOS - Distribution companies privatization

### A. Circular Debt issue



2.4 trillion rupees in circular debt of power losses

- World Bank 2025

The DISCOs are not collecting the money that they provide electricity to end consumer for and generate costs for the government

Sovereign guarantee given by the government and when their is debt not collected government has to intervene by asking IMF for bailout

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### 3. Pakistan Railways -

An outdated infrastructure -  
heavy costs

Pakistan Railways is a classic case of how state owned enterprise lack the ability to attract the effort to modernize infrastructure.

	Pakistan	India	Japan
trains			
speed	60 km/h	130 km/h	450 km/h

Source: Bloomberg

The present diagram shows that the trains of Pakistan are exceedingly slow. The government owned enterprises are failing to provide any adequate standard and creating heavy losses as well. \$5 billion needed for modernization of Pakistan Railways - Bloomberg.

B.

### B.4. Pakistan steel Mills -

#### A. high running costs

If Pakistan Steel Mills runs for a single hour the cost of it is a loss of 50 lakh rupees to the economy - Reuters. This makes these enterprises unsustainable for the economy.

### 3. Recommendations on privatization and future of State-Owned Enterprises

#### 1. KE - Privatization - a success story

##### A. Similar Model for other NSOs

Karachi Electric privatization in the <sup>late</sup> 2000s has become a model of how privatization can

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be beneficial for the economy. Previously, there were losses of 75% in Karachi. At present 100% recovery rate of Bills - NEPRA.

## 2. PTCL -

### A. Attract foreign investors

PTCL was another state owned enterprise that created huge disparity between the modern communication system and Pakistan. At present the PTCL is auctioning to buy 5G spectrum and purchasing other organisation such as Telenor.

Privatizing this enterprise has added productively for the economy.

### 3. Holding strategic assets - Seaports and Airports

Holding airports and Seaports is still necessary for Pakistan as complete privatization diminishes the role of the state

### 4. Phased out privatization

Privatization is done in phases and a big rush at times can lead to assets selling for penny on the dollars. Therefore, these enterprises should be sold in phases to the private sector

## 5. Re-thinking of the model of State-Owned Enterprises

State-owned enterprise economies of scale as Natural Monopolies and these provide the benefit to the consumers/citizens of low cost. Therefore, government should hold some organization but on private model.

## 6. Taking over the loan of state-owned enterprises - debt

Those enterprises that are to be privatized such as Pakistan Steel Mills and DISCOs will only attract serious buyers if government takeover the debt. PIA failed to get serious bidders until government took over debt.

## Conclusion

Privatization of the State-Owned Enterprises is inevitable. The State according to John Rawls - a prominent libertarian - argues that the job of State is to enforce contracts and not get actively involved in running all activities.

Q. 8

## 1. Introduction

The Gaza cease fire plan is achieved after two-years of genocide against the Palestinian it reflects the classic Zionist ideology that in the absence of balance of power the weak are oppressed by the powerful and re-write the order of the day. As even after the cease fire plan, Israel continues to commit hostility. The whole world remains only saying empty words but doing little to hold the culprits accountable.

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## Critical Evaluation of 2. Gaza Peace Plan

The twenty-points agenda is Donald Trump's peace plan.

### 1. Hamas disarmament

The twenty-point agenda argues that the peace plan should be enforced by disarming Hamas.

~~Hamas refuses this.~~

### 2. The Peace force

There is also disagreement on the nature of the peace keeping force

Muslims

West/Israel

Peace-keeping

Peace enforcing

There is debate on the nature of peace keeping force - two distinct views

-> Netanyahu - "Turkish & Iranian soldiers are out of question"

-> Jordan is reluctant to send troops as immediate neighbour of Israel and fear Hamas will become anti-Jordan.

3. Israel refuses to  
keep ceasefire

The Israeli forces  
have refused to  
maintain their word  
and still aggressive  
towards Palestinian.

→ Continue to occupy  
more and more  
territory.

4. Rehabilitation cost  
bears by who?

The cost is \$72 billion  
of reconstruction there  
is no mention of  
who will bear the  
cost - Reuters

This creates a huge  
uncertainty.

5. Israel refuse to  
leave occupied territory  
at pre war etc

Israel is refusing to  
go back to the  
pre-war levels and  
arguing that it will  
only embolden Hamas.  
This creates a deadlock

6. No plan for  
Palestinian statehood  
only symbolic  
mention

Two-state solution  
not mentioned but  
a empty promise  
that there is a  
way for statehood  
for Palestinians.

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### 3. Critical evaluation

The plan unequivocally favours Israel as without it states all the condition that Israel wants. Therefore peace is only temporary as no material effort to address Palestinian grievances.

3. Also analyze the policy of Islamabad regarding the plan and its possible fallouts on Pakistan:

1. Positive attitude towards agreement

Prime Minister - Shehbaz Sharif - was asked to deliver a speech on the announcement of the plan that shows how it impacts the plan

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is seen by Pakistan.

2. Agreed to send forces

Pakistan has agreed to send forces for peace-keeping in Palestine

B.3. Aligns more with USA's stance

Islamabad has tilted more towards the Western side of the plan as but to mention the gaps in the plan

# Fallouts on Pakistan

## Fallouts



## Conclusion

The Palestinian struggle for statehood is still on-going and this do-point plan is enforced and a lesser evil that the Muslim world is accepting. The loss of 65,000 children remains unmentioned and who is to pay for this crime. The plan, therefore, lacks accountability and clarity.

UNSAFE

## Question 5

## 1. Introduction

The Defense - pact between Pakistan - KSA reflects the changing geo-political nature where things are fading between once strong allies. The Middle-Eastern countries are now less sure about the USA's support as it seems to be reluctant in stopping Israeli aggression. The attack of Israel on Qatar is the most manifest example of this; a country with a US base.

2. Geo-political achievement  
for both countries

1. Less reliance on  
traditional partner

Traditionally, KSA has  
relied on USA for  
security. This move  
reduced and illustrates  
a pivot that  
KSA is moving towards  
other regional  
players to increase  
security. Multipolarity  
in the Middle-East  
can be observed with  
this shift. It is  
similar to the  
Chinese brokered  
agreement between  
Iran and KSA.

2. Pakistan counter  
Indian growing influence

India has increased  
its political muscle  
its arms supplying to  
Middle-East had  
increased and Gulf  
countries were engaging  
more with India and  
less with Pakistan.  
This counters that  
in many ways.

3. Pakistan's role now  
seen as a strategic  
partner rather than  
providing personnel

Pakistan now seen  
as a strategic  
partner a seat on  
the table where  
it is seen as a  
responsible partner for  
peace in the region

4. KSA - diversifying the regional balance in the region

KSA is looking to bring in more players to strengthen its security and creates a possible avenue to invite China that will be a complete shift

5. Pakistan image projection in Middle-East increased

Pakistan's image in the middle-East has gained positive light. Defense Minister Khuram Aziz said "More countries looking for similar agreements"

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6. KSA's projection as a strong regional player reinforced

The image of KSA as a strong regional player has increased as it moves away from US dependence and actively looks to maintain peace.

3. Economic Opportunities for Pakistan

1. Increase economic investment and from KSA

KSA has given Pakistan <sup>aid</sup> funds not once but on many occasions. This strategic alliance solidifies it. It creates avenues for investing in economic security of Pakistan as well. through arms manufacturing.

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2. Joint - Exercise  
increase - more funds  
for military

If joint - military exercise  
increase between  
both of these countries  
it will allow  
Pakistan to get more  
funds to increase  
its military capabilities.

3. Greater S. may to  
develop oil refineries

2019, Saudi Crown  
Prince Muhammad bin  
Salman had agreed  
through MOUs to  
invest \$2 billion for  
oil refinery in  
Pakistan and it  
supports

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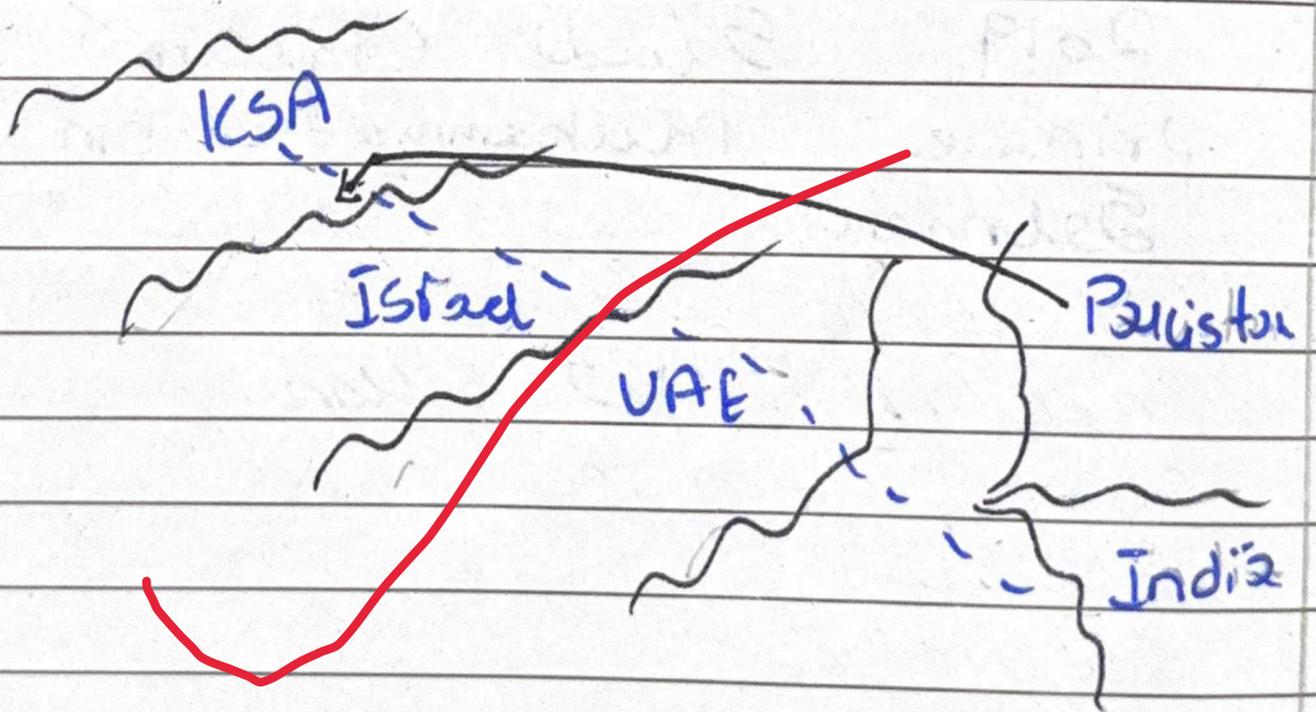
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More room for  
invitation in CPEC

There is more space  
to invite KSA in  
CPEC as the  
security interest of  
both states become  
more aligned. This  
reduces the influence  
of CPEC - Countering  
initiative

IMEC loses significance

Europe  
- Greece



5. Military hardware  
easier to upgrade -

Pakistan's hardware would be easier to upgrade with the help of the funds given from KSA to maintain its security. <sup>more</sup> \$165 and potentially a path to purchase \$35 with KSA backing and lobbying in USA.

6. Remittance - Labour export easier

The growing influence of Pakistan with KSA would allow it to get more in remittances. Given similar culture and religion it makes it easier to send labour to KSA. At present \$4 billion sent every year

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## Conclusion

The defense - pact between Pakistan and KSA is not more of what has happened in the past and Pakistan and KSA have utilized this relation given the changing nature of the middle - east. This creates advantages for both countries and economic opportunities for Pakistan.

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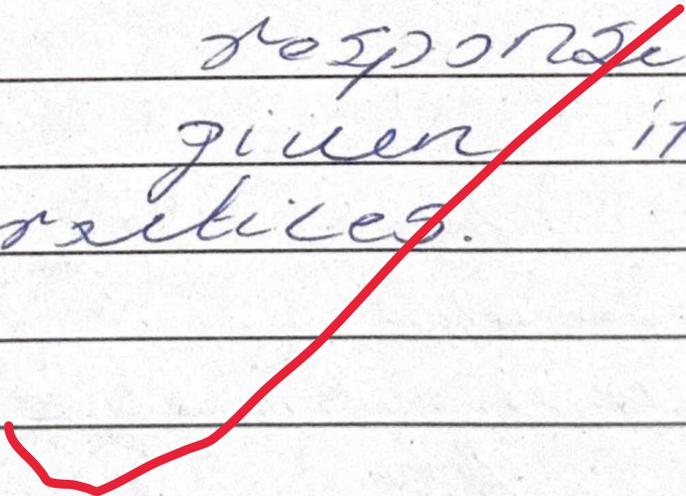
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## 1. Introduction

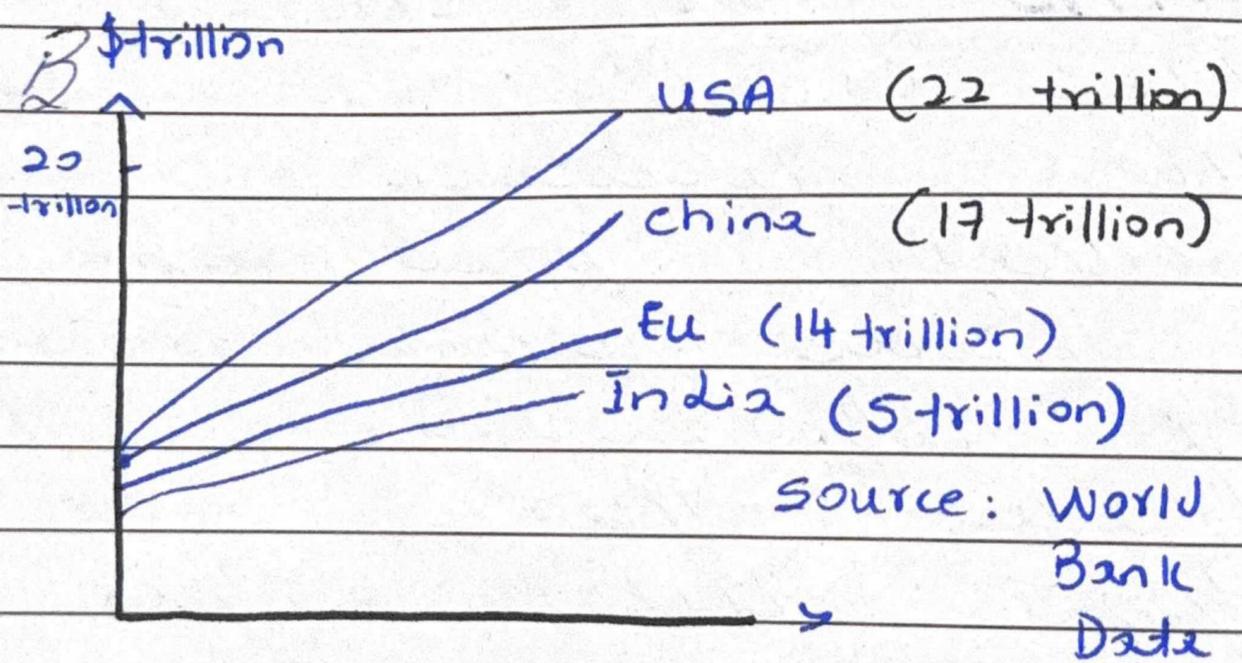
The trade war between the two countries started in **2017** when **Trump** decided to impose **tariffs** on China.

The country retaliated in a like-for-like manner. This was a move away from the liberalization of trade. There are those who argue that China is primarily responsible for this given its unfair practices.



2. Critical evaluation of  
the future trade  
war between the  
two largest economies

1. Size of both economies  
makes impact disastrous



The size of these  
two countries' GDP makes  
it unfeasible to  
keep the trade war  
going for both. ~~disastrous impact~~

## 2. Population dilemma of China

China has a huge population second largest in the world. Most of it is not prosperous as inequality still high in China Gini Co-efficient 60% that is exceedingly high as 60% of people do not get adequate share of wealth getting into a trade war worsens these figures.

## 3. Declining influence of dollar

The dollar is losing its influence. Once seen as a reliable store of wealth. Drastic surge of gold prices an indicator of this - Bloomberg. This decreases the might of the US against China.

4. Other powers gain  
at expense of  
USA and China

India, Russia and  
other countries that  
seek greater  
assertiveness in the  
international order makes  
it irrational for both  
countries to drag this  
trade war

5. Regionalization era  
gets greater push

As countries look  
towards regional  
partners more and  
more according to  
Mearsheimer - a realist.  
A trade war simply  
weakens US's position  
and isolates it further.

6. USA - China trade  
not a zero-sum game

US - China trade war  
has become a  
event imposing negative  
consequences for  
both. This reduces  
USA's position to  
keep the tariff's  
going. Cost of essential  
commodities increasing in  
US.

7. China's willingness  
to rethink its  
economic policies

Chinese Foreign  
Minister -  
has stated on  
numerous occasions  
that

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8. China can play the prolonged game

China can wait for regime change. As US President have five year term. In comparison, Chinese President have decades long terms. A new president more open to trade with China.

9. Manufacturing in USA - ill conceived populist agenda

Make America Great Again (MAGA) politics - ill-logical as most Americans care about wealth inequality rather than blue-collar work that pays low wages. - Washington Post

I Supply Chains Link  
make it unsustainable

Today's Supply Chain are increasingly connected.

This results in far-reaching ripple effects for both of these countries as well as other countries. Therefore, countries refuse to be support this agenda. — Covid-19 Ukraine crisis showed the vulnerability of supply chain

II Traditional US allies  
reluctant to give full support

European Union has shown less willing to give unconditional support to US as it is getting tariffs imposed on it as well. This leaves US in a isolationist position.

12. US not a hegemon  
of the global order  
to dictate rules

USA is not a  
supreme hegemon as  
it once was countries  
are increasingly  
challenging the position  
of US - India buying  
Russian oil. Therefore,  
this trade war is unsustainable

### Critical Evaluation

Thucided trap - he aptly  
explained in presence  
of a declining power  
and rising power  
conflict was inevitable.

USA seems to be  
trying to keep itself  
significant by engaging  
in economic warfare  
However, given the  
costs for itself it  
is unlikely this trade  
war will last.

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## Conclusion

Trade wars are intensifying as countries reluctant to engage in military warfare seek other instruments.

By this trade war, USA wants to make China yield to its policies.

However, this is premature. As China has increasing capacity to draw out conflicts and its policies are not of a few years but for decades and China has shown a firm stance throughout this economic battle.

CONCLUSION