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*US Says it Values Ties With  
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# PAKISTAN

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## **Ending Conflict: Peace Through Dialogue –** **OpEd By Saima Afzal**

South Asia consists of eight states including two nuclear weapon states and major actors India and Pakistan. There has never been a smooth and cordial relation between two neighbouring states due to many issues and reasons and Kashmir dispute is one of them. This dispute has caused two of the three major wars between the two nuclear powers of South Asia and numerous warlike crises. The landlocked Kashmir territory lies in the northwestern part of Indian subcontinent. Kashmir is considered a most beautiful place on the earth. It is surrounded by the Uygur autonomous area of Sinkiang and Tibet on the northeast (both parts of China), on the South bordered by the Indian states of Himachel Pradesh and Punjab; on the northwest by Afghanistan and on the West by Pakistan. It became disputed territory between India and Pakistan after the partition of the subcontinent in 1947.

Kashmir is considered a paradise on the earth due to its unmatched beauty. Since the partition of subcontinent, the area has lost its status of paradise under the autocratic rule of India. Historically, on 27 October 1947, the Indian government practically rejecting the partition formula of subcontinent annexed Jammu and Kashmir. In the partition formula, princely states were given choice to either join Pakistan, India or remain independent. Kashmiri population and their genuine leadership, for instance Sardar Muhammad Ibrahim Khan, wanted to accede to Pakistan in view of existing religious, cultural, economic, and geographical proximities. However, India forcibly occupied Jammu and Kashmir on pretext of illogical instrument of accession signed by Hindu Maharaja Hari Singh with the government of India.

Therefore, to check the unlawful intervention and advance of the Indian army, Pakistan also moved troops to Kashmir and liberated vast area which now known as Azad Kashmir. The United Nation Security Council passed resolutions in 1948/1949, which asked for holding a free and fair plebiscite under its supervision to enable people of Jammu and Kashmir to decide their future by

utilizing right to self-determination. But, India refuse to accept the right of self-determination of Kashmiris that was given to them according to UNSC. Primarily India's Kashmir policy remained consistent throughout the history. However, under the banner of Bhartiya Janata Party (BJP) the Hindu nationalists did more ruthless killings and indulge in systematic genocide.

However, on 5th August 2019, Modi's Hindu nationalist Bhartiya Janata Party (BJP) not only abrogated Article 370, under which the local legislature could make its own laws except in finance, defense, foreign affairs, and communications, but it also revoked Article 35A, which empowered the legislative assembly to define permanent residents and offer them special privileges such as exclusive land rights. Modi also split the three different divisions of the erstwhile state Jammu, Kashmir, and Ladakh into two union territories.

Subsequently, these changes were welcomed by Indians who saw Kashmir as an integral part of India and felt it must be given equal, not special, treatment. The Kashmiris, however, saw it as a threat to change the demographics of the valley from Muslim-majority to non-Kashmiri and non-Muslim. BJP did not stop there. Knowing well that this decision will invoke a severe reaction from the people of Kashmir, the Modi government rushed 180,000 fresh troops to Kashmir. These troops were in addition to 700,000 troops already stationed there. Curfew was imposed and complete blackout of all sorts of communication was enforced which continued after the lapse of 6 months and later continued on the pretext of Covid-19.

Due to continuous curfew and communication blackouts in IIOJK, there have been reports of severe shortage of food and medicines. The shortage of medicines, lack of communication, and restriction of movement has also been resulting in several preventable deaths. The entire Kashmiri leadership, including pro-India leaders, were arrested. Since August 5, some 4000 people that include minors have been taken into custody and are being kept in jails outside the state. The miseries of the Kashmiri people have further increased as the entire world is grappling with the pandemic of Covid-19 and Illegally Indian occupied Jammu and Kashmir is no exception.

Peace and stability will remain a distant dream in South Asia without resolution of the Kashmir dispute. Therefore, Kashmir issue should be resolve for the peace and tranquility in the South Asian region. India and Pakistan have fought three wars on Kashmir and this creates the sense of insecurity between both states

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which led India and Pakistan to acquire nuclear weapon. The non-state actors also get benefit from the situation and create atmosphere of disturbance and distrust between both states. Humanitarian sufferings among the inhabitants is a separate debate which has cost thousands of lives and affected the lives of millions in the region. The conflict has wasted much of economic resources of both states which can be utilize for poverty eradication, improvement of education and social wellbeing of individuals.

Pakistan is desirous of forging friendly relations with all countries including its neighbors adding that Pakistan wants resolution of all issues through dialogue and peace in the region will remain elusive without resolution of Kashmir issue. On 2 April 2022, General Qamar Javed Bajwa stressed for a peace in the region while addressing at Islamabad Security Dialogue. He said at this occasion, “We feel it is time to bury the past and move forward” but without any compromise on national interest of Pakistan. A constructive dialogue and progressive negotiations between India and Pakistan for the resolution of all outstanding issues will be welcoming initiatives. He also emphasized that all disputes with India, Kashmir included, should be settled with dialogue and diplomacy in order to keep the “flames of fire away from our region”.

\* The writer is an Islamabad based analyst and can be reached at sarahamidkhan21dec@gmail.com.

Source: Published in Eur Asia Review



# Looming Water Crisis | Editorial

It looks to be one of the strangest years yet for Pakistan with regards to climate change. While the country saw an early onset of summer, with unusually high temperatures in March and April, the snow melting process in mountainous and hilly areas has not picked up pace. Even the temperatures in Skardu have doubled—from 11 degree Celsius last year to 22.2 degree on Saturday—but snow melting has not increased.

These developments are highly disconcerting, considering the devastating consequences any small change in the climate can have on all strata of Pakistan's economy. The damage that the slow melting of snow can have is already reflected in the national water flow data, compiled by the Water and Power Development Authority (Wapda). For the last 10 days, national water supplies have dipped substantially below not only last year's levels, but average supplies of the last five or 10 years for the day. To make matters worse, there has been virtually no rain in March and April, putting a further burden on water resources.

The dangers of water scarcity in Pakistan cannot be understated. Pakistan is already very close to fulfilling the threshold of a water-scarce nation, and any exacerbation of the situation should ring alarm bells. A scenario where temperatures are higher than ever, but water supply is lower than average, can mean disastrous heatwaves. Moreover, the major chunk of Pakistan's industry is agricultural, and any ups and downs in the water supplies can be highly consequential for the growing of crops. Already Pakistani farmers have been forced to start the Kharif season with close to a 40 percent shortage in both of its water-producing systems.

For now, those in power need to think of both emergency interim measures to deal with the crisis and also long term ones considering how this will now be a trend with shifting climate trends. There is more to snow melting than just the temperature involved, with all kinds of varying weather conditions affecting the snowmelt process. The climate and water ministries need to consult experts in finding out the reasons behind this sudden change in order to mitigate the impact in the coming years.

Source: Published in The Nation

# US Says it Values Ties With Pakistan By

## Anwar Iqbal

The United States said on Monday that it values its 'long-standing' cooperation with Pakistan but will not like to comment on the regime change in Islamabad.

"We are closely following developments in Pakistan," a spokesperson for the US State Department told Dawn when asked for comment on Shehbaz Sharif's election as the country's new prime minister.

"The United States has no position on and does not comment on Pakistan's internal process," the US official added when reminded how during the weekend the Pakistani parliament voted out Imran Khan and elected an opposition leader as the new prime minister.

"The United States values our long-standing cooperation with Pakistan and has always viewed a prosperous and democratic Pakistan as critical to US interests," said the spokesperson. "And this remains unchanged."

A prestigious US publication, Foreign Policy, however, noted that while former prime minister "Imran Khan is out, it's not his last innings". The report noted that the ousted Pakistani leader "vowed to fight on", as Mr Sharif replaced him on Monday morning.

Atif Mian, an internationally acclaimed Pakistani American economist, however, pointed out that Mr Khan's government, inheriting a weak economy in 2018, "went for the usual shortcuts" in its economic policy instead of focusing on sustainable growth. "This basic sense was missing."

The former prime minister had included Mr Mian in his team of economic advisers after his election but excluded him later. Mr Mian heads the Center for Public Policy and Finance at the Princeton School of Public and International Affairs.

In a Twitter thread, Mr Mian highlighted key reasons for the failure of the Khan government.

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“There’s been zero increase in average income, and Pakistan never got out of the balance of payment crisis,” he wrote.

“Covid gave temporary respite to this crisis as oil imports and domestic demand contracted due to pandemic, but with pandemic receding, Pakistan is back in serious trouble.”

According to him, the larger failure was incapacity to understand Pakistan’s macro challenges. He noted the PTI government inherited a currency crisis that was already months in motion. “Yet the new government had done no planning. Precious time and reserves were wasted with silly schemes.”

Published in Dawn, April 12th, 2022

# **From Poverty to Prosperity By Dr Yasin**

## **Khan Durrani**

Poverty is a social curse in any society, and the poverty challenges are getting bigger day by day in Pakistan, while the Govt.

is struggling hard get over it. In fact, the fight against poverty is a dynamic process, people who cannot make both ends meet are living under abject poverty.

It is evident from the shortage of food, shelter, clothing, clean water and health care to 70% of the population living in non-urban areas.

How can we eliminate the scourge of social inequality in our society is the core issue and what should be the role of the Govt.

and private institutions to eliminate it. Prudent policies of the Govt. to explore the untapped economic and trade potentials in various fields is the need of the hour.

In a country where economy is based on Agriculture cum Industry, revitalization of rural industry is the key to eliminate the absolute poverty.

First of all we must earmark the number of poverty-stricken and un-privileged places, unapproachable hilly sites and unfriendly hill-tops where the process of poverty eradication is to be instituted with planned strategies.

Such areas are to be managed at Provincial level and be controlled by the Federal authority with proper financial support.

According to the Ministry of Planning and Development, 55 million Pakistanis (29.5 %) live below poverty line, which is increasing day by day, as the rich are getting richer and the poor are getting poorer due to existing system of feudalism, corruption, political instability and population explosion, which will bring grave consequences if effective steps are not taken in time.

According to the global multi-dimensional Poverty Index-2019, HDI report-2020, 38% of the population lives in poverty and Pakistan ranked 150th position

in 3 basic dimensions of human life i.e., longevity, health and access to decent living.

Unfortunately, COVID-19 has further increased the poverty as people have lost their jobs with no other source of income to feed their families.

Hence, each community has to be assessed through survey to exactly indicate the need of the deprived people and how to get them out of poverty.

Following are the strategic roles which can help elimination of poverty.

i) Through free education.

ii) Development of resources for food, shelter, clothing, health, child labor and crime control.

iii) Economic reforms (through increase of GDP) iv) Merit based recruitment.

v) Provision of necessary resources to the deserving population.

vi) Development of Agriculture through modern technology.

vii) Formulation of effective policies apolitical level. In fact, rural vitality is the route to successful elimination of poverty. Construction of roads, transportation, rural tourism with allied services be provided at their door steps pre-requisite to rural development.

Encouragement of home-made industrial products will enable the rural population to sell their products at a much lower and competitive cost.

In this context, China is the best example for us to follow where extreme poverty has been quelled in 2020 through a short period, a year earlier to its target, as its annual economic growth has jumped to 2.3 % in a short period.

China achieved this Herculean task through tough measures in a span of 40 years. They have lifted 800 million people out of absolute poverty and became the second largest economy in the world; only through boosting agricultural productivity using advanced technology and raising educational level, allocating more funds for research..

Financial institutions enhanced the contribution to increase loan to the marginalized population and providing assistance to local projects, on a national database.

They had a strong political determination as their priority by reducing reliance on import and to stimulate the export to boost their local economy.

Pakistan Poverty Alleviation Fund (PPAF) was established by the Government of Pakistan starting its operations in 2000.

It is a leading institution registered under Section 42 of the Companies Act, 2017 and is working across almost all the districts of the country with the help of a partner organization, the Millennium Development Goals (MDGs) in order to promote an effective approach to the problems and to generate broad and deep impacts at the community level.

It is one of the largest establishments which promotes public-private partnerships and targets the poorest and most marginalized regions of Pakistan to bring social and economic changes in Pakistan.

PPAF focuses on ensuring that these partner organizations are well governed with transparency and accountability in all programs which remains its priority.

PPAF is proud to have built alliances and partnerships within the national, public and private sectors, as well as working with the international institutions.

To date, the organization has disbursed USD 2 billion through grants and financial services in various programs directed towards eliminating poverty and empowering the elderly persons with disabilities and religious minorities of local population through the network of Union Councils.

Preliminary achievements could be disheartening, we must develop and strengthen the institutions at the village level, which will mobilize to implement solutions of identified challenges, improving social cohesion, better quality of life and livelihood.

The aim should be to support the households to form self-helping community institutions.

In addition, we must give incentives to our farmers to improve the neglected fields like cultivation of medicinal-herb, precious stones industries, rearing of silk worms through mulberry trees and honey production.

Green-house programs will produce a steady income for villagers by growing wheat, vegetables and fruits and to sell the cash crops to bring income to the poor communities.

It will be a significant step to uplift our people for a better life. Program like BISP and Ehsaas are flagship poverty alleviation initiatives taken by the Govt.

of Pakistan through multidimensional projects pioneered by the rapid delivery of emergency cash to 12 million house-holds especially during pandemic of COVID-19.

To summarize, we have to solve the core issues of economics, social development and GDP growth through cultural reforms.

Our country is rich in national resources of minerals, coal, petroleum, natural gas and is self-sufficient in food grains, cotton, fruits which are our prized commodities at the national and international markets.

No doubt, preliminary achievements could be slackened in the beginning, but we must energize our efforts to help impoverished people for which we need a very strong political acumen, quick judgment along with poverty eradication campaigns.

—The writer is a retired professor from Rawalpindi Medical University and Hon Professor of China's Tianjin University.

Source: Published in Pak Observer

## **Indo-Pak Peace | Editorial**

The Shehbaz Sharif administration made its first major foreign policy move on Sunday, with the new prime minister sending a letter to Indian Prime Minister Narendra Modi to call for a resolution to the Kashmir dispute in the “interest of mutual peace and prosperity”. The move comes a few days after Modi congratulated Shehbaz on his election as PM, with both leaders speaking of the need for peaceful ties, and Shehbaz reportedly emphasising that finding a resolution to the Kashmir dispute was “indispensable”.

In the letter, Shehbaz noted that good ties between India and Pakistan are not just in the interest of the two countries, but the entire South Asia region. He also mentioned the potential benefits to both countries’ economies and how working together could lead to “progress and prosperity of our people”. We must also note that while mostly congenial, the letter also underscored Pakistan’s sacrifices in fighting terrorism — an indirect jab at the Modi government’s regular baseless claims that Pakistan is supporting terrorism in India.

While almost every prime minister has started his term with a promise to try and improve ties with India, few have been able to move the needle, either due to external factors or domestic issues such as hostility from opposition parties or a lack of enthusiasm in the establishment. This time may be different. While the PTI — at least until their resignations are submitted and accepted — represents a sizable opposition group, the bad blood between the party and the ruling coalition may lead to the government ignoring the party.

The more significant sign, meanwhile, appears to be that the military has given strong hints that it backs efforts to improve ties. Just two weeks back, Army Chief Gen Qamar Javed Bajwa said at the Islamabad Security Dialogue that “Pakistan continues to believe in using dialogue and diplomacy to resolve all outstanding issues including the Kashmir dispute.” While the army chief made similar overtures at the same event last year, when he said, “It is time to bury the past and move forward,” it appeared then-PM Imran Khan was not entirely on board at the time, as he had said, “India would have to take the first step” to normalise relations.

Shehbaz does not appear to have made such preconditions, while Gen Bajwa’s speech earlier this month also included a reference to the need for “political



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leadership of the region to rise above their emotional and perceptual biases and break the shackles of history to bring peace and prosperity to almost three billion people of the region.” While this could just as well have been directed at Modi and his allies, in retrospect, this could also be a more general statement that applies to the leadership of both countries and the need to go to the table with open minds and no preconditions.

After all, if a peace deal acceptable to all parties is somehow achieved, we would all be fine with a bit of bruising of the ego for the leader that outstretched his hand first.

Published in The Express Tribune, April 19th, 2022.

## Pak-Afghan Friction | Editorial

Reports of a Pakistani military raid into the Afghan border province of Khost, which allegedly cost 30 civilian lives, “including women and children” on the other side, are cause for very serious concern. Sections of the international media have quoted Afghan officials issuing a very serious warning to Pakistan and implying that the Pakistani ambassador in Kabul was also summoned by the Afghan foreign ministry. These are unconfirmed reports so far but the going theory, at least outside Pakistan, is that the recent surge in TTP attacks might have prompted the military to sort the militants out in their sanctuaries.

Things will become clear when Islamabad issues a statement. But these reports once again raise the question of what the Taliban have done so far to contain TTP elements on the Afghan side. After all, they promised to take care of them once and for all when Pakistan facilitated the end of their country’s occupation. But that turned out to be just one more promise that the Taliban leadership did not keep. It also went back on its word about showing greater respect for human rights, especially minority and women’s rights, than their previous time in power. Yet in the near three quarters that they have been in power, they have shown no urgency to put their muscle where their mouth is, so to speak, even at the risk of keeping aid money indefinitely suspended.

There’s no denying that TTP attacks have risen lately. There is also evidence that TTP might have formed alliances with some separatist outfits in Balochistan. And there’s no doubt that the state needs to crush this uprising with full force. That poses a problem since the TTP is holed out in Afghanistan and the Taliban leadership is not going after them. What options is Pakistan then left with?

Ultimately, this issue will come down to the Taliban cooperating with Islamabad. The sooner they come round to this realisation, the better it will be for the diplomatic and security atmosphere around the Durand Line.

Source: Published in Daily Times

# **Sustainability in the Energy Sector By**

## **Muhammad Nauman Hafeez Khan**

Pakistan's energy sector has always been a Gordian knot for energy planners. Energy policies made in the early 1990s were based on short-term energy demand forecasts, missing the critical sustainability element in the planning. Over the years, policy-based reliance on thermal power generation through imported crude has worsened the crisis, sending the country into a never-ending circular debt trap. An answer to this crisis is long-term strategic energy planning that includes much-needed sustainable development elements through a balanced energy mix.

Currently, Pakistan generates 58.4pc of the total energy from thermal sources. Almost 2/3rd of dependency on thermal power forces the government to import expensive fossil fuels from volatile international energy markets. The fluctuating nature of these markets, especially the LNG spot markets makes it a poor choice for countries like Pakistan to create energy depending on it.

Similarly, the boom and bust cycle of the crude oil market makes it impossible for a country like Pakistan to forecast its energy-economy tradeoff by projecting long term energy sustainability. Its current example is the Russian-Ukraine conflict, which has skyrocketed crude prices in the international markets. The only answer to this complexity is to work out the successful execution of the alternative and renewable energy plans to integrate non-fossil fuel-based energy sources into the energy mix of the country.

Over the last five years, Pakistan has significantly increased its energy generation capacity in the short and medium-term energy infrastructure development projects under CPEC. The installed capacity makes less difference in meeting the energy demand if the energy sector is financially bleeding. The cash flow deficit in the system is continuously leading to the accumulation of circular debt, making it impossible for the government to pay all the liabilities of the generation companies. Currently, circular debt amounts to Rs 2.476 trillion, out of which Rs 1.494 trillion is related to power producers, Rs 79 billion for fuel supplies and Rs 904 billion held in Power Holdings Limited.

Capping the circular debt is trickier to fudge. Power sector transmission and distribution (T&D) losses are standing at 17pc despite a policy target of 13.4pc. These losses through non-payment of electricity bills mostly by the domestic sector consumers coupled with power theft force the government to pour hefty subsidies on the energy sector. With the current accumulation pace, circular debt could reach Rs 2.7 trillion by the end of this year. This introduces financial sustainability challenges in the system that makes the energy sector more fragile.

Energy management is further complicated by the duplicity of the management and regulatory bodies. The entire energy sector is managed by multiple specialised companies and regulators that overlook the regulatory and managerial affairs of the energy sector.

Energy management is further complicated by the duplicity of the management and regulatory bodies. The entire energy sector is managed by multiple specialised companies and regulators that overlook the regulatory and managerial affairs of the energy sector. This calls for a more simplified system in which energy management and regulation form a pyramidal structure with a single body overlooking all the regulatory and managerial affairs. Such a system will integrate the working of bodies like OGRA and NEPRA which are working on a similar model of regulating the energy sector. Similarly, instead of duplicity in the energy policy and planning, a unified energy planning authority can be developed to take the lead in indicative energy generation, capacity expansion, transmission, and distribution planning.

The erstwhile PTI government has taken a similar step by introducing integrated energy planning in the country. Under the Planning Commission of Pakistan, an Energy Planning and Resource Centre (EPRC) has been set up to study the future energy generation and demand trends as well as make a sustainable road map for future energy planning in the country. Once EPRC comes up with a long-term sustainable energy plan, the energy sector could be steered in the right direction.

The hefty burden on the exchequer and uncertainties associated with the fossil fuel markets are pushing countries to explore alternative and renewable energy production. Pakistan rolled out its Alternative and Renewable Energy (ARE) Policy in 2019 to reduce its dependence on thermal energy production. Presently, only 5pc of the total energy production is through the ARE sources. The policy foresees a target of 60pc ARE production by 2030, with the addition of

hydel energy as part of the ARE mix. The ARE policy, even though it came with a delay, is a much-needed step to change the energy mix of Pakistan by 2050. However, the inclusion of hydel energy in the ARE mix can be debated. Its inclusion will overshadow work on the other renewable energy sources including solar and wind power, making the policy less effective in the longer run.

For long term energy sustainability, the policies need to promote indigenous ownership and production of ARE by providing incentives to power producers through the lenient import regulations on machinery such as solar panels and wind turbines. Increasing investment in the ARE production sources will also attract FDI for local production of solar panels and wind turbines. Pakistan being an agrarian country has a lot of potential for the production of biofuels, but presently the technology in the country is limited to the R&D sector only.

A sustainable energy market calls for sustainable policies that have far-reaching positive implications on the energy markets. Though in the previous years, Pakistan has shown excellent progress in solving the energy crisis through strategic energy mapping, the policies need to be supported by their timely implementation and efficient execution. As a matter of fact, Pakistan has always been an excellent policymaker but lagged in the execution phase. The energy sector is a test case for the new government to loosen the Gordian knot.

Source: Published in Pakistan Today

## Foreign Policy Tests | Editorial

The Saudi trip will be a good test case for the new administration in general and the new foreign minister in particular because there are signs that once the religious and political formalities are out of the way the Pakistani government plans to put the begging bowl on the table once again. And since the Saudis rubbed it in our face more than a little when they last loaned us money – setting very tough, even humiliating terms – whether or not the new team is able to secure a better package will tell a lot, to say the least.

Regardless, this will only be the first of many tough tests for the new foreign minister and his team. Soon enough their plans to mend ties with Washington will also become clear. That's not only going to be the most important part of his assignment but also possibly the most difficult. PTI poisoned the relationship in its last days in what is fast being exposed as little more than a desperate attempt to hang on to power. But its consequence will be far-reaching. Surely Washington understands far better than us that we need it a lot more than it needs us; if it needs us at all now that the Afghan war is over. And it also understands very well, and we ought to too, that it can turn our aid flow on or off as easily as snapping its fingers; so PTI's actions have only made Pakistan's position more precarious.

There are very big problems with the EU as well, and again they are of the previous administration's making. Sure, they overstepped by asking us to follow their lead. But an able foreign minister would have handled the situation far more amicably than letting the prime minister spew slogans of hate in public processions. EU is our leading trading partner and already the GSP+ trade facility is in grave danger, so damage control there too will be of monumental significance.

Bilawal clearly has his work cut out for him. Yet it must also be mentioned that all the praise coming his way tends to overlook the fact that he finds himself in his position, not because of a lifetime of public service, but only because of his family. For Pakistan's sake, it is sincerely hoped that he's been trained well by his party.

Source: Published in Daily Times

# ECONOMY

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## **Gloomy Economic Outlook | Editorial**

The already fragile economic situation is being exacerbated by the ongoing political uncertainty in the country as reports revealed the rupee breached the Rs185 mark for the first time ever on Tuesday. As a result of the turmoil, the currency lost its worth by more than 3 percent since March 8, when the no-confidence motion was submitted in the National Assembly.

According to reports, exchange companies are selling 99 percent of their foreign reserves in the interbank and the speculation surrounding the continuation of the IMF programme has further added to the concerns. The IMF however did clarify that once a new government is formed, it will continue its engagements regarding the programme.

It is important to note however that even in the absence of this political uncertainty, the fund programme had already hit a deadlock earlier this month when PM Khan announced a major relief package involving a tax amnesty scheme and energy price cuts. This was seen by the IMF as a reversal of agreed reform measures introduced in the mini-budget to revive the programme after months of virtual suspension.

Relations between the IMF and the PTI government were far from great during the three-and-half-year rule, and during this latest disagreement, the fund had strongly objected to the government's justifications for the amnesty scheme and the financial impact and financing sources of the relief package.

Things appear bleak in other aspects as well as the trade deficit increased to \$35.4 billion in July-March 2021-22. The growing deficit is taking a heavy toll on the foreign exchange reserves that are on a steep sliding path with not enough funds to cover two months of imports.

With foreign direct investment also suffering, and it is unlikely that there can be a quick fix for that, the depleting foreign reserves raise concerns about how we will meet our upcoming overseas debt repayments. The longer the country is held

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hostage by this ongoing political crisis, the more the economic outlook of the country will deteriorate and place further stress on the already burdened general populace.

Source: Published in The nation



# **BRI: Height of Infrastructure Diplomacy By**

## **Dr Mehmood Ul Hassan Khan**

Chinese One Belt & One Road Initiative has become sign of economic recovery, strength, stability and of course sustainability in all the member countries although internal economic fault lines and limited capacity building mechanism are one of the main impediments of it. That is why BRI has been advocating and reaching out the needy countries to first rectifies its intrinsic economic flaws.

The concept of BRI is not out of the blue moon. It has been characterized in various economic policies and strategic orientations of China for the last so many years.

It has been an ideal combination of Chinese's robust domestic economic growth and its regional and global planned expansion for achieving a befitting grand economic road map and model to trigger countries and communities from impasses economic slums towards economic surpluses through infrastructure development, greater regional connectivity and immense socio-economic integration. In this context, the Western Development Program (WDP) (1999) and the "China Goes Global" plan (CGC) (2000) had some basic futuristic origins of the BRI.

It seems that the BRI follows the "infrastructure diplomacy" initiated by China in the 2000s. Afterwards, the BRI has succeeded in mobilizing every economic actor in China.

Right from the beginning the BRI's signature program has been infrastructure connectivity, aiming to finance and construct large infrastructure projects that link China with Southeast, South, and Central Asia. Critical analysis reveals that BRI concept was not new; China had conducted "infrastructure diplomacy" since at least 2008.

In this connection, the Chinese Ministry of Foreign Affairs (MFA) had proposed mutual connectivity projects in the Shanghai Cooperation Organization (SCO) framework in Central Asia and ASEAN Plus Three (APT) framework in Southeast Asia.

Infrastructure proposals by MFA, however, did not go much further, as it had no access to project reserves at Chinese banks, nor the power to orchestrate financing and construction of infrastructure, which belonged to the National Development and Reform Council (NDRC) and China Development Bank (CDB).

Meanwhile, China's domestic overcapacity intensified in 2010, and its infrastructure diplomacy was raised to a new height by its visionary leaders. At the China-ASEAN Leaders' Summit, former Chinese Premier Wen Jiabao pledged to "provide loans to establish a China-ASEAN Infrastructure Cooperation Fund.

In particular, in Indonesia, Wen announced that China would disburse \$1 billion in concessionary loans and \$8 billion in development financing to help the country's infrastructure needs. Then President Hu Jintao pushed for similarly strong infrastructure ideas.

In this regard, at an APEC summit in Russia in 2012, Hu offered a concrete plan for infrastructure development in Eurasia in a speech titled "Deepening Mutual Connectivity and Realizing Sustainable Development," stating that "infrastructure is the basis for economic development; connectivity is critical to trade integration; and Asian leaders need to promote communication and cooperation across borders.

It is obvious that before Xi's Belt and Road announcements, former Premier Li was an active promoter of infrastructure in Asia and China's commitment to invest in it. In May 2013, while visiting Pakistan, Li announced that China would invest \$14 billion in 36 projects covering energy, roads, and telecommunications in the country.

In this direction, actual infrastructure investment had also been strident before the BRI. In 2011, China provided \$15 billion in concessionary loans to support 50 projects including highways, railways, water, energy, telecommunications, and electricity linking China and ASEAN. Cross-border rail and highways projects connected border capitals such as Nanning and Kunming with Hanoi and Singapore, respectively.

When ASEAN members founded the ASEAN Infrastructure Fund (AIF) in 2012, Chinese diplomats attempted to expand it into an East Asian Infrastructure Fund

(EAIF) but could not include Japan and other “unfriendly” nations. Ultimately Chinese president Xi formally announced BRI in 2013.

The concept of Chinese Marshall Plan remained in news during 2009 which could serve as a medium to long-term strategy to disburse foreign aid and foster international cooperation. Chinese leadership proposed that China spend \$500 billion to set up a “Harmonious World Plan” by providing aid and loans to Asian, African, and Latin American countries. The plan, according to Xu, would boost Chinese exports, reduce industrial overcapacity, accelerate renminbi internationalization, and advance China’s global influence.

From 2010 to 2012, tension in Maritime Asia was rising fast. The US excluded China from a regional grouping, the Trans-Pacific Partnership (TPP), and was seen as creating de facto geostrategic encirclement around China. Wang Jisi proposed “China goes west” as a way to promote strategic rebalancing and prevent a US-China direct clash in Maritime Asia.

Wang’s strategy was quite popular in Beijing foreign policy circles. After the launch of BRI, security specialists in Beijing claimed that “China goes west” had been the forerunner of the BRI.

The process from the BRI announcement to consolidation as a national strategy, roughly from 2013 to 2015, demonstrates how the strategy empowered the Chinese dynamic state. During this juncture, various state agencies, particularly those with resources and preexisting projects in line with the BRI received a major boost to their efforts. The BRI became a mobilization campaign, in which different government agencies inserted their policy ideas and made the messages in the strategy more concrete.

In line with preexisting policy ideas and practices, the Ministry of Foreign Affairs, supported the BRI strongly and argued that the strategy would integrate China’s own development with Asian regionalism through policy coordination, road connections, trade facilitation, currency exchanges, and communication of public opinion.

On its part, the NDRC publicized its action plan for BRI construction, in which investment, manufacturing, cross-border industrial parks, energy trade, and infrastructure were “the priority of the priorities. On the other hand, the State Council think tank Development and Research Center (DRC) advocated that the

BRI jointly develop coastal, central, and western China, while improving Asia's overall economic competitiveness in the world.

To conclude, the BRI represents a new era economic diplomacy in China and advocates a series of geostrategic-conscious Free Trade Areas (FTAs) and other associated economic cooperation among all the member countries. It has strategic significance, tying construction of a new Silk Road with the revival of China's former place in the world. It advocates the BRI to connect land and maritime transport, deepen regional integration, and expand the geostrategic space for China's rise.

Ultimately, it borrows holistic policies of Chinese president Xi mainly Global Development Initiative (GDI), Common/shared Prosperity (CP) and Global Community Development (GCD) and has become a symbol of economic sustainability without any conditions or especial geopolitical designs.

Rapidly changing socio-economic, geopolitical and geostrategic trends in the region and beyond urge policy makers of China to further transform BRI in accordance with the new conflicting realities especially imposition of unilateral socio-economic and geopolitical sanctions against Russia. In this connection, China-EU strategic partnership should also be reviewed and pursued to make breathing space for the member countries of BRI especially in Central Asia and South Caucasus regions.

Source: Published in Pak Observer

# China's Poverty Alleviation Miracle By Adnan Ali

The growth of China from a poor country to a developing one and now, a world leader in economic growth is a modern-age miracle. If future historians will glory one feat that this era achieved, it will be China's gargantuan poverty alleviation programme which saw 800 million people lifted out of poverty. China's poverty alleviation success has dramatically reduced global poverty figures by 70 percent. China is the world's most populated country with a population well over 1.4 billion, with a majority of that population concentrated in the coastal cities and villages in eastern China with western China being sparsely inhabited. China got her independence in 1949 under the leadership of Mao Zedong, a communist leader who envisioned China to be a communist nation. The initial policies of Chairman Mao were focused on agrarian reforms to provide Chinese people with the land to harvest and live off. Inspired by Stalin's industrialisation, Mao initiated simultaneous agricultural and industrial development, which unlike the Soviet Union, did not complement each other. Mao's Great Leap Forward resulted in failure, pushing millions into poverty. The open market policies of Deng Xiaoping catapulted China toward development. He steered the country toward open market policies which assisted in setting up China as an industrial base. China showed miraculous growth, which made her the world's factory after it joined the World Trade Organisation in 2001. Now, under the leadership of President Xi Jinping, China is close to becoming a developed country which now provides assistance to other countries to develop.

In 1990, more than two-thirds of China was living under the poverty line and by 2016, only 0.5 percent of its population was living in poverty. The struggle against poverty spread over decades, which not only shows the Chinese government's commitment to her citizens, but also stability in their economic growth. According to Yokon Huang, Former Director for China, World Bank, sustained economic growth in China as well as infrastructure development to connect remote areas with economic hubs was pivotal in realising the Chinese poverty alleviation miracle. The international poverty line is set by the World Bank which stands at \$1.90 dollars a day at 2011 international prices. China set her own poverty line to steer the national anti-poverty drive. The annual national poverty line stands at RMB 3305 (\$526). The numbers are contested, but from 1990 to 2019, the number of poor people in China decreased from 750 million to

16.5 million. Poverty eradication was accelerated under President Xi Jinping when he introduced Targeted Poverty Alleviation (TAP) in 2014. TAP is an all-encompassing initiative which works in five different but overlapping areas: industrial development, social security, education, eco-compensation, and re-location. The CPC remained focused and worked on these areas simultaneously, which resulted in the betterment in people's life, leading to the graduation of the poor out of the poverty threshold.

China's industrial development has mirrored the western world. With plentiful cheap labour and high volumes of foreign direct investment flowing into China, China became the world's factory. Industrial development happened because of technology transfer that happened when companies from other parts of the world relocated to China to reduce costs. As part of TAP, the CPC focused on building industries to engage remote communities in the market economy. Infrastructure development was crucial to connecting remote areas with industries to assist communities and localities change their occupation. The road and high-speed railways made it easier for inputs and labour to travel more efficiently across different provinces and districts. Along with physical connectivity, China heavily invested in digital connectivity of producers and buyers. The emergence of Taobao villages, (a village with at least 50 households operating their own shops on Taobao—an online platform) helped communities earn money through virtual sales. This became critical during the pandemic as most of China was shut down because of the increasing corona cases.

Communities were put on social security to meet their ends. The government supported families to access different services at low costs, and special focus was placed on education, as it is the key to end generational poverty. Families below the poverty line were given assistance to send their children to school and university. Eco-compensation is another vital component which assists the income of communities living in ecologically fragile areas. Different ecosystem payment services programmes were focused and communities were paid direct cash to grow forests on marginal agricultural lands and work as forest officers to take care of nature. The most debated strategy has been the complete relocation of villages to other places. For example, a whole village was moved in Huishui County in Guizhou province in southwest China. The programme intends to relocate 10 million people with an estimated cost of \$87 billion. Relocation not only requires funds, but also changes of ideology and identity to adapt to a new place. Once people are moved, the government provides subsidised housing along with pre-job training to assist people find city/town jobs.

Source: Published in The Nation

# **Role of History in Pakistan's Relative Economic and Social Backwardness By Shahid Javed Burki**

Economists believe that the state of any given economy depends a great deal on history and historical experience. They have a phrase for this: they call it “path dependence”. Where Pakistan is today reflects where it was yesterday and the day before. Most of the economic and social problems the country faces today and those that would prevent it from realising its potential can be traced to history. The following four need to be the focus of attention of today's policymakers. One, the inability to raise domestic resources to finance development; two, the inability to break from the past and adopt the policies and strategies that would realise the country's potential; three, weak governance, not just at the level of the government (federal and provincial) but also in the firms and private entities that are important for guiding the economy towards a better future; and the fourth, to lay the ground for moving the economy and society to a higher technological plane. The fourth needs a detailed discussion which I will do in a later article.

Pakistan's economic history has periods of high rates of growth followed by periods of sluggish performance. The high growth periods were short; those during which the economy performed poorly lasted for much longer time. This record points to one important conclusion: that the country was not able to develop institutions, adopt policies and create an enlightened citizenry which, working together, could sustain a healthy rate of economic growth.

The 1960s, the 1980s and the early years of the 21st century were periods of respectable growth. The military was in charge during these three eras. However, that should not lead to the conclusion that the military has found a way of better managing the economy compared to civilian leaders. What distinguishes these high growth periods is the fact that during them Pakistan received large foreign capital. This inflow came in the form of official development assistance (ODA). The United States was the principal source of ODA. Development banks, in particular the World Bank, also got actively involved in developing the Pakistani economy.

Military leaders were successful in aligning the country's external relations with America's strategic interests. During the 1960s, when General (later Field Marshal) Ayub Khan was the country's president, Pakistan joined two defence alliances launched by Washington. The Central Treaty Organization (CENTO) and the Southeast Asia Treaty Organization (SEATO) were founded to stop the march of Communism into Asia. Pakistan, in fact, was the link between the two defence pacts. In return for providing this kind of support, Washington rewarded Islamabad with large amounts of economic and military assistance. In the 1980s, back under the rule of the military with General Zia ul Haq in charge this time, Pakistan became a major player in the effort to push back the Soviet Union's advance into Afghanistan. Pakistan's Inter-Services Intelligence (ISI) partnered with the Central Intelligence Agency (CIA) of the United States to aid the fight against the Soviet troops by seven groups of Afghan mujahedeen. The highly motivated Islamic groups succeeded in expelling the Soviet Union out of Afghanistan. Moscow pulled out its troops from Afghanistan in early 1989. The humiliation it suffered led to the collapse of the Soviet Union two years after the exit from Afghanistan. The third growth period also saw the military in power with General Pervez Musharraf occupying the presidency. This time Pakistan agreed to join the United States in the "war on terrorism". Once again, large flows of capital came to the country as reward.

These episodes resulted in Pakistan becoming dependent on external capital flows to develop its economy. No – or little effort – was made to adopt fiscal policies aimed at raising domestic savings in both public and private sectors. This meant Pakistan did not rely on its own resources to finance development. Each growth period ended with the withdrawal of American interest in the country and also in the geographic area of which Pakistan is a part. At the time of this writing, Pakistan is faced once again with the same set of circumstances.

While the government saved little, private firms also did poorly in setting aside a significant proportion of their revenues for innovation. Firm-owners diverted a good part of their revenues into real estate. Driving through any part of Lahore or Islamabad one can't help being impressed by large billboards announcing the arrival of fancy residential apartment buildings. The two cities – and presumably other as well – are now going vertical with considerable private sector investments.

The second important feature of Pakistan's economic landscape is that the country has found it difficult to move away from the past and create a new



framework based on its natural endowment. The sector of agriculture offers a good illustration of how the country has failed to realise fully its potential. The system of canal irrigation that draws water from the country's large rivers was developed by the British in the early years of the 20th century to save the eastern part of their Indian colony from facing repeated famines. Irrigated virgin land in the provinces of Punjab and Sindh were meant to provide grains for the food deficit provinces of Bengal, Bihar and Orissa. A system of roads and railways was constructed to carry the grain surpluses from the food grain surplus to food-deficit areas. The port of Karachi was also improved to handle bulk commodities. Once the country gained independence, it should have moved away from this reliance on grain production that in other parts of the grain-producing world rely on rain.

The world's three largest producers of food grain – Russia, the US and Ukraine – grow the crops on rain-fed rather than irrigated land. Pakistan should have moved away from grain production to producing high value-added products. It is interesting that the only time the state got involved in promoting technological development was when the government headed by President Ayub Khan worked hard to bring high-yielding crops (wheat and rice) to Pakistan. The government's involvement brought what came to be known as the “green revolution” to Pakistan.

Strong governance is the third pillar on which I believe Pakistan should rest its economic and social structures. Of late the academia has begun to recognise that there is a close relationship between economic and social development on the one hand and political modernisation on the other. In their well-received book, *Why Nations Fail*, an MIT economist and a Harvard University political scientist have shown why what they call “inclusive political development” is a critical contributor to economic progress. The institutions on which they believe sound economic advance can be achieved must have the capacity to reach all segments of society. The only time Pakistan attempted to move in that direction was during the period of President Ayub Khan when, what came to be described as the system of “Basic Democracies”, brought about significant broadening in the reach of the political system. At the base of the system were 10-member Union Councils made up of directly elected people. The system was criticised by those who had wielded political power based on patron-client relationships that gave them political power and authority. Pakistan should, therefore, look carefully at its economic history to plan for the future.

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# Trade Ties By Dr Muhammad Abdul Kamal

Pakistan has been struggling with political and economic instability for decades, unable to chart a course towards long-term progress and prosperity for the country and its people.

In the face of the ongoing political turmoil, the current economic crisis in Pakistan is likely to increase to a level the emergent government might find extremely hard to cope with. The economy is already in shambles, owing to unprecedented rupee depreciation, dwindling reserves, rising international commodity costs, and growing current account and fiscal deficits.

A mounting challenge for the new government is to fix the trade imbalance. According to the latest data issued by the Pakistan Bureau of Statistics, the country's trade deficit surged by 70 percent to an all-time high of \$35.4 billion in the first nine months of the current fiscal year 2021-22 (July to March). This puts a strain on the State Bank's foreign exchange reserves, which at present can only cover two months' worth of import bills.

The EU and the UK are Pakistan's largest trade partners. Pakistan exports approximately \$9 billion worth of goods to these two regions, while its exports to the US are close to \$6 billion. The US, EU, and the UK account for more than 50 percent of Pakistan's exports.

Owing to Pakistan's duty-free access to the EU on 91 percent of tariff lines under the GSP Plus pact, the EU became Pakistan's most important trading partner, providing a lifeline to Pakistan's exports.

However, earlier, former prime minister Imran Khan lashed out at the EU ambassador for asking Pakistan to condemn Russia for its invasion of Ukraine, and lately, the conspiracy letter gate scandal tainted the economic relationship with the EU and the US.

Pakistan must strive to restore and strengthen bilateral confidence with the EU to ensure continuity of GSP-Plus trade preferences beyond 2023. In addition, Pakistan has the opportunity to capitalize on the EU's seven additional conventions which will help countries like Pakistan to apply for GSP-Plus status from 2024 to 2033. The new conventions are focused on improving accessibility

for people with physical disabilities, preventing child labour, and protecting the environment.

Pakistan should aim to mature its trade ties with the US and Europe beyond politics. Pakistan's diplomatic relationships should be based on shared interests with each country. There are several examples of countries whose economic links remain intact despite political or border conflicts. For instance, in 2021, overall trade between China and India stood at \$125.66 billion, up 43.3 percent from the previous year. During this time, there have been numerous military and political scuffles between India and China over Ladakh. The Ladakh impasse had entirely halted cooperation on all fronts except trade at the time.

Remarkably, China has surpassed the US as India's largest trading partner. Likewise, despite tariffs and a simmering regional conflict between the world's two largest economies, trade between China and the US surged by 28.7 percent to \$755.6 billion in 2021. Essentially, both countries have a great desire to engage and avoid outright conflict wherever possible. In other words, despite bitter economic and political disagreements, the economies and societies of China and the US remain inextricably connected.

Pakistan must learn political maturity and insight from these countries in order to avoid a chaotic situation. Politics, economy, and social well-being are all intertwined. These three elements must work together for any country to thrive.

Countries' relations are commonly referred to as 'ties', and this may be a reasonable exposition option to describe Pakistan's relationship with the United States and Europe – but only when the word is employed in an economic rather than an emotional sense.

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Source; Published in The News

# **CPEC & New Prospects By Zulkafil Hassan**

## **Khan**

All the national and regional prominent experts termed current political change in the country would not derail various projects of China Pakistan Economic Corridor (CPEC) in the country. Rather, it would be counterproductive and healthy for the future development of the same.

It is a living reality that both countries have iron-clad friendship which is time-tested and timeless, and there is a complete national consensus in Pakistan on the salience and significance of this relationship regardless of the change in government or leadership.

Newly democratically elected Prime Minister Shehbaz Sharif is a trustworthy friend of China, who looks positive to further strengthening of bilateral cooperation with China in terms of the China-Pakistan Economic Corridor (CPEC) projects, Pakistan's economic recovery amid the COVID-19 pandemic, fighting terrorism and economic development in Afghanistan. Thus he has innovative tasks to be materialized under the flagship of CPEC.

Moreover, as Pakistan's leading and reputable politician, he has made valuable services for strengthening Pakistan-China friendship in the past. His services for the initiation, persuasion, approval, execution and implementation of the CPEC remained valuable. He is mesmerized with China's rapid development and economic progress and has worked closely with the Chinese government and private companies to complete many CPEC projects in the past. Thus his new political slot would bring many befitting propositions for both the countries and all main stakeholders.

Newly-elected Prime Minister Sharif is very famous for his hard working and strong commitment to the timely completion of CPEC projects. Previously as Chief Minister of Punjab, the biggest province of Pakistan he facilitated all kinds of political support and also closely supervised and stimulated implementation of all infrastructure and energy projects in Punjab. Resultantly, Pakistan succeeded to overcome shadows of darkness after the completion of many mega energy projects in the country.

It is hoped that completion of important projects of Phase-I including Main Line-I and key energy plants, the early operationalization of the Special Economic Zones (SEZs) would further stimulate the country's industrial output and high-quality development through enhanced cooperation in artificial intelligence, ICT, digitalization, information communication technology, science and technology, and agriculture would remain the priority of the government. In this connection, the corridor of knowledge should be a strategic priority of the newly elected government in the country.

Moreover, rapid progress on the development of the Gwadar Port and Free Trade Zone (FTZ) should be promoted to further brighten the chances of regional connectivity through immense socio-economic integration.

Economic stagnation because of many complex and complicated socio-economic and geopolitical reasons has reaffirmed strategic importance, scope, utility and capacity building orientation of the CPEC which should be further streamlined and systematized. Although Pakistan is passing through difficult times in terms of financial resources, hopefully under the visionary leadership of newly elected Prime Minister Sharif the government may get a roll-over facility from Beijing. In this regard, the economic and financial collapse of Sri Lanka does not have any resemblance with Pakistan. Thus western propaganda does not have any credibility on the issue of so-called debt trap.

China has become Pakistan's largest trade partner and a major source of foreign direct investment. Moreover, it occupies an important position for Pakistan's economic revival and long-term development agenda which has brighter prospects under the flagship projects of CPEC in the country. Thus the premiership of Sharif would be a blessing for the country and of course CPEC projects.

It is hoped that investment by Chinese state-owned enterprises and private enterprises under the flagship projects of CPEC would be conducive to Pakistan's economic growth and create job opportunities in the days to come. Additionally, as a leading agrarian country, Pakistan looks forward to expanding the export of its agro and food products to China.

There is an urgent need to revisit our security policy and scheme of arrangement for the easy and smooth functioning and protection of CPEC in the country. In this context, valiant law enforcement agencies and defence forces remain vigilant

to counter all nefarious designs of regional enemies against CPEC. Pakistan had put in place an elaborate security mechanism to ensure the safety and security of all CPEC projects and personnel.

It seems that a peaceful, prosperous, and stable Afghanistan is vital to the shared development of the region. Pakistan stands ready to cooperate with China in this endeavor through the extended connectivity of the CPEC in Afghanistan and beyond. Pakistan, China and Afghanistan have also shown interest in extending CPEC to Afghanistan. This would pave way for Afghanistan's infrastructure development and its connectivity and integration with the region.

I conclude that as agricultural countries China and Pakistan are currently facing the same challenges of food security. New crop sorghum has gradually attracted attention. It is an indispensable dry food crop, the second only to wheat, corn, rice and barley in China in terms of planting area and output. It has been labeled as the camel of crops" based on its numerous excellent qualities such as resistance to pests and diseases, high temperature, cold, and salinity.

It is a multi-purpose crop that can play an important role in food and fodder provision. At a time when the world is facing the dual challenges of the epidemic and food crisis, it is a win-win choice to incorporate this multi-purpose crop into the CPEC cooperation framework and add another layer of guarantee to the food security of China and Pakistan. Thus it must be included in the further development of CPEC projects in the country.

Even tea plantation has become a new profitable crop in the country. As all potential tea growing areas lie on both sides of the CPEC route, providing easy access to markets, China is fully engaged with Pakistan under the China-Pakistan Economic Corridor (CPEC). Pakistan can easily benefit from Beijing's expertise and resources. Furthermore, China has already developed NTRI in Shinkiyari and would welcome the opportunity to use it for a B2B agricultural enterprise. Moreover, CPEC will further expand chilli farming over 5000 acres in Pakistan which is good omen for the agriculture development.

Interestingly, Chinese companies are going to step up pharmaceutical cooperation with Pakistan. Many companies including Luye Life Sciences Group, Guangzhou Baiyunshan Zhongyi Pharmaceutical, and Guangzhou Qixing

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Pharmaceutical expressed their intention to cooperate with potential Pakistani partners. Thus it should also be included under the flagship of CPEC.

Political change in the country will not create any hurdle in the ongoing projects of the CPEC, rather hopefully it will be useful for its rapid growth.

Source: Published in Pak Observer

# **IMF Sets Tough Terms For Bailout Revival**

**By Shahbaz Rana**

The International Monetary Fund (IMF) has set out five major conditions for the revival of \$6 billion bailout package, including reversal of fuel subsidies and withdrawal of the tax amnesty scheme, the new finance minister, Miftah Ismail, said on Wednesday.

The other conditions are increase in electricity tariffs, imposition of new taxes and ensuring fiscal savings aimed at bringing down the projected primary budget deficit of Rs1.3 trillion to the earlier agreed limit of Rs25 billion surplus, he said while speaking to journalists.

The government has a plan to get financial assistance from China and secure liquefied natural gas (LNG) on deferred payments from Qatar aimed at taking off pressure from the external sector.

The minister had his first formal interaction with the media hours before departure to Washington where he planned to meet with the IMF management for the revival of the stalled programme. But before flying to Washington Ismail had to approach a court to get his name struck off the no-fly list.

Miftah Ismail has requested a face-to-face meeting with IMF Managing Director Christalina Georgieva. He would also meet with the deputy managing director and staff of the IMF to seek maximum possible concessions against the commitments given by the previous Pakistan Tehreek-e-Insaf (PTI) government.

The IMF programme remains stalled due to the previous government's backpedalling on implementation of the condition it had agreed with the Fund in addition to fixing the fuel prices at their March 1st level.

"Pakistan is going to the IMF programme and Prime Minister Shehbaz Sharif has instructed me to make sure that there is least burden on the people in return for revival of the programme," Ismail told the journalists.

"I have interacted with the IMF staff and it [IMF] has put forth five major conditions related to reversal of fuel subsidies, withdrawing tax amnesty scheme,



increasing the electricity prices, imposing more taxes and ensuring fiscal savings,” he continued.

However, the finance minister maintained that Pakistan had not yet accepted these conditions and a decision would be made after holding talks with the Fund.

The conditions have been set out for the next loan tranche of around \$960 million under the 7th review of the programme. The finance minister clarified that at this stage, he was not interested in the two programme reviews.

At the moment three programme reviews are pending and their completion will pave the way for the release of a total \$3 billion remaining three tranches before the programme is completed in September.

“Former prime minister’s irresponsible action to give fuel subsidies without seeking input from the Ministry of Finance has turned things very sensitive,” Ismail said. “The decision to give the fuel subsidies has put Pakistan’s economic future at stake.

The finance minister added that the revised estimates suggested that the country would need to pay Rs192 billion more in fuel subsidies for the May-June period, bringing the total subsidies to Rs293 billion since March 1st.

According to the minister, the IMF wanted that not only the subsidies be withdrawn but the government should also restore petroleum levy and sales tax on the sales of the petroleum products. “An owner of a Land-Cruiser is availing Rs1,680 subsidy on every fuel tank, he added, endorsing the IMF’s view on withdrawing these subsidies.

The minister did not see any problems in withdrawing the tax amnesty scheme that the previous Imran Khan government had announced. He said that the government was ready to reduce the Public Sector Development Programme (PSDP) to Rs600 billion.

Responding to a question, whether the government would impose inheritance tax as an alternative to taxing the salaried individuals, the minister said that it was not necessary that the son of a rich person should also be rich.

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Ismail vowed that the government would not endorse those conditions that could disrupt economic activities. He hoped that the IMF would not push hard to immediately increase the electricity prices and an effort would be made to delay this action too.

About seeking financial help from China, the minister said that Chinese leadership had high regards for the Sharif brothers – Prime Minister Shehbaz Sharif and former prime minister Nawaz Sharif. He hoped that the country would get \$4.3 billion breathing space from China in the shape of earlier disbursement of \$2.3 billion commercial loan and rollover of \$2 billion SAFE deposits.

The finance minister said that his immediate challenge was to sustain the foreign exchange reserves at the current levels and also arrange \$4 billion more to pay for the current account deficit.

When asked about the downward slide of the rupee value against the dollar that closed at Rs185.92 on Wednesday, Ismail said that the exchange market was very thin and there was a need for remaining vigilant about any attempts to manipulate the rupee value.

Source: Published in Express Tribune

# EDUCATION

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## **Returns to Education in Pakistan By** **Mujeeb-ur-Rehman**

EDUCATION is provided for the purpose of human capital formation and human resource development by societies for centuries.

Human capital is termed as the abilities, knowledge learned through education, improved capabilities of individuals and promise for livelihood earnings to people.

Education has the potential to increase the productive ability of individuals.

Education can also justify the grandiose agglomeration of government earning mechanism that can be understood as government net income, achieving taxation targets, states financial and funding interventions in public affairs and making pathways for better policy recommendations and implementations in due time and given a budget to prosper economic and social lives of the citizenry.

The rate of returns is associated with education and defined as the value of lifetime productivity and socio-financial earnings of individuals.

Academic studies and observations of educated people report that there is a positive relationship between years of schooling and earnings, thus justifying public and private investment in education and educational policy designing of the states for its citizens.

The national education policies and public spending on educating people are justified on the basis of two types of returns to education in any society or state.

These are private and social returns to education. Private return to education consists of the student's degree, diploma, life expectancy with better health, job, and opportunity for getting better careers with time and experience.

One of the reports of the World Bank, empirically shows that the rates of returns to primary education are 20%, a secondary level of education is 14% and a tertiary level of education is 11% to individuals in their earnings across the globe.

For Pakistan, an additional year of schooling increases the average rate of returns up to 7% for individuals across national labour markets.

The social return to education means that society gets to progress, understanding civic roles, rational decision making, making responsible citizens, learning norms, social and religious harmony, a decrease in crime rates and public knowledge to expose the power of ballot for creating democratic societies.

It is well evident that political decision-making became prosperous in educated societies and states across the globe since the dawn of human civilization.

The Constitution of Pakistan provides free and compulsory education and its access to all the national population from age 5 to 16 years.

In addition, education is one of the most effective keys by which a nation uplifts its socio-economic fronts to development.

That is why, parents that invest more and optimally for their children's education result in better prospects of long-term job creation, employment opportunities, personal, business development and civic sense development among children.

The education is directly contributing to national causes of integrity and development, sense of responsibility in citizens, and many other social benefits that ultimately contribute into the progress of a nation.

More investment in education is likely to generate knowledge creations in multiple fields of science and technology, innovation and providing technical and vocational skills to the youth bulge that may spill over into higher productivity in almost all the fields of national spheres of Pakistan.

Different economists and researchers have used various parameters and indicators to measure multiple aspects of such returns to education.

The most common is the years of schooling, experience after schooling, the levels of vocational skills, technical capabilities, innovation and creativity indicators, quality of education and the level of schooling to mention a few.

Quantifying indirect returns to education is a challenge to measure yet faced by social scientists.

Similarly, the payoff matrix of education varies across individuals and fields of sciences and labour market responses across the globe.

The studies conducted in the past, in this regard, have indicated parameters to bring fluctuations in returns are class size, teacher quality, school quality, student-teacher-parents collaboration mechanism, classroom attendance, teacher attendance and the resources allocated for education purposes.

All these parameters are the constituting components of any education policy.

The national education policy perspectives must ensure access to quality education for all, development of a unified national curriculum for national cohesion, encompassing the R&D requirements for knowledge generation in all fields of sciences and arts, prioritizing national objectives.

Through investing in education, increasing productivity and human capital formation of the labour force, human resource development in every field, provision of technical and vocational skills, promotions of science and technologies.

A public-private partnership for educating the youth bulge, sufficient funds allocated for education, dissemination of national harmonization policies through education, collaboration with international educational institutions and encompassing the constitutional requirements for providing educational access and quality to all the segments of Pakistani society.

The major obstacles in the education system of Pakistan are low enrollment ratio, poverty-driven out-of-school children, higher dropout ratios and some of the teaching quality issues in most of the rural areas of Pakistan.

The national literacy rate in 1981 was 25.73 and is currently reported 62.3% by the end of the year, 2021.

Therefore, a comprehensive strategy is of dire need to strengthen the education system of Pakistan.

—The writer is a Research Officer at Balochistan Think-Tank Network, at Buitems, Quetta.

Source: Published in Pak Observer

# Education, Energy and Economy By Dr Pervez Tahir

t does not need a national economic council of defunct economists to tell the coalition government what went wrong in four years or so. Time is not on its side anyway. But a strategic focus and Shehbaz speed can reverse diminishing returns. The start is good. The rich have spoken through the stock exchange and the foreign exchange market. The poor and the low income earners have been placated with a little more in the pockets. That, sadly, is all that can be there in the nature of relief. More and sustained improvement in the human condition has to wait until the change in structure.

The government is committed to elections and accountability reform. Simultaneously, the government has to move speedily in key areas of education, energy and economy. In education, an important step has already been taken by linking BISP support to schooling. The good experience of Punjab Education Foundation should be replicated across the country. Next should be to restore order in the Higher Education Commission. Thoughtless ordinances in rapid succession just to satisfy egos have played havoc with the higher education. All illegal actions including the amendments in the HEC Ordinance, reduction of Chairman's term and appointment of tainted people to the Commission without due process have to be reversed. Despite restoration by the Islamabad High Court, a reformist Chairman has been made nonfunctional through the backdoor. His term should be extended by at least two years to complete the disrupted reform process. Ad hoc bodies such as the taskforces on knowledge economy and science and technology, besides the university in the PM House, diverted HEC funding to wasteful projects. These must be wound up and those identified by the court should be called to account.

Energy is an area where production, distribution and pricing have all reached the limits of our capacity to reform. The would-be custodian of finance had nothing much to say on the subject, except that the previous government had added to the already high fiscal deficit by reducing the prices of petrol and electricity in violation of the agreement with the IMF. There are reports of heavy electricity load-shedding, although the summer has not fully set in. Come winter, the gas load-shedding will be staring in the face. Rising world prices are beyond our control, but signing sensible and timely agreements is not. Nor is the efficient

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management of supply, transmission and distribution. Demand management is the worst of all. Energy consumed to produce a dollar of GDP is among the highest in the world. Alternative and renewable energy continues to be low on priority. Solar equipment has actually been heavily taxed.

Poor education and costly energy weaken the structure of the economy. Persistently rising fiscal and current account deficits are symptoms of a deep-going malaise. Governments have mostly been engaged in firefighting by arranging financial succour from friendly countries, the IMF and other donors that predictably led to the classic debt trap – borrowing to service previous debt. This government does not have the time to tread any different path. Still it can try to devote the better part of whatever fiscal space it creates to education and energy. Inflation, a boon for those who can raise their price and a bane for those who cannot, is supply-driven, essentially, federally administered prices and provincially misgoverned supply chains of foodstuffs. Prime Minister's direct experience of the latter may be useful in dealing effectively with the former. Whether this will fulfil preconditions to sustainable development depends on clarity about the life of the coalition government.

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# WORLD

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## **Biden's Unbalanced Ukraine Policy By Colin Dueck**

After President Joe Biden's off-the-cuff statement last weekend that Vladimir Putin "cannot remain in power," White House staff rushed to correct it. The president, they say, has followed a policy toward Ukraine over the last year that is consistent, coherent, balanced, and effective.

Unless dissent is patriotic only when Democrats are out of power, allow me to make a few observations.

First, as historian Robert Service noted in an interview with the Wall Street Journal, Biden nudged one step closer toward the impression of NATO membership for Ukraine last fall, via the U.S.-Ukrainian Charter on Strategic Partnership, while simultaneously failing to adequately prepare that country for its own defense. This might be described as a violation of International Politics 101: Never wound a king. John O'Sullivan warned at National Review on February 3 that the United States was on track to provoke Putin without deterring him. O'Sullivan was right about that.

The point is not, as some would have it, that the United States is to blame for the Russian attack on Ukraine. That choice was Putin's alone and must be counteracted. Putin's actions aren't simply a reactive measure based on a long-term pattern of NATO expansion. They flow from his more basic resentment at the collapse of Soviet power over thirty years ago. Unless we are supposed to help reconstruct Russia as one of the world's two leading superpowers—an impossible and inadvisable task—there is little we can do to appease his frustration. But that doesn't mean we can't deter him through firm, effective U.S. policies. Unfortunately, Biden failed to do so.

Second, Biden has pursued a progressive agenda on climate change, the environment, and the U.S. oil and gas industry that is not only unwise on its own terms, but catastrophically so given the current crisis. It was Joe Biden who

canceled the Keystone Pipeline energy project with Canada, a point of great pride for him, while giving a green light to Germany's Nord Stream II pipeline with Russia. Think about that for a minute. This administration cracked down on U.S. energy cooperation with Canadians, while giving the okay to German gas imports from Putin's Russia.

By simultaneously insisting over the past year that the Saudis must be critiqued on Yemen and human rights, Biden has boxed himself in. Now that he needs their oil, the Saudis won't even take his calls.

Under current conditions, cutting off Russian oil and gas from international markets makes sense. But it makes no sense whatsoever to pursue a punitive approach toward North American oil and gas production while doing so. In fact, it never did. Nor does it make any kind of sense to cozy up to bitter U.S. adversaries in Iran and Venezuela as a way of addressing energy shortages. The obvious answer would be working with allies instead of adversaries to address those shortages—and unleash domestic production. This is long overdue.

Third, the desire on the part of the American public and (sometimes) President Biden to avoid undue escalation with Moscow is understandable. Any sensible approach would factor this in, looking to maintain peace at the great-power nuclear level. What a sensible approach would not do is continually signal to the Russians ahead of time exactly what the U.S. reservation point is on one issue of deterrence and coercive diplomacy after another. And yet this is exactly what Biden has done, again and again, including by Twitter. It's like playing poker while continually showing your cards to the other players. It's self-defeating, and naturally, Putin takes full advantage of it.

However, if you are the president of the United States, before announcing that some foreign head of state "cannot remain in power," reflect on the American experience with international regime change over the past twenty years. Are you serious about such a change in this latest case, and if the answer is yes, how do you propose to do that in relation to a country measuring over six million square miles with thousands of nuclear weapons? Or will your staff have to walk that one back for you?

To be fair, Biden's national security team has got some things right. The opening package of U.S. economic sanctions, diplomatic initiatives, deployments to eastern NATO, and weapons to Ukraine over the past month are welcome

measures. Handheld anti-tank missiles, for example, have had a devastating effect on Russian armor. But supplies are running out. The administration needs to increase weapons shipments, boost U.S. defense spending significantly, completely overhaul U.S. oil and gas policy, and strengthen economic sanctions on Moscow. Some of this, Biden will do. Some of it, obviously not, when it contradicts liberal priorities.

Having said that, there really are limits to how far the United States should ramp up the pressure, even if the president doesn't need to signal every such limit ahead of time. For instance, the idea has been raised of a no-fly zone enforced by NATO over Ukraine. Intelligent people can and do disagree on the subject, but I believe this would be going too far. Putin's Russia is not Saddam Hussein's Iraq. The risk of accidental escalation with a nuclear-armed major power would be unnecessarily high. Better to give the Ukrainians the means to build something like their own no-fly zone against the Russians. NATO should not be asked to enforce it.

This speaks to a point raised by Mac Owens in an excellent piece recently at American Greatness. As Owens says, surely considerations of prudence ought to be central when it comes to U.S. foreign policy. And as he is the first to note, prudence does not necessarily mean avoiding every possible form of conflict or tension with authoritarian aggressors overseas. Rather, prudence means striking the right balance, doing the right thing at the right time for the right reasons. In foreign policy, this means avoiding errors of strategic over-extension, as well as errors of under-extension. Liberal internationalists, through their legalistic, sermonizing approach to world affairs and discomfort with hard power, tend to make mistakes in both directions at the very same time.

The Biden administration will have to decide what exactly its desired endgame is in Ukraine. The president openly suggested, speaking in Poland, that the U.S. endgame is the end of the Putin regime; his staff declare it is not. The implications of this confusion could be deadly, and you better believe Putin is listening. He will not go down without a fight. If Biden is serious when he says that Russia's current leader cannot remain in power, then of course a negotiated settlement is off the table, and there is no path to war termination other than Putin's exit. If so, what is Biden's plan to achieve it, short of the larger conflagration he seeks to avoid? I cannot see that he has one. He emotes. He emits. He does not strategize.

One alternative raised in Foreign Affairs by Wess Mitchell, assistant secretary of state for Europe and Eurasia during the first two years of the Trump administration, is that of “fortified neutrality.” Ukraine’s President Volodymyr Zelenskyy has already indicated he is ready to drop the idea of NATO membership. Fortified neutrality would clarify that Ukraine will not join NATO, but that the country’s independence is guaranteed by all parties—and that it is free to maintain flourishing diplomatic, economic, and political ties to the West. But as Mitchell suggests, this condition cannot and should not be decided without the Ukrainians. Zelenskyy has proven to be an impressive wartime leader, and his people have shown stunning courage and skill in forcefully defending their homeland. That, by the way, is nationalism—love of country, and a readiness to fight for it. Ukraine’s president has earned the right to decide for himself what peace terms he is willing to accept. He must not be pressured by the West into any concessions he finds intolerable. Nor, for that matter, should he be pressured to avoid any settlement he feels is in the best interests of his own country.

On a human level, you feel some sympathy for U.S. officials of any party who face what is really the most severe combination of geopolitical challenges to America’s position since the Cold War. Even as Putin looks to violently dismantle Ukraine, so China, North Korea, and Iran all consider how best to take advantage of this moment at America’s expense. We should pray this administration eventually gets it right. I mean that literally: the danger of deterrence breakdown and conflict on multiple fronts is now very real.

Unfortunately, all these challenges are unnecessarily aggravated by our current commander-in-chief. The problem is brutally simple, however painful it is to say it. Namely: foreign dictators do not fear Biden in the way that they should. Consistent with the twenty-first-century liberal format, he castigates and annoys them without creating intimidating deterrents. He oscillates between wild overstatement and perplexed incoherence. He is not, as was claimed two years ago, a great old foreign policy hand. His judgment, as former Defense Secretary Robert Gates once noted, is frequently wrong. Biden is a career politician and a party machine leader who has held high office in Washington, DC, for nearly half a century without leaving much impression of firm, enduring policy convictions on issues of national interest. As his party has drifted leftward, so has he. His self-appointed task, case by case, is mainly to defer to the wishes of his own liberal domestic coalition. A nice guy? Maybe. Most of his supporters seem to think so.

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But foreign autocrats licking their chops do not care, and the judgment of history can be pitiless.

Biden is an inept foreign policy president, and most Americans know it. He seems confused and out of his depth. If you want to understand the all-too-valid reasons for widespread concern over the current Ukraine crisis, that's a pretty good place to start.

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# **From Korea To Libya: On The Future Of Ukraine And NATO's Neverending Wars – OpEd By Ramzy Baroud**

Much has been said and written about media bias and double standards in the West's response to the Russia-Ukraine war, when compared with other wars and military conflicts across the world, especially in the Middle East and the Global South. Less obvious is how such hypocrisy is a reflection of a much larger phenomenon that governs the West's relationship to war and conflict zones.

On March 19, Iraq commemorated the 19th anniversary of the US invasion which killed, according to modest estimates, over a million Iraqis. The consequences of that war were equally devastating as it destabilized the entire Middle East region, leading to various civil and proxy wars. The Arab world is reeling under that horrific experience to this day.

Also, on March 19, the eleventh anniversary of the NATO war on Libya was commemorated and followed, five days later, by the 23rd anniversary of the NATO war on Yugoslavia. Like every NATO-led war since the inception of the alliance in 1949, these wars resulted in widespread devastation and tragic death tolls.

None of these wars, starting with the NATO intervention in the Korean Peninsula in 1950, have stabilized any of the warring regions. Iraq is still as vulnerable to terrorism and outside military interventions and, in many ways, remains an occupied country. Libya is divided among various warring camps, and a return to civil war remains a real possibility.

Yet, enthusiasm for war remains high, as if over seventy years of failed military interventions have not taught us any meaningful lessons. Daily, news headlines tell us that the US, the UK, Canada, Germany, Spain or some other western power have decided to ship a new kind of 'lethal weapons' to Ukraine. Billions of dollars have already been allocated by Western countries to contribute to the war in Ukraine.

In contrast, very little has been done to offer platforms for diplomatic, non-violent solutions. A handful of countries in the Middle East, Africa and Asia have offered mediation or insisted on a diplomatic solution to the war, arguing, as China's foreign ministry reiterated on March 18, that "all sides need to jointly support Russia and Ukraine in having dialogue and negotiation that will produce results and lead to peace".

Though the violation of the sovereignty of any country is illegal under international law, and is a stark violation of the United Nations Charter, this does not mean that the only solution to violence is counter-violence. This cannot be truer in the case of Russia and Ukraine, as a state of civil war has existed in Eastern Ukraine for eight years, harvesting thousands of lives and depriving whole communities from any sense of peace or security. NATO's weapons cannot possibly address the root causes of this communal struggle. On the contrary, they can only fuel it further.

If more weapons were the answer, the conflict would have been resolved years ago. According to the BBC, the US has already allocated \$2.7bn to Ukraine over the last eight years, long before the current war. This massive arsenal included "anti-tank and anti-armor weapons ... US-made sniper (rifles), ammunition and accessories".

The speed with which additional military aid has poured into Ukraine following the Russian military operations on February 24 is unprecedented in modern history. This raises not only political or legal questions, but moral questions as well – the eagerness to fund war and the lack of enthusiasm to help countries rebuild.

After 21 years of US war and invasion of Afghanistan, resulting in a humanitarian and refugee crisis, Kabul is now largely left on its own. Last September, the UN refugee agency warned that "a major humanitarian crisis is looming in Afghanistan", yet nothing has been done to address this 'looming' crisis, which has greatly worsened since then.

Afghani refugees are rarely welcomed in Europe. The same is true for refugees coming from Iraq, Syria, Libya, Mali and other conflicts that directly or indirectly involved NATO. This hypocrisy is accentuated when we consider international initiatives that aim to support war refugees, or rebuild the economies of war-torn nations.

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Compare the lack of enthusiasm in supporting war-torn nations with the West's unparalleled euphoria in providing weapons to Ukraine. Sadly, it will not be long before the millions of Ukrainian refugees who have left their country in recent weeks become a burden on Europe, thus subjected to the same kind of mainstream criticism and far-right attacks.

While it is true that the West's attitude towards Ukraine is different from its attitude towards victims of western interventions, one has to be careful before supposing that the 'privileged' Ukrainians will ultimately be better off than the victims of war throughout the Middle East. As the war drags on, Ukraine will continue to suffer, either the direct impact of the war or the collective trauma that will surely follow. The amassing of NATO weapons in Ukraine, as was the case of Libya, will likely backfire. In Libya, NATO's weapons fueled the country's decade-long civil war.

Ukraine needs peace and security, not perpetual war that is designed to serve the strategic interests of certain countries or military alliances. Though military invasions must be wholly rejected, whether in Iraq or Ukraine, turning Ukraine into another convenient zone of a perpetual geopolitical struggle between NATO and Russia is not the answer.

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Source: Published in Eur Asia Review



# **China's Strategic Approach Towards the Middle East**

## **By Dr Muhammad Akram Zaheer**

From 2016, China began to pay special attention to the Middle East. With the immense production capacity of its industries, China is primarily the world's largest buyer of Middle Eastern fuel. Therefore, establishing closer ties with oil-rich Middle Eastern countries, most of which are allies of the USA, shaped the foundation of Chinese foreign policy towards the Middle East. China issued an Arab policy document in 2016, showing that it would strengthen its ties with the countries of the region with the "Declaration on the Implementation of Sino-Arab Cooperation".

China has signed Belt and Road Initiative agreements with countries such as Saudi Arabia, Sudan, Iraq, the United Arab Emirates, Qatar, Kuwait, Egypt and Morocco, and some of them are members of the Asian Infrastructure Investment Bank which was also initiated in the fields of renewable energy, oil, electricity and civil nuclear energy. In response, China has increased its oil purchases from oil-rich Gulf States, deepening its commitment to the region by increasing its oil purchases.

By signing cooperation agreements with these Arab states, China did not form its Arab policy on the political structure, but on the economic, with these countries or their relations with the USA, nor did it intend to replace the USA, which is a military power in the Middle East.

This is due to the fact that the survival of Chinese investment and infrastructure projects in the Middle East, as well as the security of oil purchases in the Gulf, depended on the US military presence, which it maintained. Chinese entry into the Middle East meant an economic confrontation with the USA, but in doing so, it was careful not to turn its engagement into a struggle for military and political power.

Furthermore, it is not an Arab state, but another Middle Eastern country with which China cooperates fully and through which it will eventually compete with the USA in the international arena.

While Iran's relations with other countries in the region are marked by greater consistency as long as its ideological and strategic interests are aligned, its relations with world powers are more indecisive and duplicitous. In this regard, it can be seen that Iran pursues a multilateral foreign policy rather than supporting a superpower, and that it seeks to maximize its benefits by maintaining balanced and equitable relations. In fact, at a time when the pragmatic spiritual government signed a landmark nuclear deal with the European Union and the USA in 2015, it was also holding intense talks with China.

The Sino-Iranian deal will not replace Iran's negotiations with the West, like the nuclear deal and other major deals like the FATF, but it will serve as a trump card to tip the balance in Iran's favour on these deals. Iran's global strategy is not to side with the parties, but to use all the agreements it has made with major powers such as the USA, the European Union and China, and will do so in the future. This is the strategic implication of the principle of "multilateralism in international relations", which Persian diplomacy constantly emphasizes.

The West was offering Iran a package with direct and indirect political terms to lift sanctions and sign a nuclear deal. As a result, it was expected that Iran would undergo gradual social, economic and political change as a result of its integration and stagnation in the international economic system. Lifting sanctions would further boost Iran's investment and trade cooperation with China, as well as strengthen its ties with the West. In fact, with the easing of sanctions in 2015, China allowed a large number of personnel to go to Iran, paving the way for many medium-sized Chinese companies to explore cooperation opportunities, and to study the Iranian economy.

Although violations of the nuclear deal during Trump's presidency have boosted China's economic relations with Iran, it can be seen that between 2015 and 2021, China became Iran's largest direct or indirect trading partner and oil importer. Despite the sanctions, China's oil purchases from Iran reached record highs in 2021. Therefore, the 25-year agreement between China and Iran in March 2021 was not a political agreement that Iran has signed with the P5+ 1 as an alternative to the nuclear deal, but this agreement of China has the potential for economic growth.

The content of the agreement between China and Iran is similar to the strategic agreements in the region. On the other hand, when it is considered the US-Iran

nuclear talks, which are still stuck under President Biden, the Sino-Iranian agreement is considered a threat by the USA. In the past, China was demonstrating its ability to tolerate sanctions, using alternative methods such as oil trade and the use of the national currency in joint banking, as one of the most important disciplinary mechanisms in the international system.

China has joined Iran with an alternative approach to the system and its own alternative modern model, aimed at resolving the political recommendations offered by the West. This situation highlights in the case of Iran that the United States is feeling that China is moving towards becoming a global economic power.

In some of Biden's most recent statements, the threat posed by the prospect of global animosity between the Chinese and liberal development models can be clearly seen as an attempt to strengthen liberal-democratic principles, which the Biden Administration recently strengthened. In short, the Sino-Iranian agreement seems a turning point in the impending shift of power between China and the USA.

According to current indications, even if a nuclear deal had been struck with the USA, Iran would have reached a strategic agreement with China and pursued a multilateral foreign policy with the major powers in the international arena. On the other hand, given its current stalemate with the United States, China's agreement could have far-reaching consequences in the long run.

For Iran, which is struggling to maintain oil exports despite sanctions, the agreement may improved oil sales from China and the development of energy infrastructure. Particularly, the terms of the agreement are expected to introduce new regulations in the Iranian banking sector, as well as the use of its national currency instead of the US dollar in oil sales, and thus to some extent weaken the Iranian economy. Therefore, these economic measures have the potential to reduce Iran's isolation as a result of international sanctions. The infrastructure development partnership with China will support Iran's plans to become a commercial corridor hub, opening it up to neighbouring countries through new road, rail and port projects. Iran's influence in Lebanon, Syria and Iraq can strengthen its post-war economic and reconstruction power in the region, while, on the other hand, China can strengthen its economic activities and presence in the Middle East.

The USA's most powerful trump card of sanctions to return to the nuclear deal has potential to damage the China-Iran Comprehensive Strategic Partnership. In this context, two scenarios emerge for the future of the nuclear deal. The implementation of the nuclear deal between the two parties has accelerated the first scenario, in which the sole purpose of the Biden Administration is to return Iran to international nuclear status. In the second scenario, Iran's ballistic missiles, military activities in the region and relations with the regional countries, the world should not expect a positive response in return to the nuclear deal. The reason for this is that Iran will not make reassurances to the USA on these issues, particularly after the deal with China, which has the potential to ease sanctions.

The Sino-Iranian deal will not replace Iran's negotiations with the West, like the nuclear deal and other major deals like the FATF, but it will serve as a trump card to tip the balance in Iran's favour on these deals. Iran's global strategy is not to side with the parties, but to use all the agreements it has made with major powers such as the USA, the European Union and China, and will do so in the future. This is the strategic implication of the principle of "multilateralism in international relations", which Persian diplomacy constantly emphasizes.

Source: Published in Pakistan Today

# **The New Nuclear Age By Andrew F. Krepinevich, Jr.**

In late June 2021, satellite images revealed that China was building 120 intercontinental ballistic missile (ICBM) silos on the edge of the Gobi Desert. This was followed by the revelation a few weeks later that another 110 missile silos were under construction in Hami, in Xinjiang Province. Together with other planned expansions, these sites amount to a dramatic shift in the country's approach to nuclear weapons. For decades, China maintained a relatively small nuclear force, but according to current U.S. intelligence estimates, that arsenal is now on track to nearly quadruple, to 1,000 weapons, by 2030, a number that will put China far above any other nuclear power save Russia and the United States. Nor does it seem likely that Beijing will stop there, given President Xi Jinping's commitment to build a "world class" military by 2049 and his refusal to enter into arms control talks.

It is hard to overstate the significance of this effort. In developing a nuclear arsenal that will soon rival those of Russia and the United States, China is not merely departing from its decades-old status as a minor nuclear state; it is also upending the bipolar nuclear power system. For the 73 years since the Soviet Union's first nuclear test, that bipolar system, for all its flaws and moments of terror, has averted nuclear war. Now, by closing in on parity with the two existing great nuclear powers, China is heralding a paradigm shift to something much less stable: a tripolar nuclear system. In that world, there will be both a greater risk of a nuclear arms race and heightened incentives for states to resort to nuclear weapons in a crisis. With three competing great nuclear powers, many of the features that enhanced stability in the bipolar system will be rendered either moot or far less reliable.

There is nothing the United States can do to prevent China from joining it and Russia as the world's top nuclear powers, but there are things that U.S. strategists and defense planners can do to mitigate the consequences. For starters, Washington will need to modernize its nuclear deterrent. But it will also need to engage in new ways of thinking about the nuclear balance of power and how, in a far more complex strategic environment, it can maintain deterrence and keep the nuclear peace.

## GUNFIGHTERS ON A DUSTY STREET

During the Cold War, both the Soviet Union and the United States were able to focus their nuclear strategies almost entirely on the other. The two superpowers built nuclear arsenals exceeding 20,000 weapons apiece, allowing them to largely discount the arsenals of the minor nuclear states—China, France, Israel, and the United Kingdom—whose stockpiles did not exceed the low hundreds. After the Cold War, Russia and the United States felt comfortable agreeing to reduce their deployed strategic forces to 1,550 nuclear weapons, as they continued to maintain a large advantage over any other nuclear-armed state.

Although the bipolar system did not eliminate the risk of nuclear war, it worked well enough to avoid Armageddon. Two features of the two-power system are parity and mutually assured destruction, or MAD. Ever since they initiated the Strategic Arms Limitation Talks, in 1969, both Moscow and Washington have emphasized maintaining parity, or similar-sized arsenals, as a way to enhance deterrence and crisis stability—a situation in which there are strong disincentives to resort to nuclear weapons, even under conditions of great stress. For both powers, establishing nuclear forces that were similar in size and far larger than that of any other nuclear state placed them on an equal footing. This was especially important for the United States, which sought to discourage Soviet attacks not only on itself but also against key allies and security partners, whom Washington had offered to shelter under its “nuclear umbrella” through extended deterrence. Consequently, Washington was keen to avoid creating the perception among these states that its nuclear forces were in any way inferior to Moscow’s.

As the Soviet arsenal continued expanding in the Cold War’s early period, and especially after the development of thermonuclear weapons, American strategists sought new ways to strengthen deterrence. A key factor in this effort was the concept of assured destruction, according to which the U.S. arsenal needed to be able to absorb a surprise Soviet first strike and still be capable of inflicting a devastating retaliatory, or second-strike, attack that could destroy the Soviet Union as a functioning society. (In 1964, U.S. Defense Secretary Robert McNamara estimated that an arsenal needed to be able to conserve 400 weapons to maintain an assured destruction force for a second strike, which he defined as the ability to destroy a quarter of the Soviet Union’s population and half its industrial capacity.) Later, strategists devised the term “mutually assured destruction” to describe the situation in which both rivals possessed this ability. This apocalyptic standoff was famously characterized by the physicist Robert

Oppenheimer, who led the development of the atomic bomb, as the state of two scorpions trapped in a bottle, each able to kill the other, but only at great risk to its own survival.

In some circumstances, starting a nuclear war can be seen as a rational act. Simply maintaining the ability to obliterate the adversary's population centers and industrial infrastructure in retaliation for any nuclear attack did not, however, guarantee that deterrence would hold in every situation. Under what conditions would a rational leader opt to use nuclear weapons in a conflict? The game theorist and Nobel laureate Thomas Schelling pointed out that under certain circumstances, initiating a nuclear war could be seen as a rational act. As Schelling saw it, the two great nuclear powers, instead of resembling scorpions in a bottle, might confront each other as two gunfighters on the dusty street of a lawless Old West town, where whoever is quicker to draw enjoys an advantage. This situation would obtain when one of the two powers sensed what Schelling called "the fear of being a poor second for not going first." This fear became particularly acute when advances in ballistic missile guidance enabled both the Soviet Union and the United States to execute a "counterforce" nuclear attack on the other's own nuclear arsenal, thereby potentially compromising the efficacy of any second-strike attack.

These fears were accentuated by the advent of missiles with multiple independently targetable reentry vehicles, or MIRVs. Since each "vehicle," or nuclear warhead, on such a missile was capable of hitting a different target, there was now the prospect of an attacker using a single missile to destroy several comparably armed enemy missiles in their silos, or of a naval base hosting several ballistic missile submarines, each armed with a dozen or more missiles carrying hundreds of weapons, or of dozens of nuclear-armed bombers at an air base. In military terminology, the attacker could now enjoy a highly favorable "cost-exchange ratio," in which it could destroy dozens of its rival's weapons using only a few of its own, thus significantly altering the state of parity that had existed before the attack.

In such a contingency, the victim would be left with two unpalatable forms of retaliation. It could use much or most of its small surviving force to launch an attack in kind against the aggressor's arsenal. But the prospects for success would now be slight, as the bulk of the aggressor's nuclear forces would be intact and, along with its air and missile defenses, be standing on full alert. Moreover, such a second strike would also risk leaving the victim with insufficient forces to

maintain an assured destruction capability. Alternatively, if the victim chose to conduct a devastating attack on the aggressor's economy and society, it would be an act of suicide, since it would trigger MAD, provoking a corresponding attack on itself from its adversary, which had preserved its own assured destruction force. The victim would therefore be confined to a third option, retaining its surviving nuclear forces to deter an attack on its economy and society. But if it did so, the attacker would enjoy a substantial surplus of nuclear forces to support acts of coercion or further aggression.

The “fear of being a poor second” led both the Soviet Union and the United States to maintain some of their nuclear forces on high alert, known as a “launch on warning” posture. The objective was to increase the risk to the attacker by having vulnerable forces able to launch before they could be destroyed. This approach had its own hazards: at several points during the Cold War, American or Soviet forces came uncomfortably close to launching a nuclear strike when their early warning systems erroneously detected that an attack was underway. Nonetheless, the general stability of the bipolar system did much to help avert a nuclear conflict for nearly 70 years.

### THREE SCORPIONS, NOT TWO

China's attainment of great-nuclear-power status will dramatically upset this delicate equilibrium. Until recently, the Chinese government seemed content with a “minimum deterrent” force of only a few hundred weapons. Now, however, it is moving in an entirely different direction. Along with its silo-building spree, it has developed a new ICBM capable of being armed with up to ten MIRVed nuclear warheads. This combination of proliferating launch silos and hydra-headed missiles will enable the Chinese military to expand its land-based arsenal even further, to as many as 3,000 weapons, simply by filling its silos with these missiles. China has also been modernizing its submarine-launched ballistic missile force and its long-range bomber fleet with an eye to fielding a robust triad of nuclear delivery systems—land, sea, and air—a capability that until now only Russia and the United States have possessed.

Addressing nuclear strategy in a tripolar nuclear system brings to mind the challenges associated with the so-called three-body problem in astrophysics. This is the problem of trying to predict the motion of three celestial bodies based on their initial positions and velocities. In a system of two celestial bodies, such a prediction can readily be made. But when there are three, no general solution has yet been identified (except when at least one of the bodies has a



gravitational attraction that is miniscule relative to those of the other two). Because the future positions of the three bodies defy an easy solution, a three-body system is described as “chaotic.” Similarly, with the emergence of three rival nuclear powers, several key features of the bipolar system will break down, and the “fear of being a poor second” for failing to attack first will likely increase.

To begin with, once China, Russia, and the United States all have large nuclear arsenals, each power will have to work to constrain the behavior of not one but two different adversaries. The concept used by the Chinese for deterrence—*weishe*—serves to make the point. It is more expansive than the traditional Western definition of “deterrence,” and it includes two different objectives. The first, similar to the Western concept, involves discouraging, or deterring, an opponent from pursuing a particular course of action. But the second objective of *weishe* is to coerce an opponent into pursuing a course of action it would not otherwise undertake. Thus, *weishe* also includes the Western concept of compellence. This suggests that the Chinese have more ambitious goals for their nuclear forces than U.S. policymakers do for their own. It raises the question of how the Chinese Communist Party would use its nuclear capability for coercive purposes. Washington’s allies are obvious targets.

During the Cold War, U.S. administrations sought to promote collective defense and discourage proliferation by convincing allies to shelter under the United States’ nuclear umbrella. Washington pledged that if Moscow attacked any of them with nuclear weapons, the United States would respond by retaliating with its own. In a tripolar system, however, the credibility of the U.S. nuclear umbrella risks being compromised by Washington’s need to hedge against the threat of two major rival nuclear powers. To the extent that the U.S. nuclear guarantee is seen as diminished, key allies such as Germany, Japan, and South Korea might become vulnerable to coercion by China or Russia—or seek nuclear weapons themselves.

This brings us to the problem of parity. In a tripolar system, it is simply not possible for each state to maintain nuclear parity with the combined arsenals of its two rivals. Assume, for example, that China deployed the same size nuclear force as Russia and the United States: 1,550 weapons. At that point, U.S. strategists might rationally conclude that they need to add an additional 1,550 weapons to achieve parity with the combined forces of China and Russia. Meanwhile, Russian strategists would likely want the same. China, having established an arsenal on par with the two great nuclear powers, would not be

inclined to forfeit its newly won status—and so a tripolar system risks collapsing into a Red Queen’s arms race, in which parity is continuously sought but never achieved.

The same holds for MAD. Imagine that both Russia and the United States had 1,550 deployed nuclear weapons, as per the New START treaty, and that 400 nuclear weapons still constituted an assured destruction force: a U.S. force of 1,550 weapons would be sufficient to ensure that 400 weapons would survive a surprise Russian attack. In a tripolar system, however, such a residual force would no longer be enough. If, for example, China made a surprise attack on the U.S. arsenal, the United States could use its residual assured destruction force of 400 weapons to retaliate against China, but that would leave it with insufficient forces to counterbalance Russia’s arsenal. In order to maintain an assured destruction capability against both China and Russia, the United States would need twice as large a residual force—800 weapons—which would arguably require twice as large an original arsenal. And that assumes that both Beijing and Moscow froze their forces at 1,550 weapons, while Washington doubled its own, to 3,100. To expect either rival power to accept such a situation approaches fantasy.

Of course, this simple thought experiment is merely illustrative. It may be possible, for example, to establish an assured destruction force aboard ballistic missile submarines, which, at present, are very difficult to detect and thus to target. But these submarines will ultimately need to return to base, and so unless they launch their weapons before doing so, those weapons, too, will be vulnerable. Moreover, since the three powers have vastly different populations and geographies, each will have different requirements for establishing the needed assured destruction force against the other two. Russia’s population and economic infrastructure are considerably smaller than the United States’, and the United States’ population is but a small fraction of China’s. And so, all other factors being equal, Russia’s assured destruction force—which would have to be sufficient to inflict devastating attacks on not one but both of its much bigger rivals—would need to be significantly larger than China’s and the United States’. But it seems unlikely that Beijing or Washington would accept a rationale that would justify Moscow’s maintaining an arsenal that was significantly larger than its own.

## TRIGGER-HAPPY TYRANTS

With three great nuclear powers, deterring a first strike in a crisis situation will also become more challenging. For one thing, strategies for managing the “poor second” problem seem likely to prove elusive. Assume that China, Russia, and the United States had roughly equal arsenals. At first blush, the situation might appear akin to having three scorpions in a bottle, where even a successful attack by one scorpion against another would increase the danger of the attacker’s becoming a victim to the third scorpion. If China attacked the United States, for example, it would deplete some of its arsenal in doing so, thus reducing its ability to deter an attack from Russia. The incentives for any of the three powers to strike first would seem to decrease.

But the “poor second” problem does not concern the choice between, on the one hand, attacking and facing an assured counterattack and, on the other, not attacking and not being attacked at all. Instead, it is driven by the gunfighter’s assumption that you must shoot first or get shot. Moreover, now there would be a second adversary with a gun, who could easily take advantage of you if you had dispatched your first rival but were now wounded. Hence, in a crisis situation, if the United States suspected that a Chinese attack on its nuclear arsenal was imminent, not only would it see itself disadvantaged for failing to strike China’s arsenal first; it could also reasonably conclude that it was potentially more vulnerable to Russia’s arsenal for not doing so. Even if, after withstanding a Chinese attack, the United States were able to retain an assured destruction capability against both China and Russia, the loss of a significant part of its arsenal would leave it far more exposed to coercion or aggression from either. Moreover, the threat posed to the United States by two hostile great nuclear powers might well convince many U.S. allies that the U.S. nuclear umbrella that has long shielded them had sprung fatal leaks.

Two of the three largest nuclear arsenals will be in the hands of dictators. The introduction of a third nuclear power that is, like the Russian Federation, a nondemocratic state could add another element of instability. The war in Ukraine has already demonstrated the risks posed by a leader with unchecked power. Absent a radical shift in the Chinese or the Russian political system, control over the world’s largest nuclear arsenals will, in two out of three cases, rest in the hands of a tyrant with little or no need to consult with others. In democratic systems, the deliberations built into government tend to moderate the impulsiveness of a risk-tolerant leader. Yet tyrants may view their personal survival or the survival of their regime as superseding that of the state. As Winston Churchill warned, nuclear deterrence “does not cover the case of

lunatics or dictators in the mood of Hitler when he found himself in his final dug-out.”

The point is not that nuclear war in a tripolar rivalry among China, Russia, and the United States is inevitable but that maintaining stability in crisis situations will likely be significantly more difficult than it is now. Although it may seem far-fetched to imagine a great nuclear power choosing to attack a comparably armed adversary, the costs of failing to understand the incentives for such an attack are potentially catastrophic. As McNamara once observed, the United States’ “security depends on assuming a worst possible case, and having the ability to cope with it.” His views were echoed by the arms control expert Bruce Blair, who declared that deterrence “must remain robust under all conditions, including worst-case scenarios in which massive surprise strikes succeed in comprehensively destroying the opposing strategic forces in their underground silos, submarine pens, and air bases.”

#### AN N-BODY PROBLEM?

As China pursues its nuclear ambitions, it may inspire other aspirants to seek larger arsenals of their own. For example, in the face of a much larger Chinese nuclear program, India, its rival, may have an incentive to increase its own nuclear forces significantly, perhaps causing Pakistan to do the same. And with less certainty about extended deterrence, U.S. allies, such as Japan and South Korea, may do likewise. Such developments would make stability even more difficult to achieve. In astrophysics, this situation is called “the n-body problem”—trying to predict the movements of an arbitrary number of celestial bodies—and reaching a solution is even more taxing than it is for the three-body problem. With the emergence of a tripolar nuclear system, then, a crucial challenge is how to prevent more states from boosting their arsenals.

Oddly enough, arms control agreements that impose relatively low limits on deployed nuclear weapons, such as the New START treaty, could decrease stability by minimizing the entry barriers for other powers seeking great-nuclear-power status. If, for example, China signed on to the New START treaty, with its limit of 1,550 deployed weapons, the threshold for achieving great-nuclear-power status might seem attainable to India or Pakistan. Nor would second-tier nuclear powers need to match China, Russia, and the United States weapon for weapon. Even if these lesser powers were to increase their arsenals to some 500 weapons or so, they would risk introducing substantially more instability into the system. For example, the United States could be confronted with the challenge of

fashioning an effective nuclear deterrent against not only the Chinese and Russian arsenals but also the arsenals of Pakistan, North Korea, or both. To the extent that these countries are aligned with China, Beijing might even find that its interests are served by aiding them in expanding their arsenals as a way of circumventing its New START limits.

Counterintuitively, one possible way of keeping China's nuclear ambitions from creating an n-body problem would be for China, Russia, and the United States to build much larger arsenals. If each maintained a nuclear force level that was closer to that of the Soviet Union or the United States in the Cold War era, perhaps at the original START agreement level of 6,000 deployed weapons, the three states would establish a much higher barrier for other countries seeking to join them.

It's also possible that a new bipolar system could emerge. At present, Russia seems highly unlikely to allow itself to be eclipsed as a nuclear power, as its flaunting of its nuclear capabilities in the Ukraine crisis has demonstrated. But if Russia stays on the path of economic decline relative to China and the United States, that could allow the latter two to move to force levels substantially higher than those currently possessed by Russia, leaving it unable or unwilling to keep pace. In such an outcome, China and the United States would have to navigate their way to a new bipolar equilibrium by first transitioning through a relatively unstable era of three great nuclear powers.

#### MORE BASKETS FOR MORE EGGS

The issues raised here represent, at best, a modest initial step at identifying the challenges posed by a tripolar nuclear system. Given the uncertainties involved, the United States would be well served by keeping as many options open as possible. To begin with, the Biden administration should follow through on plans to replace the United States' aging triad of nuclear forces, some now over a half century old, with modern missiles, submarines, and bombers. The United States is even now playing catch-up, as both China and Russia have already embarked on broad-based modernization efforts of their own.

Pursuing modernization will ensure that the United States can at least maintain parity with each of its rivals, if not with their combined forces. Although the current U.S. modernization plan is predicated on a bipolar system, it can readily be adapted to address challenges posed by a tripolar one. According to Washington's current program, for example, U.S. production lines for land-based

missiles, nuclear ballistic missile submarines, and long-range bombers will still be operating in the mid-2030s. Beijing and Moscow will have a greater incentive to negotiate limits on their own nuclear forces if they confront a modernized U.S. nuclear deterrent force rather than one facing so-called block obsolescence, when the reliability of entire weapons systems becomes questionable. Warm production lines would enable the United States to expand its forces to a substantially higher level, if need be, in response to Chinese or Russian actions or perhaps to boost the entry barrier so as to preclude lesser nuclear powers from expanding their own arsenals.

There are also steps that all three parties could take to reduce the incentives to attack first in a crisis. The goal should be to ensure that a prospective attacker will have to expend more weapons in attacking than the victim will lose. One way of accomplishing this is to rely more on land-based missile systems armed with single warheads. In the case of silo-based missiles, for example, it is generally accepted that an attacker must expend at least two weapons, and perhaps as many as four, in attacking each silo to ensure success. When an attacker must use two to four times as many weapons to destroy a single one of the victim's weapons, attacking becomes far less appealing. Put simply, the attacker confronts the prospect of depleting its own arsenal in a first strike against its rival, rather than the other way around. The broader the attack, the greater the residual disparity that exists in the targeted state's favor.

Chinese ICBMs, which can carry multiple nuclear warheads, in Beijing, October 2019

Chinese ICBMs, which can carry multiple nuclear warheads, in Beijing, October 2019

Thomas Peter / Reuters

Although effective in the case of land-based missiles armed with single warheads, this approach works less well for the other two legs of the nuclear triad. When it comes to submarines, there are, according to current arrangements, many nuclear "eggs" in a handful of submerged "baskets." Submarines' principal contribution to deterrence and stability lies in their ability to avoid detection while on patrol. When in port, however, they are sitting ducks. Their vulnerability could be reduced, if only at the margins, by spreading the number of missiles and weapons among a larger number of submarines and finding ways to keep a higher percentage of them on patrol. Like nuclear-armed submarines, strategic bombers are armed with a clutch of nuclear weapons and are hard to target when airborne but relatively easy to attack while at their bases.

Thanks to its triad modernization program, the United States appears well positioned to mitigate some of these drawbacks. The newest generation of land-based missiles are intended to carry one warhead. The new class of submarines will carry fewer missiles than the submarines they are replacing. Plans for the new bombers call for fielding them in significantly greater numbers than those constituting the current airborne leg's stealthy component. Thus, the opportunity exists to reduce the number of nuclear weapons deployed on any single delivery system and, by doing so, make attacking any of them less rewarding.

The trends in China and Russia are far less encouraging. Both countries have been increasing the number of weapons carried by each of their land-based missiles. The ICBMs that China has already deployed can be armed with as many as ten warheads; one Russian ICBM in development can carry up to 15. Although either missile could be armed with only one warhead, the problem from a U.S. perspective is that Beijing or Moscow could add extra warheads to the same missiles on short notice to rapidly shift the balance of forces, a phenomenon known as "breakout." And since single missiles carrying multiple warheads are attractive targets—because several nuclear weapons can be destroyed with just one—these Chinese and Russian missiles would be most effective when employed in a first strike or in a risky "launch on warning" posture: all the more reason to make the U.S. deterrent as unattractive a target as possible.

## DETERRENCE REDEFINED

For well over half a century, we have inhabited a world of two great nuclear powers. Although never quite as stable as it appeared, this bipolar nuclear system nevertheless succeeded in avoiding nuclear weapons' use. But that system is now passing into history, and the tripolar system that will emerge appears, at first blush, as though it will be far more fragile and unpredictable than its bipolar predecessor.

In this precarious new strategic environment, it will be crucial for the United States to anticipate new challenges and respond to them nimbly. This means proceeding with current plans to modernize the country's aging nuclear deterrent. But it will also require sustained intellectual effort from the country's finest strategic thinkers to find ways to mitigate the growing instability. Priority should be given to identifying methods for offsetting the erosion of stabilizing bipolar-era characteristics, such as parity and MAD, and preventing the tripolar system from

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devolving into an even more chaotic system of multiple major nuclear powers. Above all, it requires rethinking deterrence strategies and addressing the challenges posed by Beijing's weishe in ways that enhance, rather than compromise, the United States' security and that of its allies.

Source: Published in Foreign Affairs



# **Decline of the US & Rise of China, as a Superpower By Kamran Hashmi.**

THE history of the world reveals the rise and fall of superpowers. Allah told us in Surat Al Ina am in Ayat 6. 'Have they not seen how many ? disbelieving? peoples we destroyed before them? We had made them more established in the land than you.

We sent down abundant rain for them and made rivers flow at their feet. Then we destroyed them for their sins and replaced them with other peoples.

' After the World War-I, four empires collapsed: the Russian Empire, the German and the Austro-Hungarian, and the Ottoman in 1922, and fourteen new countries emerged after the war.

Similarly, the World War-II consequences, 50 Africans, 17 Asians, two countries in Europe were formed, the collapse of the British Empire, and the emergence of the USA and Soviet Union as superpowers, the formation of the UN, NATO, and WARSAW.

The world was divided into two blocks. Fifteen countries emerged from the disintegration of the Soviet Union, the USA agreed with Russia that NATO will not be expanded, later 14 members of the former Soviet Union joined NATO after the cold war.

Ukraine has the same importance for Russia as Afghanistan/Saudi Arabia for Pakistan, Cyprus for Turkey, or Sudan for Egypt.

Ukraine intended to join NATO, a dangerous move from the Russian point of view, which resulted in war with Ukraine.

The outcome of the war will see the downfall of the US and the rise of China due to the following:

- The way the USA left Afghanistan abruptly is considered the beginning of the end of the American century. The allied countries were surprised they were not even consulted.

- In the winter Olympics in China, despite the US boycott, more than 30 heads of state from Saudi Arabia, UAE, Qatar, Egypt, etc. attended the ceremony.
- The UAE recently suspended talks on a \$23 billion deal to purchase American-made F-35 planes and is now buying 80 Rafale aircraft from France.
- The UAE and Saudi Arabian leaders decline calls with President Biden during the Ukraine crisis.
- The US role in the Russia-Ukraine conflict is not lucid, it is a failure of diplomacy, it will help Russia to improve its image as a big power.

Ultimately Europe will suffer economically which may cause it to move away from the US policies.

- The cancellation of the French conventional submarine deals by Australia abruptly and the formation of AUKUS in which Australia will acquire nuclear submarines from the US and UK hurt the relations between France and these countries. Although not declared the sole purpose of the AUKUS, QUAD is to contain China.
- Saudi Arabia is in talk with Beijing to price some of its oil sales to China in Yuan, a move that would dent the U.S. dollar's dominance of the global petroleum market and mark another shift by the world's top crude exporter toward Asia. Meanwhile, UD Dollar share dropped by 1.078 % in global transactions in February 2022.

This may be the first step but if other countries will follow the dominance of the US \$ will be diminished and Yuan will emerge as the main currency.

- India is buying cheap oil from Russia and ignored the US pressure.
- The US is also involved in changing the regime of the countries. The latest remarks of President Biden to change the regime in Russia sparked the world.

China has improved its image by gaining economic/technological prosperity. The Belt and Road initiative (BRI) along with CPEC, in which China has spent around 1 trillion US \$.

China's BRI development strategy aims to build connectivity and cooperation across six main economic corridors encompassing China and: Mongolia and Russia; Eurasian countries; Central and West Asia; Pakistan; other countries of the Indian sub-continent; and Indochina.

This investment will strengthen the relations between China and these countries. The Chinese demands are quite different from the US.

The US sells its old arms and ammunition, invests less in these countries, involved in regime changes.

Chinese investment improves the infrastructure of these countries and improves the countries economically.

Unlike the US, China will never interfere with the politics of any country. China is also the biggest or one of the biggest trading partners for most countries.

China is flexing its military muscle, establishing its first overseas base in Djibouti, another in Equatorial Guinea which will pose a strategic challenge to the US in the Atlantic Ocean.

Chinese ships patrol/exercise the Indian Ocean littoral countries apart from the South China Sea.

It is difficult to predict how many years will be taken the US to lose and China will gain the status of a superpower.

The policies of the US will strengthen the case for China to emerge as a superpower. The allied countries are not happy with the US and developing/under developing countries of the world are looking toward China for investment and to improve their economic conditions.

—The writer is associated with the National Institute of Maritime Affairs. The views expressed are his own.

Source: Published in Pak Observer

# **China's Economic Engines: A Critical Analysis By Dr Mehmood-ul-Hassan Khan**

CHINA has become icon of economic growth which is also sustainable for the last two decades.

China has become ideal destination for foreign direct investment (FDIs) because of its rigorous structural reforms, widespread special free economic zones, meaningful incentives and last but not least, business and investment friendly policies.

Investment and consumption have been the major economic engines of China which has further brightened its future prospects during 2022.

It seems that rapidly changing socio-economic, geopolitical and geostrategic scenarios like constant price hike of oil in the international markets, food & energy insecurity, Ukraine and some domestic issues could not derail journey of economic stability and sustainability.

All the regional prominent economists have expressed confidence for the China's prospects of achieving the yearly GDP growth target of 5.5 percent because of the recent rollout of supporting policies and befitting propositions in terms of micro and macro monetary and fiscal policies/initiatives are now gradually starting to take effect in multiple economic areas.

As usual some of the western experts and economists have expressed some fears about economic stability of China but the confidence showed by domestic economists is also a steadfast rebuttal of many overseas analysts.

Thanks, China's economic outlook remained bearish. In this connection, China's hard-won steady economic recovery started in the first quarter fully demonstrated unchanged continued upward push and recovery in which constant and continued implementation of structural economic reforms proved resilience.

It has actually further enhanced the real economic potential of China and its associated sectors.

It indeed vividly reflects long-term sustainability of its economy and Foreign Ministry Spokesperson Wang Wenbin termed it miracle of constant implementation of economic structural reforms.

He stressed that statistical data and facts & figures clearly reveal that China has the national capacity building mechanism, economic diversity, economic strength and stability enough to cope with all the international compulsions and external shocks.

He shared that it has been salient feature of its economic growth that has effectively dealt with risks and challenges to realize healthy and sustainable economic development and to inject more energy to world economic recovery.

In this context, most of the regional as well as international economists showed utmost confidence that China can achieve its GDP growth target for 2022.

However, some have showed fears because of uncertainties in the development course of COVID.

It seems that despite lingering shocks to the real economy in the second quarter, the annual economic growth goal could be achieved in which a holistic policy mix including diverse monetary tools and fiscal support to boost stable growth and give relief would play an important role.

Moreover, the domestic industrial chains and logistics system would be essential to put the macro-economy on right track.

Chinese effective COVID-fighting methods would be value addition to achieve the desired goals of socio-economic prosperity, monetary and fiscal stability, export growth, easy and smooth supply of credit facilities, and last but not the least streamlining and supply of necessary food items throughout the country during 2022.

The majority of the economists stressed that China's economy is resilient because the country has always launched reforms in an orderly way, for example in scientific and systematic areas, despite external and domestic fluctuations which is commendable.

For further economic diversification the Chinese government and its policy makers have already institutionalized reforms to establish digital government and push fiscal system reforms under the provincial levels.

It stipulated that China should straighten out fiscal relations in local governments under provincial levels to make income division more standardized.

It would be a giant step towards further strengthening of financial independence and economic self-reliance.

The critical analysis upholds that investment plays a fundamental role in bolstering the national economy and consumption has further brightened great chances of recovery after the COVID outbreak eases, as well as several bright spots like new infrastructure.

In this connection, infrastructure investment will be the major fuel for economic stimulation as it stimulates numerous business and economic activities in the country and pumps economic output following the large-scale and ahead-of-schedule issuance of special bonds.

It hopes that the investment sector will be more useful, positive, productive and participatory in the second and third quarter, after China enters peak season for construction.

It is true that there were signs of bright prospects in China's manufacturing investment in the economic data of the first quarter.

In the first three months, China's secondary industry developed up to 5.8 percent, faster than overall economic growth rate of 4.8 percent, which is seen as a sign of growing momentum.

Furthermore, the upgrading and transformation of the country's manufacturing sector shows an outstanding performance in the first three months which is commendable and important positive signal of an upward macro-economy.

However, the timely introduction of macro-economic policies, especially fiscal proved effective and stimulating in this regard.

Apart from investment, consumption, another major pillar of domestic economy is expected to play a positive role despite the short-term pressure it is facing, mostly because of the COVID situation in Shanghai.

But wise Chinese leadership has already controlled the worsening situation through applying befitting human values and people's friendly policies alike.

In this regard, despite COVID-19 saga some uncertainties would not be any issue and a retaliatory rebound in the consumption sector is very likely in future quarters as domestic demand has not been severely battered.

However, adequate policy support should be further streamlined and systemized.

To conclude, COVID has nurtured some new consumption business models like pre-made food, live action role playing games and so on which have now become new simulator to its macro-economy.

The landing of large theme parks and transformation of commercial circles are also fuelling growth in this sector.

Moreover, China's digital transformation, which accelerated the emergence of business models like new infrastructure, is also a focus and bright spot for 2022's economic development.

The government has prepared comprehensive policies ranging from general structural adjustment policies like setting up a unified market to more specific measures like reserve requirement ratio cuts and methods to facilitate loans after the Shanghai Omicron outbreak.

In this connection, the National Development and Reform Commission (NDRC) also note that it would implement the previously launched policies to boost industrial growth and services industry recovery, as well as carry out employment priority policies and stabilize the supply of products vital to people's livelihood.

Easing of monetary policies and bail-out measures for local dining, retail and other consumption related sectors would prevent people or businesses' economic status from collapsing in the near future.

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Last but not least, timely issuance of special bonds has boosted investments. There is an urgent policy stimulus in other areas like employment to guarantee economic growth.

—The writer is Director, the Centre for South Asia & International Studies Islamabad & regional expert, China, CPEC & BRI.

Source: Published in Pak Observer



# US Options On Russia-Ukraine – OpEd By Michael Averko

US Secretary of State Antony Blinken has a way of periodically saying things that can applied right back at him. During his recent meeting in Kiev, Blinken declared that Ukraine will exist longer than Russian President Vladimir Putin. As a follow-up, Putin stands a good chance to maintain his post after Joe Biden and Blinken leave the White House.

Across the geopolitical spectrum, there's a low regard for the prospect of dramatically improved US-Russian relations. There's a foundation to not rule out a noticeable change for the better, which could happen sooner than some expect. It doesn't seem likely that Biden will serve more than one term as president. Although evident, the neocon/neolib influence among Republicans isn't as great when compared to the Democrats.

In an April 22 Katie Halper-Aaron Mate podcast, former US Marine and ex-UN weapons inspector Scott Ritter said (at the 53:12 mark) that Biden could get reelected and nominated for a Noble Peace Prize, if he told Ukrainian President Volodymyr Zelensky that the war with Russia is over, with no more arms going to the Kiev regime. Simultaneously, Biden could then agree with Russia on a neutral Ukraine and a new Euro-Atlantic security arrangement with Moscow. There's also the matter of rebuilding the damaged infrastructure on the territory of the former Ukrainian SSR.

Ritter's proposal can be sold on the premise that the parasitic proxy war in Ukraine has harmed the global economy. This belief has some obstacles. Biden and the people around him are very much ingrained in the faulty neocon/neolib foreign policy outlook, which has become more hellbent on weakening Russia, even if it brings misery to numerous others (Americans included) around the world.

Likewise, an extreme lack of culture has developed with the unprecedented anti-Russian measures undertaken, including the collective punishment (bigotry) against Russians in sports and entertainment. There's no Western establishment advocacy banning Ukrainians for the corrupt neo-Nazi influenced Kiev regime carnage in Donbass over the past eight years. Americans and Israelis weren't

banned when their respective nation killed many civilians in other countries in the not-too-distant historical past.

So there's no misunderstanding, I don't support collective punishment. BTW, Wimbledon allowed for white South Africans to compete during the apartheid period.

Barack Obama as president was against arming Ukraine. In comparison, Biden has been akin to the overly provocative anti-Russian stance taken by the late Arizona Republican Senator John McCain.

At present, Donald Trump and Florida Governor Ron DeSantis appear to be the leading contenders for the 2024 Republican presidential nomination. Trump and DeSantis don't exhibit the neocon/neolib foreign policy zeal. At issue is whether Trump and DeSantis will battle each other or work together during the primaries? Perhaps they compete against one another, followed by the loser of the two backing the winner. It's also possible that one or both don't run. Given the past course of US election politics, there's plenty of time to see someone else getting the Republican nod for the presidency.

In preparing for this article, I was pleasantly surprised to come across the suggestion of Tulsi Gabbard as DeSantis' running mate. The mention of such meshes well with the valid belief that the basis to oppose the neocon/neolib foreign policy slant hasn't dwindled.

As said by some others besides myself, Zelensky's popularity rating among Americans could very well end up going the way of Michael Avenatti. (I also recall the diminished national stature of Chris Christie, Cory Booker and the Cuomo brothers.) In the long run, the levels of corruption, undemocratic manner and neo-Nazi influence in Kiev regime-controlled Ukraine can't be so easily covered up.

Conversely, post-Soviet Russia isn't the reincarnation of the Soviet Union, or something else that's overly sinister. Like many if not most conflicts, the Russia-Ukraine situation isn't (in reality) a simple good guy/bad guy comic book imagery, as depicted in much of Western mass media.

Regarding armed conflict, I've been fond of saying: one or more wrongs don't make a right, with hypocrisy not being a virtue. (As a sidebar, compare Biden's

demonization of Putin, relative to the US president's positive comments about Madeleine Albright.) A war is less legitimate when the attacker doesn't have an especially good rationale (as far as wars go) for taking that route. When assessing the circumstances, this very issue can be debatable.

Within the commentariat, there's the opinion that Putin was goaded into attacking Ukraine and that he could've avoided taking the bait. Putting aside military strategy and with the famous Clausewitz quote in mind (about war being the continuation of politics/diplomacy by other means), what could Putin have done differently?

Had Russia not initiated its "special military operation", the Kiev regime's NATO ties would probably become more enhanced, along with a greater threat to the Donbass rebels and the neo-Nazi factor in Ukraine. For years, post-Soviet Russia has peacefully sought a new Euro-Atlantic security arrangement and for the Kiev regime to implement the 2015 UN approved Minsk Protocol, calling for a negotiated Donbass autonomy within Ukraine.

Trump recently said that the Russian military action could've been avoided and the settlement option now is something different from what was previously more likely within reason. Trump's presidency saw the US arming the Kiev regime. At the same time, Trump has never (at least from what I've seen) goaded for a Russia-Ukraine conflict.

In a recent PBS segment, Marie Yovanovitch, a former US ambassador to Ukraine (fired by Trump), suggested that as president, Trump would've diplomatically averted a Russia-Ukraine war. Yovanovitch added this wouldn't have been a good thing. For Yovanovitch and some others, the specter of Russians and Ukrainians killing each other with the latter taking the brunt seems more agreeable than the non-violent route of pushing for the implementation of the 2015 UN approved Minsk Protocol (calling for a Donbass autonomy within Ukraine) and guaranteeing Ukraine will not become a NATO beachhead.

The manner of people like Biden, Yovanovitch and Zelensky, did little if anything to dissuade the Russian military action. As noted by Trump, Russia has revised objectives. Specifically, a recognition of Donbass' independence and Crimea's reunification with Russia, along with a militarily neutral Ukraine. The longer the armed conflict can lead to further revised settlement conditions to the greater detriment of the Kiev regime.

Biden's low poll numbers and the faulty Kiev regime narrative are paving the way for a possible repeat of history of sorts – once again emphasizing that post-Soviet Russia isn't the Soviet Union. Republican President Richard Nixon's administration saw an improvement in Moscow-Washington relations when compared to the Democratic predecessor Lyndon Johnson. The same was evident with Republican President Ronald Reagan, relative to the outgoing Democratic Jimmy Carter administration.

Instances like the debunked Russiagate hoax and Elon Musk's purchase of Twitter serve to challenge Deep State trouble making, in conjunction with the potential for a better understanding of mainstream Russian views.

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# Global Cooperation By ZAKIR ULLAH

Climate change is the gravest of all challenges facing the world today. Its costs are incalculable and damage irreparable.

It has gripped the whole world and wreaked havoc all over the world. The reality is that climate change is costing lives and it is a humanitarian crisis as well as an environmental one. The menace of climate change has been triggered by many factors such as excessive greenhouse gas emissions, enormous use of non-renewable energy sources, deforestation and other anthropogenic activities. Ostensibly, thanks to these factors, the earth gets warmer which leads to changes in climate patterns.

The intergovernmental panel on climate change (IPCC), the leading body of the United Nations for the assessment of climate change has proved some scientific evidence for the warming of the climate. Unequivocally, scientists, climate experts and authorities of the world have observed the changing patterns of rainfall, floods and temperature rising are some indicators of climate change.

Over several decades the scientists have sounded the alarm about this global problem they have come together to show a pattern that the current atmospheric warming driven by human activities, has the potential to change in ways that could profoundly affect human livelihood in many parts of the world.

However, the process of the industrial revolution in the 18th century and the phenomena of decolonisation spewed an alarming rate of carbon emissions. The global emissions rate keeps worsening over time. In addition, colonialism has also greatly influenced the shape of prevalent economic systems, which have enabled vast accumulation via the ruthless exploitation of people and our planet. Some prominent scientists and climate experts have warned if the global temperature continues to rise at the current pace it should have catastrophic consequences.

Most importantly, deforestation is warmly welcome to global warming and has profoundly exacerbated green energy and climate change. Therefore, the effects are significant and include melting polar ice, rising sea levels and severe storms, droughts and flooding.

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International cooperation and coordination is prerequisite to significantly mitigate the impact of climate change and could bring unprecedented changes in the pattern of the climate system. First of all the large dynamic emerging economies- China, India, Brazil and Indonesia have assured leadership, offering contributions of their own and prodding other industrial countries to take their actions. Moreover, all the largely emitters must make their contribution to galvanize the technological revolution. They would take early actions to eliminate fossil fuels, subsidies commit to matching carbon price increases in the future, and strengthen the protection of intellectual property for green technology.

Now, China is the leading country in carbon emissions, for instance, it plans to spend \$780 billion on renewable energy by 2030. Similarly, Saudi Arabia, one of the leading countries in the production of fossil fuels, intends to invest \$50 billion in its renewable energy sector.

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