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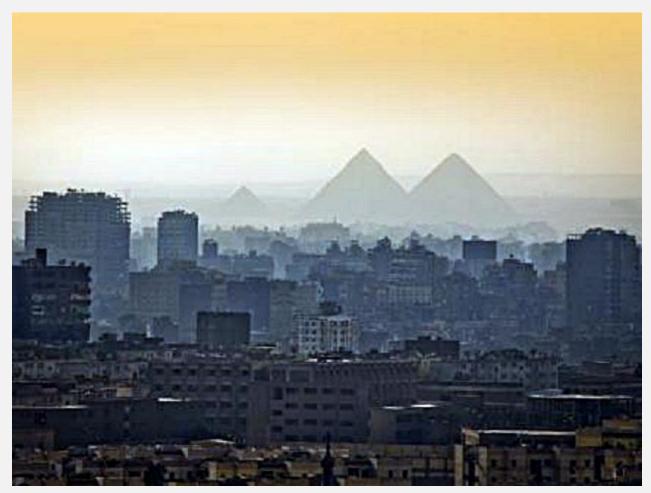
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A Losing Game: America's Postwar Arabists

The CSS Point May 1, 2014



One of the most famous anecdotes of the Truman administration was first revealed by presidential adviser Clark Clifford in his memoirs. Secretary of State George Marshall and his undersecretary were called into the Oval Office to debate with Clifford the merits of recognizing Israel. After Clifford argued in favor of Israel, Marshall, whom Winston Churchill called the "Organizer of Victory" for his role as army secretary during World War II, made what Clifford called "the most remarkable threat I have ever heard anyone make directly to a president." Said Marshall to Truman: "If you follow Clifford's advice and if I were to vote in the election, I would vote against you."

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Marshall's stunning comment reflected the viewpoint of "almost every member of the brilliant and now legendary group of presidential advisers, later referred to as the Wise Men, who were then in the process of creating a postwar foreign policy that would endure for more than forty years," recalled Clifford. Those advisers included such luminaries as George Kennan, Dean Acheson, Dean Rusk, and Charles Bohlen. They were later dubbed the "Arabists" because they believed that the Arabs could be allied with America after World War II—and should be courted instead of Israel.

The sentiments of Truman's State Department toward the Arab peoples are well documented. Far less well known are those of the members of the early Central Intelligence Agency. In this engaging book, Hugh Wilford convincingly establishes that early CIA officers held broadly the same anti-Zionist positions as Marshall et al.

Wilford structures *America's Great Game* as a triple biography. Chronicled are Miles Copeland, Archie Roosevelt, and Kermit "Kim" Roosevelt, the latter bearing what is surely the most enjoyable name in the history of Western intelligence. Kermit and Archie were grandsons of Teddy Roosevelt, and Copeland a friend of the family.

All three grew up with romanticized notions of the Middle East. They believed the region to be populated by exotic characters and environments like those found in *Arabian Nights* and *Lawrence of Arabia*. Such romance expired in the second half of the twentieth century, put to bed by an overdarkened vision in which Arabs are thought to be terrorists, despots, and misogynists—living in a place that is anything but a land of magic and dreams.

Wilford applies the late radical literary critic Edward Said's concept of Orientalism to describe the views of the Roosevelt heirs. Said argued that condescending views were the only possible perspective of Westerners in the age of imperialism, yet *America's Great Game* shows a more hardheaded "Arabism." Yes, the three men "had been raised and educated in an elite environment that conditioned them, long before they ever directly experienced the region itself, to look upon the Middle East much as the British imperial agents of an earlier generation had: as a place for heroic individual adventure, where a handful of brave and resourceful Western spies could control the fate of nations." But, Wilford continues, "to a certain extent, this legacy of spy games and kingmaking was offset by the American missionary tradition conveyed to the early



CIA by [its predecessor] the OSS, which tended to emphasize instead the moral values of Arab self-determination and mutual cultural exchange."

That tradition, moderated by a strong sense of US national interest, offered America the best prospects for good postwar relationships with Arab populations, which is what Archie, Kermit, and Miles set out to achieve. They believed that the best way to prevent the Soviet Union from making inroads in the Middle East was to make allies out of Arab leaders and their publics. They also were sympathetic to the region's anti-imperialist desires and its aspirations for self-determination. Wilford argues persuasively that although the men contested the legitimacy of Zionism, they were not by and large anti-Jewish. Along with some other Arabists such as the journalist Dorothy Thompson (who actually was anti-Semitic), they formed an organization called the American Friends of the Middle East, which expressed their viewpoint and formed as an unofficial lobbying organization.

For a time, it seemed that the Arabists would succeed in stewarding US foreign policy in their preferred direction. They had credibility with the Truman administration, which, after all, had created the CIA in 1947. And of course Marshall, Acheson, Kennan, and other powerful figures agreed with the agents. But the president himself did not. As *New Republic* senior editor John Judis convincingly demonstrates in his new book *Genesis*, the president's concerns were more with his domestic position and the upcoming 1948 presidential election than with the merits of the Arab cause. Try as Copeland and the Roosevelt cousins might, their Arab lobby was no match for Israel's. Marshall himself told Truman that he was disappointed in the president, who, he believed, was strongly supporting statehood for Israel to boost his electoral prospects.

A second opportunity to reconsider US policy in the region presented itself when Dwight Eisenhower assumed power in 1953. It is often forgotten that Eisenhower and his brash secretary of state, John Foster Dulles, were colder toward Israel than any other administration has been since. In a move unimaginable in today's climate, Eisenhower wanted, he revealed in his memoirs, a "resolution which would call on all United Nations members to suspend not just governmental but private assistance to Israel" in 1957 to pressure the Jewish state to abandon the Sinai. Senate leader Lyndon Johnson informed the general that it wasn't going to happen, leaving Eisenhower to find it "disheartening that partisan considerations could enter" the situation.

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It is hard today to imagine that the CIA had a receptive audience with a leader in the White House willing to confront Israel so strongly. After visiting the region—the first US secretary of state to do so—Dulles was "more convinced than ever of the need to carry on courting Arab nationalists in general and [Egyptian leader Gamal Abdel] Nasser in particular," writes Wilford. But the Egyptian leader vacillated between the United States and the Soviets, eventually alienating Eisenhower, while Israel desperately wanted to be a loyal American ally. The choice of which horse to back decided itself.

The Arabists never again came so close to implementing their vision of an American foreign policy sympathetic to Arab countries. Which isn't to say they lost their influence in all ways. In what seems like a contradiction, Kermit Roosevelt was instrumental in the CIA-backed coup d'état that ousted the democratically elected leader of Iran, Muhammad Mossadeq, in 1953. But his sympathies were with Arabs, not Muslims. And, as *America's Great Game* makes clear, the CIA trio was more addicted to their intrigues than they were to their idealism. In a nice parallel, Wilford notes that on his way to Iran Roosevelt remembered what his father told him after a trip with Grandfather Teddy: "It was a great adventure, and all the world was young." Wilford writes that "Kim regarded his mission to Iran as a Kipling-esque adventure." He bragged about his exploits in Iran for years, until the 1979 Iranian revolution showed the coup to be a disaster whose effects still resonate in the history of the region.

The Arabists' dreams were always complicated by the fact that most Middle East leaders were oppressive, unaccountable to their subjects, and suffering from varying degrees of illegitimacy, a moral and strategic conundrum that Wilford neglects. President Nasser of Egypt was a partial exception, standing as arguably the most popular Arab leader of the twentieth century. But even he was reviled by Islamists—al-Qaeda's proto-theoretician Sayyid Qutb was hanged for his opposition to Nasser's quasi-secularism. As long as the US was involved in the region, in other words, it was doomed to alienate some actors while aligning itself with others.

Nonetheless, Wilford is persuasive in arguing that the solidification of the alliance between Israel and the United States made America's position in the Middle East far worse than it need have been. The US could have kept Israel from being affiliated with the Soviet Union while avoiding a relationship with it that has removed all flexibility in crafting policy. A more nuanced position would not have eliminated hostility to the United States in the region, but it certainly would have



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reduced it. "The Arabist defeats of the Eisenhower era established the basic pattern of US relations with the Middle East in the years that followed," Wilford writes in *America's Great Game*. Readers of this entertaining and stimulating book will find it difficult to disagree.



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Pakistan will not allow its territory to be used against Afghanistan, Nawaz assures Cameron

The CSS Point May 1, 2014



LONDON: Prime Minister Nawaz Sharif on Wednesday reiterated that Pakistan is fully committed to eliminate menace of terrorism from its soil and will never allow use of its territory against any country, including Afghanistan.

Nawaz, who is on a three-day official visit to the United Kingdom on the invitation of Prime Minister David Cameron, had a meeting with his British counterpart here at 10 Downing Street and discussed matters of bilateral interest, the regional situation as well as other issues of international importance.

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Recalling the visit of British Prime Minister to Pakistan last year, the premier he is here to reciprocate the sentiments expressed by David Cameron for Pakistan during his visit.

Nawaz said Pakistan has suffered a lot due to the menace of terrorism and extremism, and is determined to tackle it, which is also a part of its national policy formulated recently.

He also appreciated the continued support and assistance by the DFID UK to the country and said the people of Pakistan are grateful to such support for development.

Cameron, who had warmly welcomed Nawaz, reiterated UK's all-out support to Pakistan in its pursuit to strengthen economy and achieving socio-economic development.

He also backed the Pakistani government's efforts in combating terrorism and extremism.

During the meeting, the two sides discussed the current level of bilateral ties in various areas, including trade and economy, and renewed their commitment to further strengthen these relations.

UK lawmakers raise questions on aid to Pakistan

Earlier, a report by lawmakers said British aid to Pakistan should be cut unless there is proof that the funds help stop extremism.

Published just hours before Sharif was to meet British counterpart David Cameron, the international development committee report singled out Pakistan for criticism.

Pakistan is the largest recipient of bilateral British aid, with Islamabad set to receive £446 million (\$750 million, 541 million euros) of assistance this year.

"It is unlikely that expenditure would be so high if the country were not having to confront extremism," the report said.

"If this is the case, the budget can only be justified if there is clear evidence that DFID (Department for International Development) support is effective in reducing the extremist threat.

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"If not, we recommend that DFID consider reducing spending in Pakistan and increasing it in low-income countries."

The British lawmakers also said that aid should not be increased until Pakistani political leaders pay their fair share of tax, and increase tax collection generally.

Islamabad said Sharif would discuss "matters of mutual interest" with Cameron and other ministers during his three-day visit, as well as addressing an investment conference.

But Sharif's talks with Cameron are set to focus on the threat of extremism in Pakistan, where authorities are in talks with the Tehreek-e-Taliban Pakistan (TTP) to try to end a seven-year insurgency.

Nato countries including Britain also want Pakistan to help tackle the Taliban in neighbouring Afghanistan as foreign troops prepare to leave by the end of this year.

PM's arrival in UK

Prime Minister Nawaz Sharif has reached 10 Downing Street in London to meet British Prime Minister David Cameron at his residence, *Express News* reported on Wednesday evening.

This is the Pakistani prime minister's first official visit to the UK.

This visit will entail a one-on-one meeting and a meeting with the delegation, during which the procurement of British army weaponry and equipment in Afghanistan will be discussed following the exit of the British troops from the country. The prime minister will also be meeting with the business community in the UK.

There will be a 30-minute meeting between the British national security advisor and Pakistan's National Security Advisor Sartaj Aziz.



India became third largest economy in 2011: World Bank

The CSS Point May 1, 2014



In a matter of six years, India emerged as the world's third-largest economy in 2011 from being the tenth largest in 2005, moving ahead of Japan, while the US remained the largest economy closely followed by China, latest figures have revealed.

"The economies of Japan and the UK became smaller relative to the US, while Germany increased slightly and France and Italy remained the same," according to data released today by the International Comparison Program (ICP), hosted by the Development Data Group at the World Bank Group.

"The relative rankings of the three Asian economies — China, India, and Indonesia — to the US doubled, while Brazil, Mexico and Russia increased by one-third or more," the report said. The

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world produced goods and services worth over USD 90 trillion in 2011 and that almost half of the total output came from low and middle-income countries, it said.

According to the major findings of the ICP, six of the world's 12 largest economies were in the middle-income category (based on the World Bank's definition).

When combined, the 12 largest economies accounted for two-thirds of the world economy and 59 per cent of the population, it said.

The purchasing power parities (PPPs)-based world GDP amounted to USD 90,647 billion, compared with USD 70,294 billion measured by exchange rates, it said, adding that the share of middle-income economies in global GDP is 48 per cent when using PPPs and 32 per cent when using exchange rates.

The six largest middle-income economies — China, India, Russia, Brazil, Indonesia and Mexico — account for 32.3 per cent of world GDP, whereas the six largest high-income economies — US, Japan, Germany, France, UK and Italy — account for 32.9 per cent, the report said.

Asia and the Pacific, including China and India, account for 30 per cent of world GDP, Eurostat—OECD 54 per cent, Latin America 5.5 per cent (excluding Mexico, which participates in the OECD and Argentina, which did not participate in the ICP 2011), Africa and Western Asia about 4.5 per cent each.

"China and India make up two-thirds of the Asia and the Pacific economy, excluding Japan and South Korea, which are part of the OECD comparison. Russia accounts for more than 70 per cent of the CIS, and Brazil for 56 per cent of Latin America. South Africa, Egypt, and Nigeria account for about half of the African economy," said the report.

"At 27 per cent, China now has the largest share of the world's expenditure for investment (gross fixed capital formation) followed by the US at 13 per cent.

India, Japan and Indonesia follow with 7 per cent, 4 per cent, and 3 per cent, respectively," the report said.

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China and India account for about 80 per cent of investment expenditure in the Asia and the Pacific region.

Russia accounts for 77 per cent of CIS, Brazil for 61 per cent of Latin America and Saudi Arabia 40 per cent of Western Asia, it said.

The report said low-income economies, as a share of world GDP, were more than two times larger based on PPPs than respective exchange rate shares in 2011.

Yet, these economies accounted for only 1.5 per cent of the global economy, but nearly 11 per cent of the world population.

Roughly 28 per cent of the world's population lives in economies with GDP per capita expenditure above the USD 13,460 world average and 72 per cent are below that average.

The approximate median yearly per capita expenditure for the world — at USD 10,057 — means that half of the global population has per capita expenditure above that amount and half below, it said.

The five economies with the highest GDP per capita are Qatar, Macao, Luxembourg, Kuwait and Brunei.

The first two economies have more than USD 100,000 per capita, the ICP report said.

Eleven economies have more than USD 50,000 per capita, while they collectively account for less than 0.6 per cent of the world's population. The US has the 12th—highest GDP per capita.

Eight economies — Malawi, Mozambique, Central African Republic, Niger, Burundi, Congo, Dem. Rep., Comoros and Liberia — have a GDP per capita of less than USD 1,000.

The five economies with highest actual individual consumption per capita are Bermuda, US, Cayman Islands, Hong Kong and Luxembourg.

The world average actual individual consumption per capita is approximately USD 8,647, it said.



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China Set To Overtake US As World's Largest Economy While India Pulls Ahead Of Japan To Become Third-Largest Economy: World Bank

The CSS Point May 1, 2014



China is on track to overtake the U.S. as the world's largest economy while India has already moved ahead of Japan to become the third-largest economy, according to a report released Tuesday by the World Bank.

The report released the findings of the 2011 International Comparison Program, or ICP, which assesses economies based on purchasing power parity, or PPP, and noted that China's Gross Domestic Product, or GDP, was nearly 87 percent of U.S. GDP in 2011 while India had moved up from being at 10th position in 2005. The world produced goods and services worth more than

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\$90 trillion in 2011 and half of that output came from low- and middle-income countries, according to the report.

"The United States remained the world's largest economy, but it was closely followed by China when measured using PPPs. India was now the world's third-largest economy, moving ahead of Japan," the ICP report said, according to CNBC, adding: "The results indicate that only a small number of economies have the greatest shares of world GDP. However, the shares of large economies such as China and India have more than doubled relative to that of the United States."

China's economy grew 7.4 percent in the first quarter of 2014, slowing down slightly from 7.7 percent in the fourth quarter of 2013. But, its growth rate, like India's, has exceeded that of developed economies, helping the two Asian countries move up in the rankings. According to the ICP report, the six largest middle-income economies, including China, India, Russia, Brazil, Indonesia and Mexico, accounted for 32.3 percent of world GDP in 2011, which was almost equal to the contribution of the six largest high-income economies such as the U.S., Japan, Germany, France, U.K. and Italy, which accounted for 32.9 percent of world GDP.

"The largest economies were not the richest, as shown in the ranking of GDP per capita. The middle-income economies with large economies also had large populations, setting the stage for continued growth," the report said, <u>according</u> to The Economic Times.

According to a press <u>statement</u> released by the World Bank on the report, China's investment expenditure stood at 27 percent while the U.S. stood at second position with 13 percent expenditure on investments. India's investment expenditure stood at 7 percent while Japan's was noted at 4 percent by ICP. However, some say the PPP is just one measure to judge the performance of the world's economies and that developing nations like India and China still have a lot of catching up to do. "It is true that China and India are certainly very large in size," Frederic Neumann, co-head of Asia economic research at HSBC in Hong Kong said, according to CNBC, adding: "At the same time these [PPP] measures shouldn't be the be-all and end-all of international comparisons. When, for example, we measure international purchasing power expressed in dollars, which matters in international trade, the U.S., Europe and Japan continue to be the dominant economies in the world."



Deal between India and Russia likely to upset Pakistan

The CSS Point May 1, 2014



NEW DELHI- India has signed an agreement under which it will pay Russia to supply arms and equipment to the Afghan military as foreign combat troops prepare to leave the country, in a move that risks infuriating Pakistan.

Under the deal, smaller arms such as light artillery and mortars will be sourced from Russia and moved to Afghanistan. But it could eventually involve the transfer of heavy artillery, tanks and even combat helicopters that the Afghans have been asking India for since last year. India has already been training military officers from Afghanistan, hosted a 60-member Special Forces group last year in the deserts of Rajasthan and supplied equipment such as combat vehicles and field medical support facilities. China, another big player in the region which borders Afghanistan via a small, remote strip of land, is preparing for a more robust role in Afghanistan, also

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concerned that the withdrawal of NATO troops will leave a hotbed of militancy on its doorstep.Like China, India is unlikely to put boots on the ground to reinforce its strategy in Afghanistan."We can't commit troops on the ground, we can't give them the military equipment that they have been asking us for, for all sorts of reasons including the lack of surplus stocks," said an Indian foreign ministry official, declining to be named because of the sensitivity of the issue."Involving a third party is the next best option," the official said, referring to plans to source military supplies from Russia for Afghan forces.India's neighbour and rival Pakistan is likely to be angered by any move to help arm Afghan forces, even if indirectly. Pakistan shares a long border with Afghanistan and has traditionally exerted considerable influence on Kabul.But under Karzai, and since the ouster of the Islamist Taliban movement in 2001, relations have deteriorated amid accusations that Pakistan has failed to stop militants crossing into Afghanistan and launching frequent, deadly attacks.Asked about India's plans to supply Russian arms to Afghanistan, Pakistani foreign ministry spokeswoman Tasnim Aslam said: "I don't have any confirmation, so it would be premature to comment on it."



Editorial: Indian arms for Kabul (DAWN)

The CSS Point May 2, 2014



ALL eyes are now on Afghanistan where the scene is set for a run-off vote between the two main presidential contenders, one of whom is expected to oversee the withdrawal of American troops later this year. At issue is the next Afghan government's ability to give peace to an ethnically divided country that has been pauperised by more than three decades of conflict. The latter, unfortunately, is a long way from resolution: the reconciliation process with the Afghan Taliban has stalled not only because of the elections, but more crucially because the key players comprising the Afghan Taliban, Pakistan, the US and Afghanistan have been unable to trust each other. In this unfriendly regional setting, the reported arms agreement between India and Russia is being viewed with misgivings. Initially, reports said, New Delhi would 'source' Russia for the supply of smaller weapons such as light artillery, but eventually this flow of arms paid for by



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India would include heavy artillery, tanks and helicopters. From India's point of view, such a deal would consolidate the influence New Delhi has already built up in post-Taliban Afghanistan. But in regional terms, it will not help the cause of peace — especially with Islamabad looking upon it as a ploy to weaken its own influence over Kabul. While Islamabad's differences with Kabul remain, the fact that Pakistan is key to the reconciliation process cannot be wished away, and other countries would do well to realise this point. Hence it would be disastrous if regional states and outside powers were to adopt policies that could once again make Afghanistan an arena for proxy wars.

With the troops' exit drawing closer, a constructive dialogue on peace has become urgent. Islamabad has to convince Kabul that its involvement in the peace process will be restricted to supporting efforts that have the consensus of the Afghan people, while Kabul must reciprocate by assuring its neighbour that Afghan territory will not be used for launching attacks inside Pakistan. With all players required to tread carefully, any suspect move, such as that by Russia and India, can extinguish hopes of reconciliation. This must be avoided at all cost if Afghanistan is to see a democratic, peaceful future.



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World Bank approves \$12 billion loan for Pakistan

The CSS Point May 2, 2014



ISLAMABAD: The World Bank has approved a \$12 billion loan for cash-strapped Pakistan to be given out in a period of five years, the country's finance ministry said on Friday.

The finance ministry said the money will target "energy, economy, (fighting) extremism and education", with \$1 billion being transferred to Pakistan in the next week increasing Pakistan's foreign exchange reserves substantially.

The loan will carry a two per cent interest rate.

Pakistan is struggling to overcome a massive energy crisis, and a shortfall in tax revenues, and has borrowed heavily to pay government expenditure.

Pakistan & Wold G CSS: Current Affairs

Pakistan Day was celebrated at the World Bank yesterday, and in the two Development Policy Credit (DPCs) USD one billion was approved for energy and revenue support during the current financial year.

The other land mark achievement of the day was the approval of Country Partnership Strategy under which Pakistan will get US \$ 11 billion in the shape of project loans and budgetary support, a statement issued by the Ministry of Finance said on Friday.

It may be mentioned that the World Bank loans are purely concessionary in nature with repayment schedule spanning over a period of thirty years including five years grace period and the interest rate will be nominal at the rate of 2 per cent per annum.

On receipt of USD one billion, an equivalent amount of Rs100 billion will be reduced from the domestic debt which is much more expensive at 12.5 per cent per annum.

The WB loan will incur 2 per cent interest per annum and the Government of Pakistan will be saving net 10.5% in payment of interest on Rs100 billion.

Resultantly, there will be no net increase in overall public debt.

The Finance Minister has congratulated the whole nation on this success and observed that, the Country Partnership Strategy is aligned fully with the vision of Pakistan's development challenges around the four ES "Energy, Economy, Extremism and Education," based on the manifesto of the Pakistan Muslim League – Nawaz (PML-N) and its commitment to the nation.



Pakistan not doing much to root out terrorism: Dobbins

The CSS Point May 6, 2014

Says religious seminaries in Fata, Balochistan cause of attacks in Afghanistan, tribal areas; ties with Pakistan have gravely worsened; US will not mediate for solution to Kashmir issue



WASHINGTON: US Special Representative for Afghanistan and Pakistan James Dobbins has said that Pakistan is not taking appropriate measures to curb terrorism in the country as the religious seminaries (Madaris) in Fata and Balochistan were the cause of attacks inside Afghanistan and India.

He said that the relations between Pakistan and the US had become "abysmally low and gravely worst". He said that Pakistan's role in solution to the Afghan crisis was very vital.During the

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hearing into the Afghan crisis in the US Congress, Dobbins said that mutual confidence was lacking in the relationship between Pakistan and the US and so the ties of the two countries were facing a grave crisis. He said that both the countries had shared trade, economic, social and security interests.

Meanwhile, the US has ruled out any mediation on the Kashmir issue as long as India rejects such a proposal and asked Pakistan to avoid employing militancy as an instrument of state policy.

"As long as India rejects any actual mediation, there's not much we can do in that regard specifically," James Dobbins told Pakistan's state-run television."India has consistently rejected any third party mediation and argued that it is an issue that needs to be negotiated directly and without the participation of any third party. So they've rejected mediation," said Dobbins, who was recently on a visit to Pakistan.

"I think as long as they reject mediation, there is only a limited amount that the US or any other party can do. We, certainly in our dialogue with Pakistan and India, encourage improved relations, improved trade relations, improved dialogue on strategy and military issues and we certainly encourage dialogue and negotiation on the territorial issues that separate the two countries," he said.

Echoing India's apprehensions about cross border terrorism, he said India was concerned about cross border militancy and terrorist attacks that had been conducted in India which they believed had their origin in Pakistani territory.

"I think as is the case with Afghanistan, this is something that is in everybody's interest. I think all of the states of the region need to avoid employing militancy as an instrument of policy," he said.

"This has been a long-term strategy which has created a cancer in societies and particularly in Pakistani society which is now threatening the actual existence of the state and its democratic institutions," he said. "So it's in the interest not just of Pakistan, but of all of its neighbours to move away from that approach to diplomacy and to geopolitical strategy, and to avoid



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employing these kinds of instruments and, as I've said, move towards the elimination of violent extremism in Pakistan and around Pakistan and all of the neighbouring societies," Dobbins said.

Referring to the ongoing Lok Sabha elections, Dobbins said India would have a new government soon."It will be a new opportunity. Pakistan now has a government that still has a long life in it with a clear political mandate," he said.

"I think two governments with clear political mandates and a long future in each case offer an opportunity for both governments to take some of the risks and the political costs that are always inherent in any real opportunity to overcome differences. The US will certainly use its influence to encourage both the sides to take those risks," he said





Ukraine close to war, says Germany

The CSS Point May 6, 2014

Germany has formally advised its citizens to leave east and south Ukraine because it is just a "few steps" away from war



<u>Ukraine</u> is only a "few steps" away from "military confrontation", the German foreign minister warned on Tuesday, as his country formally advised its citizens to leave the eastern regions.



This deeply pessimistic assessment from Frank-Walter Steinmeier came as the airport serving Donetsk region – the most populous area of Ukraine – cancelled all international flights until further notice.

The information board in the departures hall of Sergei Prokofiev Airport showed a string of cancelled flights to destinations including Moscow, Munich and Istanbul.

One domestic departure to Kiev was allowed to depart, but this appeared to be the only service of the day. An official at Borispol airport in Kiev said that no further flights were expected from Donetsk on Tuesday.



The red, blue and black flag of the "Donetsk People's Republic", established by pro-Russian activists in this region, now flies outside the airport's departure hall.

The authorities gave no reason for the decision to suspend all services. One possibility is that Ukraine's armed forces want to clear the airspace to help their military operation against pro-Russian insurgents.

A small airport serving the neighbouring region of Luhansk has also been closed, but this happened some days ago for commercial reasons unrelated to the crisis.

Pakistan & Wold G SS: Current Affairs

Mr Steinmeier told four European newspapers that the bloodshed in the port city of Odessa, which claimed at least 40 lives on Friday, had been a turning point. "The bloody pictures from Odessa have shown us that we are just a few steps away from a military confrontation," he said.

Already, the situation had escalated in a way "that a short time ago we would not have considered possible," added Mr Steinmeier.

His ministry issued new travel advice for Ukraine, urging all German citizens to "leave" the eastern regions of Donetsk and Luhansk. "Checkpoints and roadblocks were erected in these regions, which are operated by irregular armed forces," reads the advice. "In the light of recent developments, it must be assumed that the media will run special risk of being detained or arrested by separatist forces."

Germany has close economic ties with Ukraine and a respected network of diplomatic contacts. So far, the Foreign Office has not urged all British citizens to leave these regions yet, confining itself to advising against all but "essential travel" to Donetsk – and "all" travel to the towns where the Ukrainian government's military offensive is taking place.

This operation is focused on Slavyansk, a town of 120,000 people which is under the de facto control of pro-Russian insurgents.

Four Ukrainian soldiers were killed there on Monday and a helicopter gunship was shot down. On Tuesday, the interior ministry tried to dispel the impression that the security forces had suffered a defeat at the hands of the rebels, saying that 30 insurgents had been killed during this battle.



Pakistan allows Afghanistan to use its airspace for military shipment

The CSS Point May 6, 2014



The government of Pakistan has allowed Afghanistan to use it's airspace for the shipment of military cargo.

According to a statement released by the ministry of defense of Pakistan, the decision was taken as "Special gesture" to further strenghten the relations between the two nations.

The statement further added that the maiden flight of the "Commercial Multi-Model Operation" carried 15 military vehicles meant for the Afghan National Security Forces (ANSF).

The arrangement was made to facilitate rapid delivery of vital military cargo to "our brotherly neighbouring state" to enhance its security and stability, the statement added.



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"This effort is expected to contribute towards strengthening the existing relations with Afghanistan," the statement.

The statement also added that the operation would be treated as "commercial" and would continue for next couple of weeks.

The ministry said the aerial operation was originally part of the memorandum of understanding (MoU) signed between Pakistan and the United States in July, 2012, which deals with use of Pakistan's lines of communications to and from Afghanistan.



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Iran, China to strengthen defense cooperation

The CSS Point May 7, 2014



TEHRAN – Chinese Defense Minister Chang Wanquan has called Iran a strategic partner of China, saying the two countries will witness close defense cooperation in the future.

In a meeting with Iranian Defense Minister Hossein Dehqan in Beijing on Monday, General Chang said exchanges of visits and consultations between the two countries' senior military officials will help boost defense cooperation.

He expressed satisfaction over the Iranian defense minister's trip to China and said the excursion has provided a good opportunity to enhance bilateral defense ties.

Dehqan called for closer ties between the two countries, specifically in the military, defense, and security spheres.

He went on to say that extremism and terrorism are two serious challenges facing the world.



Dehqan added that the proposal made by Iranian President Hassan Rouhani at last year's annual United Nations meeting proved that Iran is serious about tackling those challenges.

During his address at the 68th session of the UN General Assembly in September 2013, Rouhani called for a "world against violence and extremism."

In December, the UN General Assembly overwhelmingly approved the proposal, entitled The World against Violence and Extremism (WAVE).

Cooperation can help campaigns against terrorism, drug smuggling

The Iranian defense minister also said that Iran and China can allay the concerns about issues such as extremism, terrorism, drug smuggling, and piracy through the expansion of their military cooperation.

A high-ranking Iranian defense delegation, headed by Dehqan, arrived in Beijing on Sunday. The visit is being made at the invitation of the Chinese defense minister.





Pakistan to maintain policy of noninterference in Middle East, says PM

The CSS Point May 7, 2014



ISLAMABAD: Prime Minister Nawaz Sharif on Tuesday categorically stated that Pakistan desired peace and tranquility in the Middle East and would maintain the policy of non-interference in the internal affairs of states.

Addressing the concluding session of the Envoys Conference which focused on the Middle East, at the Foreign Office in the federal capital, Sharif said Pakistan had an equal aspiration to forge closer bilateral ties with all countries in the region.

"Our efforts to develop bilateral ties with one country are not, and will not be, at the expense of another," the Prime Minister said and added Pakistan remains ready to take two steps to greet a hand extended in friendship "Our approach to the transition in the Arab world, would continue to be guided by the principles, enshrined in the United Nations Charter."

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He added that Pakistan was also paying particular attention to the promotion of its special relationships with fraternal countries in the Gulf and Middle East and in this regard mentioned the recent exchanges at the highest level that were reflective of these endeavours.

The conference apart from Pakistan's envoys was attended by Advisor on National Security and Foreign Affairs Sartaj Aziz, Special Assistant for Foreign Affairs Tariq Fatimi, Secretary Foreign Affairs Iizaz Chaudhry and members of the Cabinet.

Terming diplomacy as the country's first line of defence, the Prime Minister said it was an excellent initiative to bring Pakistan's envoys home periodically, for intensive debate and discussion amongst themselves, as well as with the concerned stake-holders.

He advised the Foreign Office to make it a regular feature of country's diplomatic interaction as its envoys play a vital role in the implementation of Pakistan's foreign policy.

Their invaluable assessments and recommendations, based on their wide experience, expertise and in-depth knowledge, serve as crucial inputs for the Government, in formulating and calibrating policies.

Editorial: Foreign policy resolutions (DAWN)

The CSS Point May 8, 2014



THE prime minister's views on foreign policy as spelled out on Tuesday at a conference of Pakistani diplomats in the Middle East and the Gulf deserve to be noted because of what seems to be a welcome change of emphasis in Islamabad's foreign policy priorities. His belief in "economic diplomacy", said Nawaz Sharif, stemmed from the fact that "foreign policy has virtually become economic policy". For that reason, he said, his government's foreign policy was driven by economic considerations and focused on opportunities available to Pakistan. He thus wanted the country to cash in on its relations with the Middle East and the Gulf, because of the region's "booming energy sector, developing infrastructure, thriving services sector and … connectivity". Speaking ahead of his visit to Iran, Mr Sharif touched upon two issues which have aroused considerable misgivings in opposition circles. One, Pakistan's 'special relationship' with Saudi Arabia and Bahrain would not be at the expense of its ties with Iran; two, there was no change in Pakistan's Syria policy, because Islamabad believed in non-interference in other countries' internal affairs. There is no reason why the principles Mr Sharif outlined should remain confined to the Middle East and Gulf region, especially when he talks of "rebalancing" foreign policy with a view to greater integration with the world.

Pakistan's strategic position has been utilised by the country to its immense advantage in the past. While Pakistan benefited from the massive doses of economic and military aid from the



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US-led West, it managed to forge friendly relations with China in moves that often aroused suspicions in the West but that nevertheless served Pakistan's economic and security interests well. Today, more than ever, Pakistan needs to strictly adhere to a policy that aims to rectify the distortions in foreign policy. The decades-old Afghan war and the way it was handled by the military did immense harm to Pakistan's security interests — besides leading to ugly domestic repercussions. Trade relations with India hit a major obstacle in March after a cabinet meeting to approve the MFN status for India was called off at the last minute, indicating that the levers of foreign policy lay in other hands. The year 2011 was especially disastrous because the army-led reaction to a series of incidents — Abbottabad and Salala — hurt the country's economic and security interests and served to isolate it.

Mauled by terrorism, Pakistan needs a faster pace of development to recover the time it has lost. This entails a friendly relationship with all neighbours to open up its economy, enlarge trade and invite foreign investment. While security considerations cannot be ignored, the point to note is that there is no greater guarantee of security than a strong economy that can enable Pakistan to stand on its own feet.



America's Purpose and Role in a Changed World

The CSS Point May 8, 2014



By: Carl Gershman

Public opinion reports on Americans' attitudes toward foreign policy sketch a picture of retrenchment, war-weariness, and skepticism toward global engagement, even as there is also a growing concern that the world is increasingly unstable and dangerous. Nothing about this picture is new or controversial. Some may worry about it more than others, but it is now commonly accepted that the US is downsizing its international role, and that the administration, the Congress, and the general public are more absorbed with domestic concerns than with foreign challenges or threats.



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The fact that the country is turning inward in the aftermath of the Bush administration's expansive foreign policy and the wars in Iraq and Afghanistan is hardly surprising. The main message of *Maximalist*, Stephen Sestanovich's new history of American foreign policy since the Truman era, is that the shift from a "maximalist" policy to one of retrenchment and back again is par for the course. Eisenhower followed a policy of "scaling back from overextension" after the Korean War, just as Nixon adopted a "retrenchment strategy that would enable the United States to regain its balance" after Vietnam. Kennedy displayed a "confident readiness to act" and to bear the burdens of leadership after what he called "eight years of drugged and fitful sleep," just as Reagan "brought a new maximalist edge to the East-West competition" following the malaise of the Carter years.

One important question we face today, however, more than five years into the Obama presidency, is whether the current policy of retrenchment is a standard correction after a period of maximalism, or something else. While Sestanovich is careful and nuanced in his analysis, he notes that for a number of reasons, "the retrenchment [currently] under way in American foreign policy may turn out to be different" from those of the past. He writes, for example, that "the emblematic foreign policy choice" of President Obama's first term was his imposition of a time limit on the surge in Afghanistan in 2009, a move that "took a consensus in favor of incremental adjustments to America's global role and pushed it toward a more thorough-going transformation." A similar message was sent when the president rejected a plan prepared by his top advisers (Hillary Clinton at State, Leon Panetta at Defense, and David Petraeus at the CIA) to aid the Syrian opposition. Concern among friends and allies that the US retrenchment is actually closer to a retreat led to the unusual spectacle at the Munich Security Conference last February of Secretary of State John Kerry and Defense Secretary Chuck Hagel both making, according to a report in the New York Times, "an emotional defense" of the Obama policy "in the face of widespread European and Middle Eastern criticism that the United States was retreating from a leadership role."

Pressures for a course adjustment are thus already building, a process that could be accelerated by the Russian military intervention in Ukraine. But public attitudes and resource constraints will nonetheless probably prevent any administration from swinging too far in the opposite direction. An expansive maximalist policy would risk making commitments that exceed our power and

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resources, and in any event it is not what is needed to achieve balance between realism meaning the defense of our critical national interests—and idealism—meaning the advance of democracy and freedom in the world. What's needed to achieve such a balance is political will and strategic vision in meeting the three interrelated challenges of supporting freedom, defending the national security, and restoring our nation's economic health.

The first challenge—reaffirming the historic American commitment to freedom in the world involves making it clear that we will do whatever we can to support people fighting for fundamental rights, even as we recognize that they must take responsibility for their own success or failure. For many reasons, democracy is seen to be on the defensive today. Authoritarian states are pushing back aggressively against groups working for greater democracy, the turmoil in the Middle East has destroyed the early promise of the Arab Spring, and China's growing economic and military power has altered the balance of forces in the world at a time when the US and many European countries have entered a period of economic and political malaise.

In fact, though, the prospect for democracy in the world is actually much more promising than it appears, and there are opportunities for progress in the years ahead that could be encouraged by a more forward-leaning policy. Despite the recent problems, for instance, the much-anticipated reversal of the "third wave" of democratic expansion of the 1980s and early 1990s has not occurred. The number of electoral democracies now stands at one hundred and twenty-two countries, just one below the high-water mark of one hundred and twenty-three reached in 2005 and four more than in 2012. It also appears that Tunisia could become the first Arab democracy, a beachhead in the region of the world most resistant to democratic change. In addition, movements for civic renewal have emerged in some of the grimmest political environments—the Russian protests of 2011–12, the Campaign for Another Cuba, the Euromaidan movement in Ukraine, and the New Citizens' Movement in China. In contrast to the hope for change that these movements embody, the violence and repression used against them expose the insecurity of authoritarian regimes that feel threatened by their own citizens' demands for an end to corruption and misrule.

The road ahead for such reform movements and civic groups working for democratic change will be long and very difficult, but they are a natural by-product of a world in which people have



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more access to information and higher aspirations and will not disappear. The challenge for the United States is to help create the conditions that will allow such movements to survive and to grow. Institutions already exist to provide them with material and technical assistance. (The National Endowment for Democracy, which I oversee, is one of them.) What is needed today is for our country's leaders to make clearer than they have that supporting people fighting for democratic values is not an afterthought but a core element of national policy; and that we will use diplomacy and other instruments of policy—including targeted sanctions such as those contained in the Magnitsky Act—to protect democratic movements and to enlarge whatever space exists for free expression and democratic participation.

As important as it is to support people on the front lines of the struggle for freedom, however, such support will not be meaningful if the United States is perceived as a declining power in retreat from the world. Democracy will not be able to advance in the absence of a stable international order, and such conditions cannot exist if they are not underwritten by American leadership. This does not mean draining our resources by getting bogged down in distant wars. But it does mean backing up our diplomacy with military power and deterrence, in the absence of which we will have little leverage in negotiations with countries that do not share our commitment to peace and the rule of law. Why should they negotiate seriously if they feel they have the option of achieving their objectives by other means, including the use of force?

Committing ourselves to preserving US leadership in the world is, therefore, the second major challenge for US policy. This is not an expression of American arrogance or a reckless form of overreaching. Rather, it is the recognition of a fundamental geopolitical reality. "A world without US primacy," Samuel Huntington once wrote, "will be a world with more violence and disorder and less democracy and economic growth than a world where the United States continues to have more influence than any other country in shaping global affairs." President Obama himself acknowledged this point in his speech last September to the UN General Assembly when he called US disengagement a "danger for the world" and "a mistake" since it would create "a vacuum of leadership that no other nation is ready to fill." The urgent challenge now is for the US to exercise leadership in a convincing manner so that the vacuum is not filled by hostile powers or by chaos and violence.



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But continued US primacy is simply not possible unless we address a third critical challenge, which is to bring the spiraling US public debt under control. Over the last decade, the gross federal debt has nearly tripled to more than \$17 trillion and now exceeds the total national GDP. While there are many reasons for the continuing surge in public debt, including the 2008 fiscal crisis and the wars in Iraq and Afghanistan, the principal factor has been the growth of entitlement spending, which has gone from less than one-third of the federal budget a half-century ago to more than two-thirds today. In the words of Robert J. Samuelson, "The welfare state is taking over government." Other priorities are steadily being squeezed, from investment in infrastructure and human capital to international programs and even defense spending, which is expected to shrink by forty percent over the next decade. Richard Haass is thus entirely correct when he writes that "American profligacy at home threatens American power and security." Unless we can summon the political will and bipartisan consensus to reverse our domestic decline, no amount of strategic vision will enable the United States to exercise the kind of leadership that the world so desperately needs.

The challenge we face today is as great as any in our history. Our national security and the values we cherish, in addition to the future of democracy in the world, rest on our ability to rise to this occasion.



Seoul: North Korea Preparing for 4th Nuclear Test

The CSS Point May 9, 2014



North Korea is making final preparations to conduct its fourth nuclear test, South Korea's defense minister said Thursday, but he added that it could be a bluff.

Defense Minister Kim Kwan-jin told South Korean journalists that North Korea is able to detonate a nuclear device at any moment, though he didn't elaborate on what the final step of its preparations would be, according to ministry officials.

Kim also said that although North Korea is ready to conduct a nuclear test, it may not intend to set off the device soon, and instead is trying to trick outside observers into believing a test is imminent, the officials said, requesting anonymity under department rules.

North Korea has threatened in recent weeks to conduct a nuclear test to protest what it calls U.S. and South Korean hostility and international condemnation over its rocket and missile tests

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earlier this year. South Korea has warned North Korea would face serious consequences if the test is made.

Pyongyang has called for the resumption of long-dormant international aid-for-disarmament talks, but Washington and Seoul say the North must first move toward disarmament. North Korea says it needs nuclear weapons as a deterrent against U.S. military threats.

Many North Korea watchers had suspected a nuclear test would occur when President Barack Obama visited Seoul last month, but nothing happened. Analysts remain divided over whether North Korea will go ahead with a test soon.

A fourth test would mark another defiant response to U.S.-led international pressures on Pyongyang to abandon its nuclear weapons program. North Korea conducted nuclear tests in 2006, 2009 and 2013.

Western experts believe North Korea has a handful of rudimentary bombs, though it's not yet believed to be capable of producing warheads small enough to mount on a long-range missile that could threaten the U.S. Another nuclear test could put the North a step closer to that goal.

Recent months have seen animosities flare up on the Korean Peninsula with Pyongyang conducting a barrage of rocket and missile tests and resuming fierce rhetoric against Seoul and Washington. Before then, the North had been gradually dialing down its threats and seeking improved ties with South Korea in what foreign analysts said was an attempt to lure investment and aid.

On Thursday, Seoul's Defense Ministry announced that a joint investigation by South Korea and the U.S. concluded that three drones found in the South in March and April were flown by North Korea on military surveillance missions. A ministry statement called the drone flights a military provocation and said South Korea will react strongly. North Korea has denied it sent such drones and accused South Korea of plotting a fabrication.

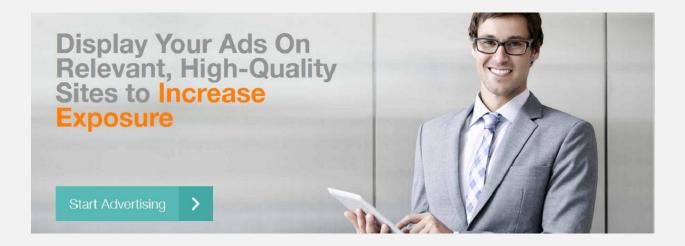
South Korean defense officials said the drones are considered crude and low-tech but that it's the first time North Korean drones have been found crashed in South Korea.



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The two Koreas are divided along the world's most heavily armed border since the 1950-53 Korean War ended with an armistice, not a peace treaty. About 28,500 American troops are deployed in South Korea as buttress against potential North Korean aggression.

A year ago, Pyongyang made a torrent of threats to launch nuclear strikes against Seoul and Washington in protest of U.N. sanctions that were toughened following its third bomb test.





Putin Announces Pullback From Ukraine Border

The CSS Point May 9, 2014



MOSCOW — President Vladimir V. Putin, faced with rising violence in southeastern Ukraine that threatened to draw in the Russian Army at great cost and prompt severe new Western economic sanctions, pressed pause on Wednesday in what had started to look like an inevitable march toward war.

But it remained unclear to analysts and political leaders on both sides of the Atlantic whether he was truly reversing course on Ukraine or if this was just another of his judo-inspired feints.

Using a far less ominous tone than in previous remarks about Ukraine, Mr. Putin told a news conference at the Kremlin that Russia had withdrawn its troops from along the border and that he had asked separatists to drop plans for a referendum on sovereignty this Sunday. Russia would



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even accept Ukraine's presidential election on May 25, he said, if demands for autonomy from the country's east were recognized.

Mr. Putin said Russia wanted to spur mediation efforts led by the Europeans. He said he did not know whether talks between the warring sides in Ukraine were "realistic," but was determined to give them a chance, in particular a suggestion from Chancellor Angela Merkel of Germany that the factions engage in a round-table discussion.

Photo



Pro-Russian gunmen carried the coffin of a colleague killed during clashes in Slovyansk. Credit Manu Brabo/Associated Press

"I simply believe that if we want to find a long-term solution to the crisis in Ukraine, open, honest and equal dialogue is the only possible option," he said.

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While Western governments welcomed Mr. Putin's apparent about-face, there was also abundant skepticism, based in part on his record in Crimea. Mr. Putin repeatedly denied that Russia's soldiers were involved in the region, only to admit later that they were.

A White House spokesman, Josh Earnest, told reporters traveling with President Obama aboard Air Force One that while the United States would welcome a Russian military pullback, "there has been no evidence that such a withdrawal has taken place." NATO officials confirmed that on Wednesday, saying they saw no troop movements.

Senior British officials also reacted warily to Mr. Putin's announcement, noting that he had once before announced a sizable troop withdrawal from the border, in a phone call with Ms. Merkel, but moved only one battalion a modest distance. One official said that satellite photos that would better verify Mr. Putin's assertions would take a while to come through.

Nevertheless, British officials regarded Mr. Putin's comments as positive. They suggested that he wants to avoid a larger economic confrontation with the United States and the European Union and that some of the concerns of Russian businessmen may finally be getting through to the tight circle around Mr. Putin.

While the world was caught off guard by Mr. Putin's sudden peace offensive, analysts in Moscow cited several robust military, economic and political reasons he might be inclined to switch tracks.

First, there has been an increasing sense here, as elsewhere, that conditions in Ukraine were rapidly approaching the situation in Yugoslavia in 1991, when the former Soviet satellite broke into pieces. The violence among various factions was creating facts on the ground, they said, that nobody could predict or manage.

Paradoxically, some added, this dynamic was nurtured in large part by round-the-clock reports on Russian state television that Ukraine was heaving with violence instigated primarily by neofascist cells emanating from western Ukraine. But with the notable exception of some 40 deaths in riots last week in Odessa, far from the separatist hotbeds of Slovyansk and Donetsk, the violence was mostly confined to small skirmishes.



There were worrying signs that was changing, however.

"The problem is that in all these types of conflicts, once the black swans have started to fly, you will never control the situation," said Sergei A. Karaganov, dean of the School of International Economics and Foreign Affairs at the Higher School of Economics in Moscow and a periodic adviser to the Kremlin on foreign policy.

In modern international relations and finance, "black swans" refer to random, unexpected events with unforeseeable consequences. "Law and order was beginning to fall apart, and more and more groups were fighting each other," Mr. Karaganov said.

The other reasons follow a certain logic. Mr. Putin wants to shape Ukraine's future, but an invasion of Ukraine by the Russian Army would be wildly expensive, bloody and unpredictable. Even a nominally successful invasion could breed an insurgency in the east by pro-Ukrainian militants, while the partition of the country would stick Russia with a failed state in southeast Ukraine that would take tens of billions to restructure. It would also create an implacably anti-Russian and pro-European state in western Ukraine that would most likely join NATO as fast as it could.

And an invasion would almost certainly galvanize the European Union into joining the United States in imposing much tougher sanctions that might target entire sections of the Russian economy, like banking, energy or steel.

The Russian aim in Ukraine has always been clear, analysts said. Mr. Putin wanted to annex Crimea with minimal cost, which he appears to have done. Generally, Washington and the European capitals have been so focused on the possible dismemberment of Ukraine that Crimea was shunted to a back burner.

Mr. Putin wants to maintain the ability, they say, to manipulate events in Ukraine to keep the country out of a full embrace by the European Union and, worse, NATO. Toward that end, Russia has been pushing for regional autonomy, a slippery concept that leaves plenty of room for maneuvering at a later date. If he can get European mediators to push through an autonomy plan

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that keeps southeast Ukraine in Moscow's orbit — without risking his army or sanctions — so much the better.

"He really promised nothing," noted Kirill Rogov, an economic analyst and political commentator in Moscow. "He demonstrated that he controls the level of tension in Ukraine. He can return the situation to the high levels of violence at any moment. He did not refuse the referendum, but only proposed delaying it."

Above all, perhaps, Mr. Putin is known to loathe chaos, and southeast Ukraine was staggering in that direction.

Analysts suggested that if eastern Ukraine were to vote in the referendum Sunday to join Russia, or for independence, or if they demanded Russian protection in some orchestrated way, Mr. Putin would be forced to react, given his past statements about Russia's responsibility to ensure the safety of ethnic Russians beyond its borders.

"The decision was taken not to increase Russian involvement in Ukraine, and not to increase the chances of major violence there," said Konstantin von Eggert, an independent political analyst and a commentator for Kommersant FM radio.

Most analysts believe that Mr. Putin wanted to avoid war, and say that a minor armed incursion into Ukraine would not have been enough to resolve the crisis. Instead, it could easily have developed into a long, bloody and expensive slog, bruising the reputation he gained from annexing Crimea with virtually no bloodshed.

Mr. Putin repeated Russia's longstanding demands. He said the authorities in Kiev, the Ukrainian capital, should immediately halt all military actions in southeast Ukraine. He demanded the release of all prisoners linked to the uprising. He also expressed sympathy for the goals and actions of the rebels in the southeast, where armed men have paralyzed most of the major cities by seizing government buildings and barricading themselves inside, with just enough weapons to fend off government attempts to recapture them.

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"I can understand the people in southeast Ukraine, who say that if others can do what they like in Kiev, carry out a coup d'état, take up arms and seize government buildings, police stations and military garrisons, then why shouldn't they be allowed to defend their interests and lawful rights?" Mr. Putin told the news conference, according to the official Kremlin transcript of his remarks. The Kremlin has for months referred to the interim government as a "junta," called it illegitimate and warned of its infiltration by neo-fascists.

The reaction in Kiev and among separatists in southeast Ukraine was a combination of suspicion and mistrust.

In Kiev, Andriy Parubiy, the head of Ukraine's national security council, said that Mr. Putin's remarks were "clear evidence" of what Moscow had been denying all along, that the separatist movement was directed from Russia.

"We understand that the center of the Ukrainian crisis is not in Slovyansk, not in Donetsk, not in Luhansk," Mr. Parubiy said. "The center of the Ukrainian crisis is coordinated in the Kremlin."

He added that the call to delay the referendum in Donetsk was not surprising given that it was illegal and impossible to carry out because the separatists control only a few public buildings in the center of a dozen or so cities.

On Wednesday, the militants seemed perplexed by the Kremlin's announcement. Both Moscow and the militants have repeatedly said that their actions are not coordinated, despite the shadowy presence of well-trained, well-armed men Ukraine accuses of being part of the Russian military or special agents.

In Slovyansk, the ground zero of some of the toughest, most militarily experienced opposition to Kiev, the separatist mayor, Vyachislav Ponomaryov, first claimed that he had not heard Mr. Putin's announcement and then confessed confusion.

"I don't know exactly who he is appealing to with this request," Mr. Ponomaryov said.



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He added that the militants were still ready to hold the referendum, that the ballots were prepared and polling stations were being set up. "If a collective decision is made not to hold the referendum, then we won't," he said. "Otherwise, we're ready."



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Pakistan, Iran agree to complete gas pipeline

The CSS Point May 14, 2014



TEHRAN: Prime Minister Nawaz Sharif and Iranian President Hassan Rouhani on Sunday agreed to continue with the Iran-Pakistan gas pipeline project, terming it beneficial for the peoples of both countries.

Nawaz informed the Iranian president that he was there with his team of finance, petroleum and interior to resolve all the matters which were creating hindrance in the project. Both leaders reiterated their commitment to enhance trade between the two countries, at a meeting held at the Saadabad Palace.

Nawaz said there was lot of scope of increasing the trade volume between the two countries and they wanted to enhance it to new levels of \$5 billion. He said Pakistan-Iran relations were bound by historical and religious linkages. "I am here to open a new chapter in Pakistan-Iran relations," he said, adding, "As a prime minister, I visited Iran first in 1999 and have always found the Iranian more affectionate on every visit to Iran."

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President Rouhani said Iran-Pakistan relations had historical connections. Apart from being neighbours, both Muslim countries have the common traditions and relations based on the Holy Quran and the traditions of the Holy Prophet (SAWW), he said. Prime Minister Nawaz Sharif's visit would further boost the brotherly relations between the two countries, he added.

The prime minister told the Iranian president that some miscreant elements were trying to sabotage the brotherly relations between the two countries. He said they would deal with all such elements firmly and would not let them sabotage these relations. He said, "We want security for development and development for security".

President Rouhani affirmed his government's support, adding that peace in the region was their common goal. He said they would support Pakistan to develop and become more secure.

Both the leaders discussed the border security matters between the two countries. They agreed that better border management and improved security measures would result in increased bilateral trade and strengthening of relationship and cooperation between the two countries. Prime Minister Nawaz Sharif extended invitation to President Rouhani to visit Pakistan which was accepted by the latter.

Later, the Iranian president hosted a luncheon in honour of the prime minister and the visiting delegation. Earlier upon arrival, the prime minister was given a warm welcome at the Mehrabad International Airport. The prime minister was received by Minister for Economic Affairs and Finance Ali Tayyabnia.

The official welcoming ceremony was held at the Saadabad Palace where a smartly turned out contingent presented guard of honour to the prime minister. The prime minister also held a meeting with First Vice President of Iran Eshaq Jehangiri in which matters of mutual and bilateral interest were discussed.

Federal Minister for Finance Ishaq Dar, Federal Minister for Petroleum Shahid Khaqan Abbasi, Governor Balochistan Mahmood Khan Achakzai, Advisor to PM on National Security and Foreign Affairs Sartaj Aziz and Special Assistant to PM Tariq Fatimi were also present.



Meanwhile, Pakistan and Iran signed eight MoUs to enhance their cooperation further in various fields.

Prime Minister Nawaz Sharif and Iranian First Vice President Eshaq Jahangiri witnessed the signing ceremony.

The following agreements were inked.

1. Agreement on Transfer of Offenders (Transfer of Sentenced Persons), signed by Iranian Justice Minister and Advisor to Prime Minister on National Security and Foreign Affairs Sartaj Aziz.

2. MoU on Anti-Money Laundering signed by Minister for Finance Ishaq Dar and his Iranian counterpart.

3. MoU on Statistical Cooperation signed by Minister for Finance and Iranian Finance Minister.

4. Renewal of the Cultural Exchange Programme signed by Adviser to the Prime Minister on National Security and Foreign Affairs Sartaj Aziz and Iranian Minister for Culture.

5. MoU on Sports Cooperation signed by Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi and Iranian Minister for Sports.

6. MoU on Cooperation in Preventing and Combating Pollution from Ships signed by the Minister for Petroleum and Natural Resources and Iranian Minister for Roads and Transport.

7. MoU on establishment of Joint Border Commission signed by Adviser to the Prime Minister on National Security and Foreign Affairs and Foreign Minister of Iran Mohammad Javad Zarif.

8. MoU between TDAP and IIEC signed by Ambassador of Pakistan to Iran and Managing Director of Iran International Exhibition Company (IIEC).

"And let there be [arising] from you a nation inviting to [all that is] good, enjoining what is right and forbidding what is wrong, and those will be the successful."

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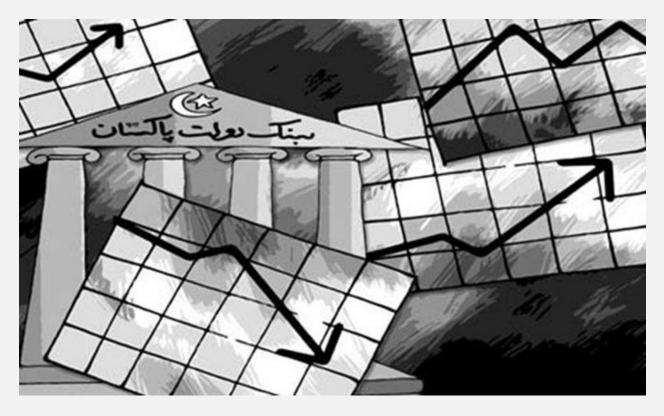
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Govt eyes 7.2pc growth rate by 2016-17 (DAWN)

The CSS Point May 16, 2014



ISLAMABAD: After missing the economic growth target in its first year because of a poor show by agriculture and services sectors, the PML-N government has set an ambitious target to expand the economy at a rate of 7.2 per cent by the financial year of 2016-17.

A meeting of the cabinet, presided over by Prime Minister Nawaz Sharif on Thursday, cleared the "Budget Strategy Paper 2014-17", envisaging fiscal deficit at 4.8pc for the next financial year, rate of inflation at 7.5pc, federal development programme at Rs525 billion and tax revenue at Rs2.810 trillion.

The meeting was informed that the federal budget was being planned for presentation in the National Assembly on June 3.

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The macroeconomic targets for the next fiscal year and an outline for the two subsequent years were finalised after the annual meeting of the National Accounts Committee in the morning approved data on the country's economic performance during the current fiscal year.

The committee provisionally concluded that the growth rate stood at 4.14pc of GDP during the current fiscal year against a target of 4.4pc. This performance, however, was better than last year's 3.7pc. The committee has powers to approve the country's real economic indicators based on

actual data. A lacklustre performance by the agriculture sector was the major reason behind slower than targeted economic growth rate. During 2014-15, the agriculture sector is estimated to have showed a growth rate of 2.12pc, significantly lower than a target of 3.8pc envisaged in the budget strategy paper last year. It was even lower than last year's 2.9pc growth rate.

This was despite a bumper wheat crop of 25.3 million tons against last year's 24.2m tons. Cotton output this year was, however, reported at 12.7m bales against last year's 13m bales.

The industrial sector was the major driving force behind 4.14pc GDP growth rate. It grew by 5.84pc during the current fiscal year against a target of 4.8pc. This showed a significant improvement over about 1.4pc of the last year.

Among the industry's sub- sector's, large-scale manufacturing grew by 5.31pc against a target of 4.5pc and last year's growth rate of 4.1pc. A major improvement was seen in the electricity sector which grew by 3.7pc against a negative performance of 16.33pc last year.

The services sector posted a growth rate of 4.29pc against a target of 4.6pc and last year's growth rate of 4.85pc.

An official statement said the finance minister informed the cabinet that the government was reframing the budget structure for the next three years, placing emphasis on major policy objectives. As a consequence, some indicators set for three years as part of BSP last year would need to be changed.

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The cabinet was informed that an increase in the industrial sector and import of machinery for use in large-scale manufacturing was an indicator of growing economy. The performance of credit towards the private sector has increased approximately three times as compared to corresponding period of the last financial year.

The cabinet also discussed the budget proposals for 2014-15.

The prime minister praised the finance team for its persistent efforts to improve the overall economy and for coming up with a balanced three-year budgetary framework.

Explaining his vision, Mr Sharif directed for taking all possible economic measures to place Pakistan amongst emerging economies of the region while ensuring maximum relief for people. He said the appreciation in the value of Pakistani rupee against the US dollar and consequent reduction in the prices of POL was possible because of pragmatic economic measures taken by the government.

Mr Sharif stressed the need for maintaining the pace of development and economic growth in the coming years.





Govt unable to achieve first-year growth rate target

The CSS Point May 17, 2014



ISLAMABAD: The government has been unable to achieve its first-year growth rate target with the economy growing only 4.1% in the outgoing fiscal year — a rate that carries substantial risks of downward revision once actual public spending figures are compiled.

The 4.1% growth rate was mostly driven by industrial growth, while targets in the agriculture and services sectors, which contribute about three-fourths of national output, were missed.

The National Accounts Committee (NAC) on Thursday approved the provisional growth rate of 4.14% for fiscal year 2013-14. The official economic growth rate target was 4.4%.

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Minister of Finance Ishaq Dar meanwhile expressed hope that Pakistan would move beyond the 4% GDP growth rate in the next year and reach 5% in the coming years, APP reported.

The growth rate is provisional and subject to changes on the basis of actual national accounts, Chief Statistician of Pakistan Asif Bajwa said while talking to *The Express Tribune*.

The NAC has taken into account the budgeted figures of public sector development spending, while actual spending is expected to remain less than half of the total allocation, according to officials privy to the NAC meeting discussions.

The NAC has worked out growth in the construction sector on the basis of Rs1.155 trillion spending by the provincial and federal governments. The actual spending will remain less than Rs600 billion, according to the officials.

Against an allocation of Rs615 billion, the four provinces have spent only Rs199 billion in the first nine months of the fiscal year. The provinces are earning profits by keeping their cash with the federal government instead of spending on provision of social services. Against an allocation of Rs540 billion, the federal government spent Rs196 billion in the first nine months of the fiscal year.

The officials revealed that once the actual spending figures are available, the lower spending will erode by 0.2%, bringing down the provisional figure to 3.9%. On the basis of the budgeted amount of Rs1.155 trillion, the NAC has showed 11.3% growth in construction sector in the outgoing fiscal year, according to NAC documents.

Out of 23 key growth indicators, the NAC documents showed that the government achieved only eight targets, while performance against 15 indicators, primarily in agriculture and services sector, remained below the expectations.

Inflation and foreign reserves

Minister of Finance Ishaq Dar said that the inflation rate has remained in single digits with 8.6%, adding that the international community is convinced that inflation had come down while the growth rate is appreciating.

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Dar also highlighted that the foreign exchange reserves are now touching the \$13 billion figure, reported APP, adding that trade deficit had decreased to \$13.93 billion in the first ten months the fiscal year from \$14.74 billion during the first ten months of last year.

"Today international financial organisations and investors are reposing confidence in Pakistan and we are moving ahead as per our budgetary targets," the minister said while giving a policy statement in the National Assembly.





The CSS Point May 17, 2014



THERE is much to be worried about when it comes to a politician with an explicitly communal background elected on an agenda for economic empowerment and regeneration. Yet, India, stereotyped as the world's largest democracy, has chosen to do exactly that in electing Narendra Modi as the next prime minister of India. There are acute problems with India's choice — a secular democracy electing a leader whose personal politics and style of ruling are exclusionary and authoritarian. Then again, the choice was for India's voters and in the absence of any legal impediment for Mr Modi it is difficult to deny the legitimacy of his win. Going forward there can only be hope that the next India premier's focus will be on once again accelerating India's sagging growth rate, and also its redistribution problems, rather than the polarising politics of communalism. Much as India's prime minister-elect is touted for spurring growth and running an efficient administration, the problems of crony capitalism and the licence raj remain acute. Spurring growth is often easier than ensuring equality of opportunity and a level playing field for all economic actors.

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From a Pakistani perspective, where the transition to democracy continues, the Indian election could not be more crucial. Much hope is pinned on the reality that a centre-right government in Pakistan with genuine legitimacy and political support in the heartland can do business with a right-wing government in India — just as happened during the last stint of Prime Minister Nawaz Sharif. The Pakistani premier has time and again vowed to pick up where he left off in 1998 and now that history has repeated itself in terms of electoral wins on both sides of the eastern border, the opportunity is present to do exactly that. Of course, hopes regarding long-term possibilities should be tempered by short-term realities. In Pakistan, civil-military relations are rickety, meaning Mr Sharif may not immediately seek rapprochement with India. In India, Mr Modi may try to assert his strongman credentials first to establish the perception of authority. However, if the optics and posturing are understood by both sides, there is the possibility for much genuine work towards normalisation of ties to be done.

Where progress is possible, indeed achievable, by now is well known. Trade to begin with, then the composite dialogue's several baskets, including the so-called low-hanging fruit that are Sir Creek and Siachen, the growing concerns over water and a stable outcome of the transition in Afghanistan — all of that are key issues. India, of course, will focus on militancy and terrorism, especially progress on the Mumbai trials that seem to always get delayed here. On the flip side, Pakistan has grievances of its own and there are valid concerns about India-fomented trouble inside parts of Pakistan. As ever, political will is essential, and it remains to be seen if both sides can demonstrate it.



Pakistan among 'most corrupt' countries

The CSS Point May 24, 2014



KATMANDU: South Asia is the most corrupt region of the world and governments must strengthen their anti-graft agencies to prevent political interference and protect whistleblowers, Transparency International said Wednesday.

The watchdog group found serious problems with anti-corruption efforts in Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka.

"South Asia now is the worst region in the world when it comes to corruption based on our studies," said Srirak Plipat, the group's regional director for Asia Pacific.

All six countries have public bodies charged with stopping corruption, but "their hands are tied by political control over the staff appointments and budget," the group said in a report.

"The lack of political will on the part of the governments to make laws work means that government action to fight corruption is largely ineffective," the report added.

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The group urged the governments of the six countries to strengthen their anti-corruption agencies and judiciary by ensuring that appointments, transfers and removal of the heads of the agencies are conducted independently.

The report also said that political interference means that the agencies are selective in conducting investigations, and in most of South Asia are powerless because they need government approval before starting a probe.

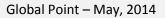
In Nepal in 2013 the chief justice of the Supreme Court was appointed prime minister, which Transparency International said blurred the line between executive and judicial powers. Khil Raj Regmi did not resign from his judicial position, although he stopped hearing cases. In Bangladesh, the government has appointed 48 judges to the Supreme Court since 2009.

Pakistan is discussing a right to information law but in Sri Lanka this is non-existent, the report said.

It said India has been making attempts to dilute its right to information law, which currently is one of the strongest in the world.

Plipat said Transparency International will monitor India's newly elected government to see if it follows its promise of cleaning up graft.

He said the Indian government should implement an Ombudsman Act that was passed by Parliament last year and also push other anti-corruption bills, including amending whistleblower laws to protect people in the private sector.





No clear Afghan strategy

The CSS Point May 27, 2014



WITH so much emphasis — many times rightly, but also often wrongly — on Pakistan's role in a settlement that can help secure a relatively peaceful and stable Afghanistan post-2014, it is sometimes forgotten that there are at least two other principal players. And rarely has disarray in those camps been more evident than at the moment. For all the blame heaped on Pakistan and its tacit support for the Afghan Taliban, the Afghan government led by Hamid Karzai has clearly fallen far short of even the most basic of goals that could have been set and achieved. Now, on his way out and with his favoured candidate in the presidential election reduced to a dismal showing in the first round, President Karzai appears to have little left to offer beyond digging in his heels, trying to secure some kind of post-presidential relevance for himself and playing the nationalist card with gusto. Quite how far he has gone in alienating and angering the very countries that



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helped instal him in power more than a decade ago was evident when US President Obama did no more than telephone the Afghan leader while staying in Afghanistan for roughly four hours.

Yet, as poor as the last chapter of Mr Karzai's presidency may be, even that cannot help obfuscate the almost complete and total breakdown in any kind of meaningful planning by the American side of what to do about Afghanistan after the end of this year. A large chunk of the policy confusion appears to stem from a White House — or perhaps just a coterie of Obama foreign policy architects within it — that is at odds with much of its own foreign policy establishment. Beyond getting American troops out of Afghanistan, Mr Obama does not appear to have much hope for or even interest in the region anymore. Having given his military the surge troops it wanted in Afghanistan, he now appears to be turning towards legacy issues and doing things the way it is clear he wanted to do in Afghanistan all along. What that means is the least possible military engagement. Surely, as that diminishes to virtually non-existent on the ground in Afghanistan, so will diminish all the other elements of engagement with Afghanistan.

What ought to be done, however, remains as obvious as ever, and perhaps now that the forcefulness of US ambitions in the region has lessened it may even be achievable: the focus must remain on reconciliation with the Afghan Taliban and a way to keep the writ of the Afghan government in Kabul over the country both tenable and credible. For all the suspicions and latent acrimony on the Pakistan, Afghanistan and US sides, the situation is surely not already hopeless. However, first the US side needs to get its own act together on Afghanistan.



US to prepare strategy with Pakistan's help

The CSS Point May 27, 2014



WASHINGTON: The United States wants Pakistan's cooperation in formulating its future counter-terrorism strategy for Afghanistan and the rest of South Asia, the White House said on Sunday.

Briefing the media on President Barack Obama's surprise visit to Kabul earlier in the day, his Deputy National Security Advisor for Strategic Communications Ben Rhodes said the US had not yet decided how many troops to keep in Afghanistan after 2014 but all US allies in the region would be consulted before making any major decision.

"We've been looking broadly at counter-terrorism and how do you have a counter-terrorism strategy in Afghanistan, in South Asia, in cooperation with Pakistan that keeps Al Qaeda core on its heels," said Mr Rhodes.



A transcript released by the White House quoted Mr Rhodes as saying that while preparing a future counter-terrorism strategy, the United States would also see "how does it fit into the broader counter-terrorism challenge across the entire region all the way to North Africa."

The president is expected to highlight some aspects of this strategy in a policy speech next month.



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U.S. to train Syrian rebels, sets \$5 Bil. fund to fight terrorism

The CSS Point May 29, 2014



President Barack Obama will announce additional assistance to aid moderate Syrian rebels in their fight against the Assad regime, Secretary of State John Kerry said on Wednesday.

Mr. Obama, in a commencement address on Wednesday at the United States Military Academy at West Point, will also propose a \$5 billion fund to help countries fight terrorism, the White House said.

Critics of Mr. Obama's Syria policy have long argued that he hasn't done enough to help moderate rebels counter the regime of Bashar al-Assad or challenge the growing strength of al Qaeda militants.

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Speaking on CBS, Mr. Kerry said Mr. Obama and the U.S. wouldn't put American boots on the ground in Syria. "But, yes, he is going to ramp up efforts with allies in concert with the fundamental support group of both Arab communities and European communities who are committed to helping to stop the slaughter that is taking place in Syria," Mr. Kerry said.

The Wall Street Journal earlier reported Mr. Obama is close to authorizing a mission led by the U.S. military to train moderate Syrian rebels to fight the regime and al Qaeda-linked groups, a move that would significantly expand Washington's role in the conflict.

Mr. Kerry said the U.S. would work closely with Congress to provide additional assistance to the moderate opposition in Syria.

Any new initiative, which the president has been considering for months, would supplement a small train-and-equip program led by the Central Intelligence Agency. The training would be undertaken by U.S. special-operations forces, although it is unclear when it would begin.

Mr. Obama has been reluctant to intervene in Syria out of concern the U.S. would get drawn into another open-ended conflict in the Middle East. His change in policy is part of a broader effort to counter criticism that American power has waned on the world stage since he took office.

The White House is embarking on a new effort to explain Mr. Obama's approach to foreign policy and national security issues after becoming frustrated that they are misunderstood.

One new initiative will be the planned \$5 billion fund to help train non-U.S. forces "to take on this rising radical extremism that challenges rule of law in so many places," Mr. Kerry said.

"We have to deal with this rapidly changing more complex world where terrorism is the principal challenge," Mr. Kerry said.



An incoherent energy policy

Saira Mustafa May 31, 2014



At best, the federal government is utterly and absolutely clueless as to the real causes of what ails the energy sector in Pakistan. At worst, they are criminally negligent and choose to ignore the true disease and instead go for quick fixes that they think will patch up the system. The latest display of short-sighted policy came with the <u>decision to deduct a portion of the provincial</u> governments' bills from their share of federal revenues.

On the surface, this sounds like a good policy. Provincial governments, particularly that of Sindh, are some of the biggest defaulters on their electricity bills and the federal government using its power of the purse to force them to pay sounds like a good idea. But the matter is not quite so simple.



?? The reason for the power outages is two-fold: far too many people in the country do not pay for the electricity that they use, and too much of the electricity that is generated uses expensive fuels

The federally-owned power distribution companies often do a horrendous job at ensuring that people and businesses within their jurisdictions pay their electricity bills. And they are also under a lot of pressure from the water and power ministry to crack down on that theft. The provincial governments allege, and not without reason, that these federally-owned entities often load up the bills of provincial government departments with the usage from other non-paying entities. In other words, the theft is covered up by alleging that the provincial government owes more in electricity bills than it used.

Given the amount at stake — about Rs90 billion at the latest count — it is astounding that this allegation has yet to be investigated. But if this allegation is true, then making the provincial governments pay for electricity that they have not used is tantamount to making the taxpayer foot the bill for thieves.

But, perhaps, we should not be surprised that Islamabad wants to make taxpayers pay for thieves when the Nawaz Administration has already announced the explicit policy of <u>forcing honest</u> <u>customers to pay for the losses racked up by the power companies</u> owing to their inability to crack down against those who steal electricity. It seems that the official energy policy of this administration is that everyone will be forced to share in the pain, except those who are actually causing the losses.

We cannot even begin to articulate our outrage at this travesty masquerading as policy. The message being sent to the Pakistani people seems to be that they are better off being among those who steal and plunder rather than being among those who honestly pay their fair share — whether it be electricity bills or taxes. Does the prime minister honestly think that he has any hope of solving the energy crisis that he promised he would fix in this manner?

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We need not remind Prime Minister Nawaz Sharif that, while he may have run on a platform with many points on his policy agenda, the people of Pakistan elected him for one reason and one reason alone: he promised that he would be able to fix the energy crisis. But given the way he is proceeding right now, he is on track to fail in keeping that promise.

The administration has not addressed even one root cause of the power outages and instead, has become fascinated with cosmetic measures that appear flashy and impressive but will do nothing to actually solve the problem. New power plants are impressive and necessary, but a lack of power plants is not why the lights go out so frequently all over Pakistan. The reason for the power outages is two-fold: far too many people in the country do not pay for the electricity that they use, and too much of the electricity that is generated uses expensive fuels.

None of those problems are being addressed by anything the administration has done so far. And if they continue to ignore those root causes, the PML-N will find itself as mercilessly thrown out of office as their predecessors.



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