

Q. No. 2
Introduction:

Privatisation is inevitable as state-owned enterprises have been a huge burden on the state-owned enterprises (SOEs) of Pakistan. Given the excessive consumption of natural reserves, outsourcing of employees and addition to the debt pile of the country. In order to resolve this issue, it is recommended to deregulate the SOEs in a transparent manner. Moreover, steel mills must also be privatised. Furthermore, education and health should be partly privatised.

History of Privatisation in Pakistan:

Nationalisation Policy 1972

→ capital outflow

1990s
M.B. Dawood Hercules
3/1000 Mills Privatised

MEB reported Rs. 60 billion Profit

SOEs still not privatised

pa. sb. steel mills
Electricity
National Highway.

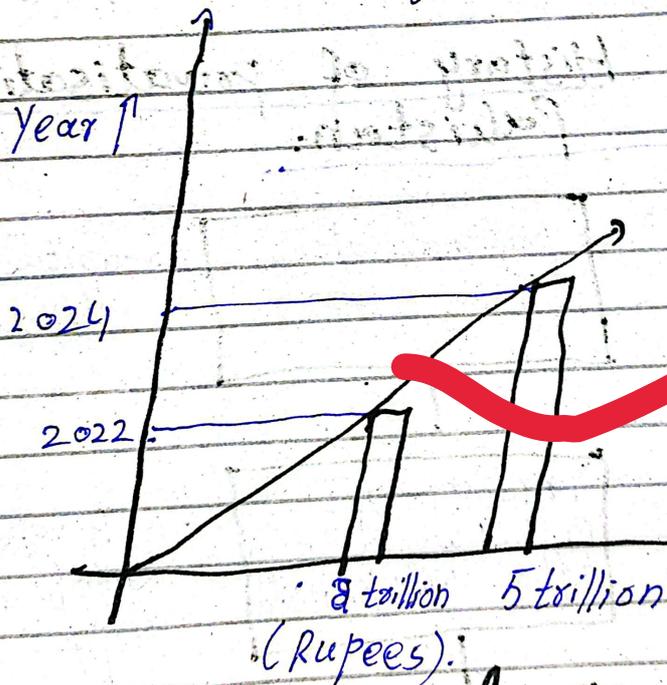
1995 Pakistan International Airline privatised

To Araf Habibullah Group

How state-owned enterprises have been a burden on budgetary economy of Pakistan?

(i) State-owned enterprises are a burden on Gross Domestic product (GDP) of Pakistan:

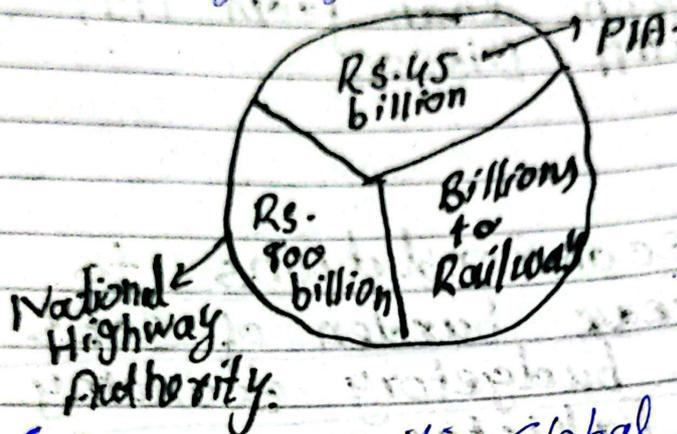
State owned enterprises (SOEs) are giving enormous economic loss to GDP of Pakistan which is important pillar of economic growth. In 2024-25, these SOEs incurred a loss of Rs. 5 trillion to GDP of Pakistan which is rising constantly.



(Report on annual aggregate losses of SOEs: Senate standing committee: 2025)

(ii) SOEs are consuming excessive national reserves putting strain on budgetary economy of Pakistan.

In order to SOEs, state has to acquire funds from national exchequer and federal consolidated fund. Therefore, it reduces the financial supply to the next budget leading to budgetary crisis in Pakistan.



(Source: Mettis Global report on SOEs: 2025)

(iii) SOEs are victim of overstaffing which is burden on budgetary economy of Pakistan.

Due to repeated political intervention, SOEs have been overemployed. It reduces the financial gap in budget in the pay of these employees which leads to burden on budgetary economy of the country.

According to Ministry of Aviation, there are 500 employees/aircraft in PIA which

250 / aircraft in Emirates
(iv) SOEs are adding to the debt-pile of the country;

In order to run state-owned enterprises, state does not possess enough financial capacity. Thus, state has to take loans to run these SOEs. In 2025 Ministry of Finance unveiled \$1.2 billion loan from IMF to run Discos which is to be paid in interest from upcoming budget of country.

Recommendations to decrease burden of SOEs on budgetary economy of Pakistan:

(i) Pakistan must deregulate SOEs to decrease burden on its budgetary economy. In neoliberal economy, it is not the duty of state to run the enterprises. Rather, state should hand over it to private sector for effective results. In 2020, India handed over power sector of Delhi to Rajdhani Group of power which resulted in cheap electricity and effective power generation in India.

(ii) SOEs must be privatised in transparent bidding to address burden on budgetary economy:

State-owned enterprises must be privatised in transparent manner and parliamentary oversight. In 2025, PIA was privatised to Arif Habib Group in Rs. 175 billion which will be added to the budget of Pakistan and simultaneously make it profitable.

(iii) Pakistan Steel Mills must be privatised to uplift industrial sector of Pakistan:

Like every other SOE in Pakistan, PSM is also overstaffed and consuming national exchequer without uplifting exports. Therefore, Pakistan steel mill should be privatised to improve exports and attract investments which will add to the budget of Pakistan.

(iv) Education and health should be partly privatised to improve Human Development in Pakistan:

It is true that education and health are consuming budget of Pakistan without improving

Human development Index of the country. However, they should be partly privatised as complete privatisation will push the numbers of 2.6 million school children and 44% poor people in upward trajectory.

Conclusion:

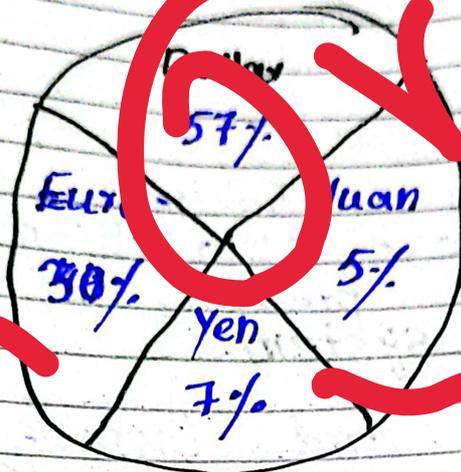
SOEs are burden on the budgetary economy of Pakistan. Therefore, they must be handed over to private sector to make them profitable.

Q-2.

Introduction:

SWIFT, an international banking and financial transaction system is being weaponised by US, America (US) and European countries (EU) against Russia in the form of sanctions, closure of Russian accounts, weaponising global trade. There is a strong message for global South to reduce its reliance on Western economic tools and use alternative systems by BRICS and SCO countries. Chinese interbank system, development of new currency and regional trade framework in local currencies.

What is SWIFT?
It is the international financial transaction system and which is dominated by dollar and Euro.



(Share of currencies in SWIFT banking system: World Trade Organization).

How SWIFT is being weaponised against Russia?

① SWIFT is being used by Europe and US to impose sanctions on Russia:

In 2022, Russia launched the attack on Ukraine given its strategic culture. As Europe and US holds 87% of the share of SWIFT currency, they are employing sanctions on Russian currency to drain its national exchequer.

(ii) US and Europe are weaponising SWIFT to close foreign accounts of Russia.

US and Europe are restricting the conversion of Russia Ruble into dollar and freezing its present reserves in dollar to bring Russia to negotiating table. In 2023-24, US and EU froze \$200 billion of Russia present in the SWIFT system.

(iii) US and Europe are weaponising SWIFT to restrict global trade of Russia.

US and Europe are pressurising Russia to end war in Ukraine by restricting its entry to the global oil trade. In 2025, US and EU sanctioned Russian Giant oil in Gruzbaum and Luke oil through eliminating their shares in SWIFT System.

Lessons for the Global South:

(i) SWIFT is manipulative and exploitative system by US and EU:

From weaponisation of SWIFT against Russia, and it becomes clear that SWIFT is the veiled weapon that US and EU cannot use any time to crash developing world.

(ii) Global South cannot overwhelmingly rely on west:

Global South is dependent on the EU and US for access to markets and maintaining their national reserves. However, SWIFT is a neocolonial weapon; which is sending the message that global south cannot rely on the dollar and the west for improving its economies.



(i) BRICS and SCO are alternative transaction system for Global South. As global South is fed up with SWIFT and dollar dominant, it, under the leadership of China and Russia, is forming alternative transactional alliance through BRICS and Shanghai cooperation organization (SCO). ~~the~~ It is being done through new banking initiatives of these organizations.

New Development
Bank of BRICS

Agreed in
Kazan Summit
2024.

SCO development
Bank

Agreed in
Islamabad
Declaration,
2024.

(ii) Global South is seeking alternative transaction through chinese transaction systems:

In order to evade the exploitative economic network of dollar and SWIFT, Global South is seeking alternative transaction system of china. In 2022, China launched

Chinese system - Interbank Payment which is being employed by Russia and Iran to evade sanctions.

(iii) Global South is forging new economic system through the concept of BRICS common currency;

BRICS represents 32% of global GDP and 37% of world's population. This epitome of Global South Unification is challenging SWIFT and dollars through new common currencies.

In 2023, Brazil proposed to launch "BRICS currency" as an alternative to Dollar.

(iv) Global South is diversifying its trade in alternative mutual currencies:
Developing world, in order to reduce reliance on Western trade, is diversifying its trade in alternative mutual currencies. Russia and China are trading in

Ruble-Yuan India-China
are reshaping trade
in Rupee-Yuan since
2017, indicating Global South's
decreasing reliance on the west.

Conclusion:
Dollar and SWIFT still
hold the largest network of
global trade. However, Global
South is challenging this
dominance through alternative
currency and banking systems.

Q.7. Introduction:

US (United States of America) has
used its dominance in chips and
China in rare earth minerals
to reshape global economic
warfare. It has shifted ^{warfare} ~~econ~~
from economical to technological
in the global trade framework.
Technopolar conflict has led to
drone conflicts, chip warfare,
and global rare earth mineral
conflict between the Eagle and
the dragon.

Analysis of the statement:

① How US has used
its dominance in chips
against China?

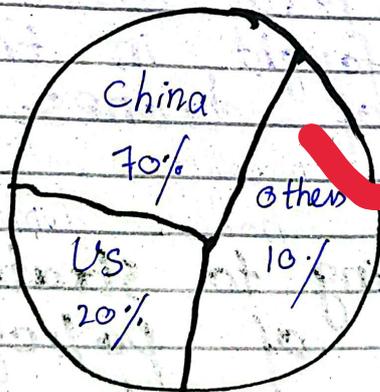
US is the global hegemon
in the field of chips that

are required in mature algorithms. Especially, silicon valley holds more than 60% in Global chip Industry.

US has restricted the exports of these Tnm chips to china.

(ii) **China: Leader in the field of rare Earth:**

Rare earth metals are required in semi-conductor chips. Without these metals, US cannot dominate Tnm chips. Reciprocal to restriction of chip exports, China restricted supply of Rare Earth metals in 2025.



(Source: Rare Earth Industrial shares: 2024; Goldman Sachs)

Future of trade
was between two
largest economies
of the world:

(i) Trade war between china and U.S. has evolved from economic to technopolis conflict.

In 2025, President of US Trump imposed 100% tariffs on chinese imports including steel, aluminium and solar. On the other hand, china also imposed 100% tariffs. However, during Asia Pacific summit 2025, US used 7nm chips as bargaining chip while china leveraged rare earth minerals to shape detente. It indicates global trade war is being reshaped in technopolis conflict.

(ii) ~~Globe~~ Trade war ~~is~~ ^{will be} being fought in the market of drones.

In Drone market, both USA and China holds dominance.

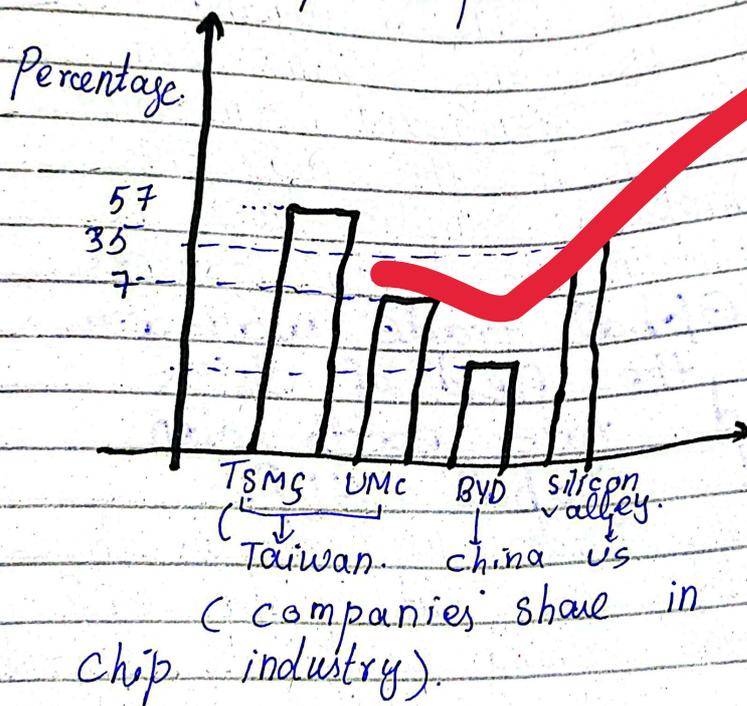
According to strategic Institute of policy

Research, US and china holds 60% of global drone market.

In 2024, President Joe Biden imposed ban on import of drones from DJI drones from china leading to future conflict in Drone industry.

(iii) US and China will fight in trade of global chips.

In the new global trade warfare, US and China will fight in the arena of chips. China holds dominance in rare earth minerals while US holds dominance in chips. Moreover, US can pressure its ally Taiwan to withhold supply of chips to China to ignite chip warfare.



Source: NASDAQ.

(iv) Global rare earth mineral conflict will shape future of global trade warfare.

As China holds 70% of rare earth minerals and 70% of processing capabilities, US will look for new markets. In 2026, US led a mission to Ukraine with access to rare earth minerals, indicating new conflict in rare earth minerals.

(v) Technopolar conflict in trade will be destructive to both global economic powers:

In the fight for dominance, both US and China can lose significant amount of GDP. In this way, this technopolar conflict will be interecine to both powers.

(vi) Global trade warfare in the field of chips and rare earth can cut global GDP:-

Global trade warfare in the world can cut global GDP because China contributes \$19 trillion while US contributes \$26 trillion to GDP of the country. In

2024, IMF warned that global trade warfare will cut 10% of global GDP.

(vii) Amidst this global trade warfare, China may emerge as global power:

China is playing this trade game by increasing trade benefits while minimize political benefits. In March 2025, China developed Deepseek - R1 AI model despite ban on 7nm chips. Similarly, China has diversified exports to Latin America and Africa, increasing its growth ~~to~~ to 4.4% (Chinese Bureau of statistics).

Conclusion.

It is true that trade warfare is inevitable to US and China. However, it will evolve either in the technological arena or in the form of new global power.

Q. 8. Introduction:

@Zrua

Humanitarian
supplies
with Israel.

Necessary
Project.

Security
of
Israel.

Breach

of
the
ceasefire

by
Israel

is

causing

concern

about

the

plan.

It

is

seen

as

a

step

in

the

direction

of

peace

in

the

Middle

East.

Gaza 20-point peace plan ensured a short-term respite for Palestinians regarding ceasefire and humanitarian supplies. However, it is being criticized for neo-colonial project and lack of clarity regarding Palestinian Statehood. Moreover, its chances of success are bleak as Israel is violating ceasefire and aspersions over ground-troops withdrawal. Islamabad welcomed the plan and planned to participate in International Stabilisation Force (ISF). However, he is suspicious about mandate of ISF. Possible fall outs for Pakistan include confrontation with Hamas, covert recognition of Israel and opening of new front in Middle East.

Critical Analysis of Gaza 20-point Peace Plan:

Strengths:

① Gaza 20-point peace plan is rainbow of peace for Palestinians.

In Gaza since October 2023, 60,000 civilians notably including 75% children were slaughtered by Israel's state-sponsored terrorism. In 2025, Gaza peace plan by Trump

and Muslims countries mandates Hamas and Israel to cease their fire and exchange their prisoners which is peace for war-ridden country.

(A Rainbow of peace:
Express Tribune: 2025).

(ii) Gaza peace plan will ensure humanitarian supplies in the enclave:

Gaza is experiencing worst humanitarian catastrophe because Israel banned humanitarian aid from Egypt's Rafah Crossing. Gaza peace plan mandates Israel to allow uninterrupted food supply under UN to avert humanitarian crisis.

Weaknesses:

(i) Gaza peace plan is a neocolonial project.

A number of countries are criticizing peace plan for Gaza as colonial project. It is because of the post-war government by Board of Peace and deployment of International Stabilisation Force. It will create external oversight on Gaza same like colonial legacy.

(ii) Gaza peace plan lacks clarity about Palestinian statehood:

reaction from Islamic
lead to

Gaza peace plan lacks clarity on Palestinian statehood which is recognized by 140 countries of United Nations. In Gaza peace plan, there is an indication that there will be movement to Palestinian statehood. It does not clarify whether East Jerusalem will be its part.

Chances of Success of Gaza peace Plan:

(i) Israel's violation of ceasefire decrease the chances of peace in Gaza.

Despite Gaza peace plan to maintain ceasefire, Israel is continuously raiding on Gaza. In December 2025, Israel conducted 5 arial attacks on Gaza making the chances of success extremely low.

(ii) Israel's reluctance to withdraw may lead to collapse of peace plan:

In Oslo accords II 1995, Israel was urged to evacuate Gaza in 45 days. However, Israel partially violated. Gaza peace plan binds Israel to evacuate

47% of Gaza in 1st step, 53% in second step and 85% in 3rd step. However, 15% presence of Israel on Gaza borders will trigger reaction from Islamic Resistance, which can lead to collapse of plan.

Analysis of Policy of Islamabad regarding plan:

(i) Islamabad accepted Gaza peace plan:

Like its Arabian counterparts, Pakistan welcomed and accepted Gaza peace plan. Even Pakistan nominated Donald Trump for Noble Peace Prize.

(ii) Islamabad affirmed to participate in International Stabilisation Force:

Islamabad welcomed the deployment of International Stabilisation Force. Under the guiding principles of peace and sovereignty, Pakistan showed green signal to participate in ISF for ensuring fundamental rights of Palestinians.

(iii) Islamabad expressed concerns on mandate of ISF in Gaza Peace Plan:

Although Islamabad showed interest to participate in ISF. However, Pakistan over mandate and sought clarity of ISF. According to Gaza Peace Plan, Israel and USA will select forces for ISF which is against the sovereignty principle of Islamabad.

Possible fall outs for Pakistan:

(i) Pakistan can enter in direct confrontation with Hamas:

Being part of ISF, Pakistan may be deputed to disarm Hamas. It may lead to confrontation with Hamas undermining Islamabad support for Palestine and drawing public condemnation at home.

(A farce called Peace Plan: Zahid mehmood: Dawn: 2025).

(ii) Covert recognition of Israel can be possible fall out for Pakistan:

As Pakistan will join ISF, from it will have to cooperate with ISF. It can be called as covert recognition of non-existent Israel. It will violate foreign policy of Pakistan.

(Why Pakistan not join ISF: Maleeha Lodhi: 2025).

(in) Pakistan may open a new front in joining

Gaza peace plan:

Israel is a rogue state notorious for striking UN workers and peacekeeping forces. In case of firing on ISF including Pakistan personnel, may lead to confrontation with Israel, opening a new possible fallout for Islamabad.

Conclusion:

Gaza peace plan is dubious about the safety of Palestinians. Pakistan must sought clarity over its mandate before joining it.