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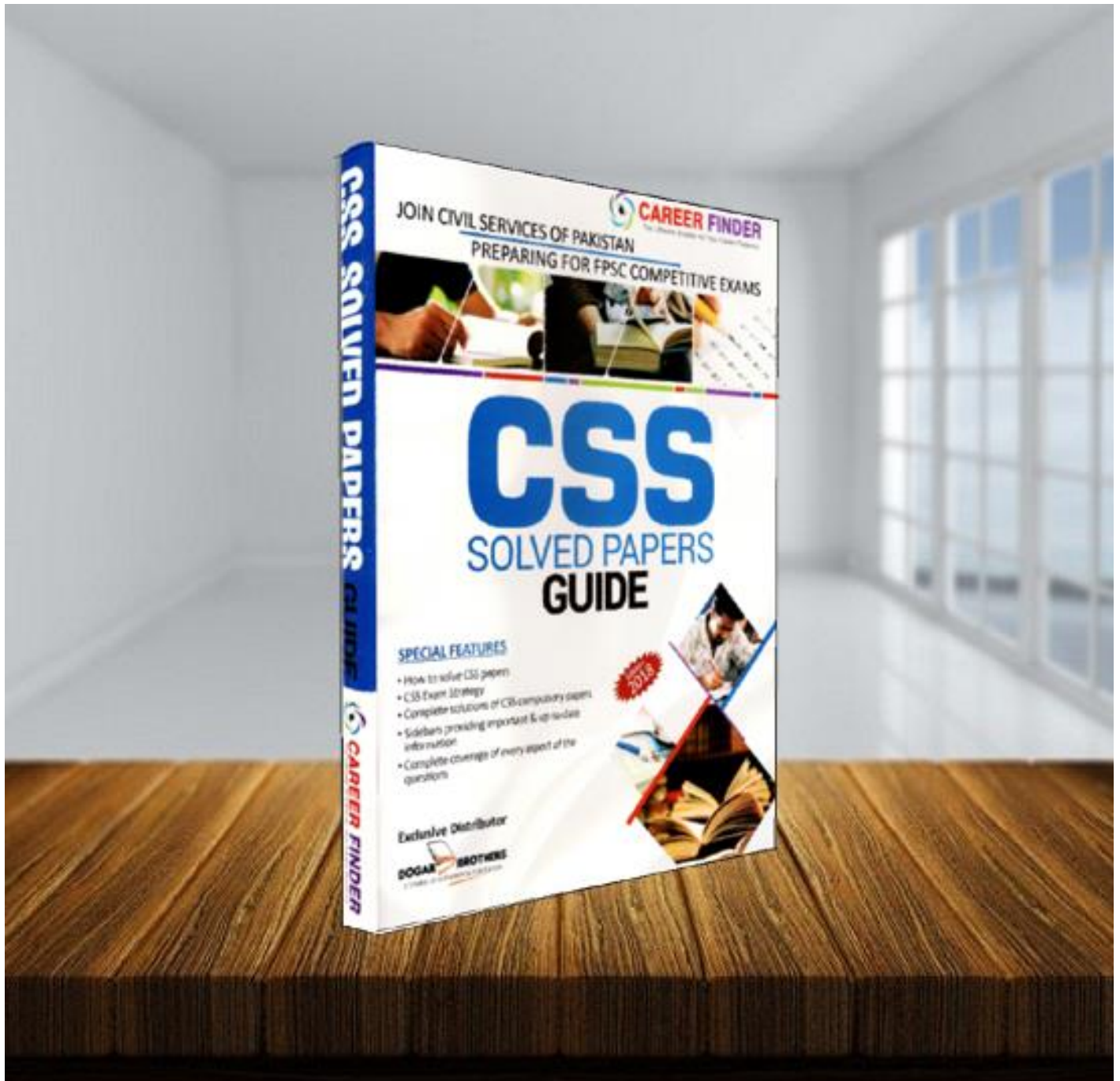
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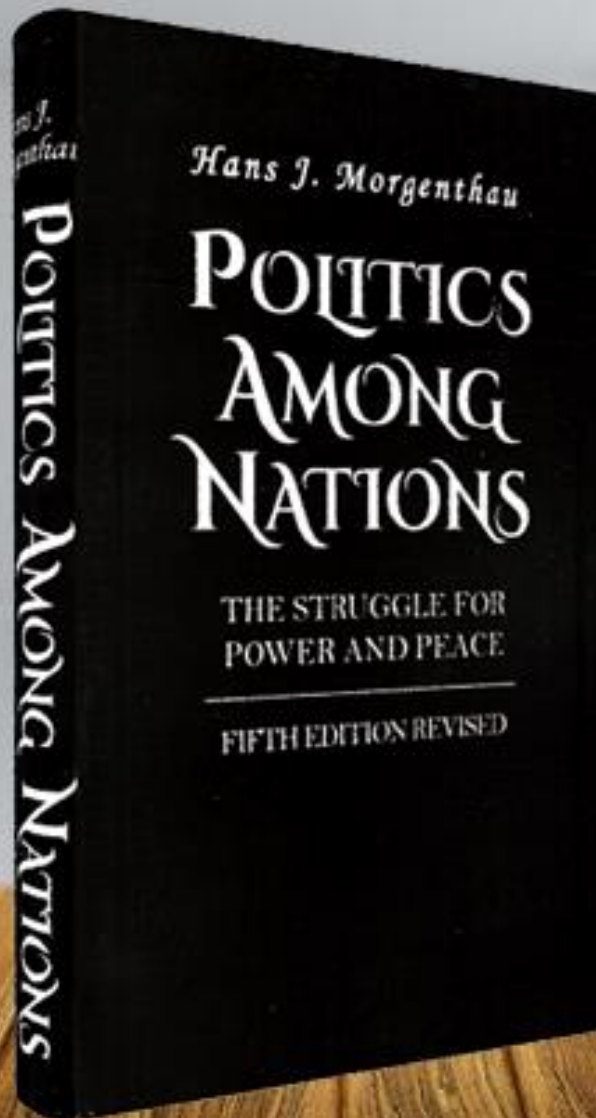
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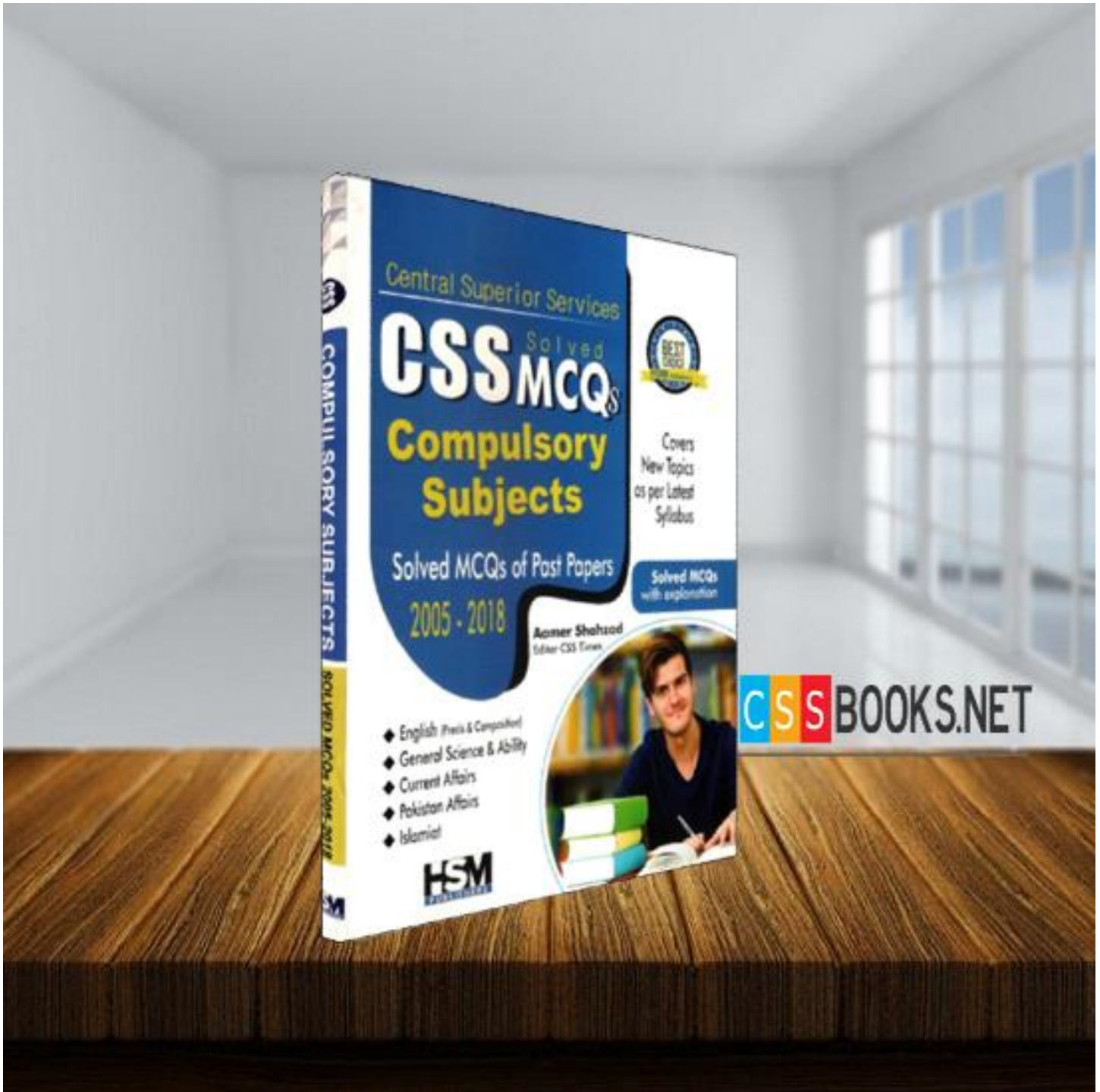


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PAKISTAN

Foreign Policy Challenges and Opportunities for the New Govt By Zamir Akram

At the time of writing, three days after the elections, it is clear that with the largest number of seats in the National Assembly, the PTI is likely to form the government at the Centre as well as in K-P and perhaps the Punjab province. In his first nationwide address, PTI leader Imran Khan has already spelt out his foreign policy priorities, seeking to improve relations with all the neighbouring countries as well as the US. But, despite his good intentions, the success or failure of his foreign policy will also depend on the policies of his interlocutors.

There are both challenges and opportunities for the new government. First, the challenges. At the global level, a multi-polar world is emerging, characterised by increasing confrontation between the US, and China as well as Russia. Determined to retain global supremacy, and unwilling to accept China and Russia as equal partners in a new world order, the US has been enhancing its own power base for 'full-spectrum dominance', and strengthening existing alliances while also building new strategic partnerships. Apart from increased confrontation at the global level, this has regional implications for Pakistan with the burgeoning Indo-US partnership to contain China. Washington's support for New Delhi's regional hegemony confronts Pakistan with an existential threat. Pakistan's rejection of Indian domination backed up by its nuclear deterrence against India is an obstacle to America's desired order in South Asia.

The result is most obvious in two critical areas. The first is Pakistan's domestic environment where the US with India would like to see a weak and pliable government that would abandon issues such as Kashmir and accept the Indian supremacy. To this end, they have promoted the narrative of a rift between the civilian and military leaderships. Indeed, this narrative has been used to discredit the 2018 elections, both before and after the polls, based on the allegations that the military controlled the outcome by backing the PTI and promoting "Islamist groups". Of course, the election results have belied such accusations — the

PTI's opponents have done well in Punjab and Sindh while the 'Islamic' parties have been wiped out. Besides, independent external observers have endorsed the free and fair nature of the elections. Nevertheless, such charges continue to be made in the American/Western and Indian media, echoed by their touts in Pakistan. This will only add to instability within Pakistan — the covert Indo-US objective.

The second arena is Afghanistan where India has been encouraged by the US to play a more pro-active role while undermining Pakistan's interests. Indians and Afghans are using the TTP and Baloch insurgents operating from Afghanistan to carry out terrorist attacks to destabilise Pakistan. This can only happen with American consent if not active support.

Consequently, the challenges for the PTI government in dealing with the US and their Indian allies would be immense. The first and most difficult task would be resolving the prevailing domestic political and economic crises. To defeat the nefarious Indo-US designs, all political parties need to place the national interest above their political ambitions.

Beyond the internal situation, Pakistan, fortunately, has other options and holds strong cards against the US and India, which it must use to protect its interests. America depends on Pakistan for air and ground access to its beleaguered troops in Afghanistan. Pakistan's intelligence cooperation and counter-terrorism measures are also vital for Washington to extricate itself from its 17-year-old Afghan quagmire. Moreover, now that the US has finally acknowledged the need for a dialogue with the Afghan Taliban to evolve a political solution, Pakistan can play a key role. This would also help to improve relations with Afghanistan.

Washington also needs Islamabad's cooperation in dealing with Islamic State terrorism to stabilise the Middle East as well as providing access to landlocked, energy-rich Central Asian states. We need to use this leverage to improve Pakistan-US relations, starting with full compensation of the Coalition Support Fund expenditure we have already incurred in counter-terrorism operations.

India, too, will ultimately need to engage with Pakistan to heal the bleeding wound of Kashmir and seek its cooperation to access Afghanistan as well as

Central Asia. Moreover, the existence of credible nuclear deterrence between the two countries is a great equaliser, negating Indian regional ambitions.

Perhaps, the greatest foreign policy opportunity for Pakistan is its growing strategic partnership with a rising power like China, the substantive manifestation of which is CPEC. For both countries, CPEC is not just an economic opportunity but a strategic necessity, with far-reaching global impact. It provides Pakistan with the opening to leverage its pivotal geo-strategic location for mutually-beneficial gains with countries of South, Central and West Asia. The partnership with China will, therefore, be of critical importance not only to ensure Pakistan's economic development but also to strengthen its relations across the global spectrum. Most immediately, China can also be a better option than the American-controlled IMF to overcome our current economic challenges.

One of the spin-offs already apparent is the changing positive dynamic in our relations with Russia which is not only supporting CPEC but also cooperating with Pakistan and China to stabilise Afghanistan. Beyond that, there are vast opportunities for cooperation, bilaterally as well as through the Shanghai Cooperation Organisation.

Iran and Turkey are also countries that share bilateral and regional interests, such as through the Economic Cooperation Organisation, and are on the same page with us in the emerging global multi-polar order.

As the most powerful country in the Muslim world with traditionally close relations with Saudi Arabia and the Gulf countries especially, Pakistan can play a more pro-active role to resolve intra-Muslim differences and promote greater cooperation bilaterally and through the OIC.

Last but not least, Pakistan, as a responsible nuclear-weapon state, is a vital factor for peace, security and stability in South Asia. But, given the dynamic nature of deterrence, we will need to ensure the continuing credibility of our nuclear deterrence in the years ahead.

Source: <https://tribune.com.pk/story/1770475/6-foreign-policy-challenges-opportunities-new-govt/>

Climate Challenges | Editorial

YEAR after year, the findings of the annual State of the Climate report make increasingly evident the rapid pace at which climate change is affecting the ability to sustain life on Earth. Its report on 2017 is no different; based on global temperatures, last year was the second or third warmest year (depending on which dataset is analysed), and the hottest non-El Niño (a climate event that warms the Pacific) year ever. Sea levels rose to a record high last year, as did greenhouse gas emissions. The Arctic and Antarctic both experienced considerable ice melt, glaciers lost mass for a 38th consecutive year, and prolonged warm oceanic temperatures decimated vast swathes of the world's coral reefs. Scientists across the globe all agree that these changes are endangering the world's food and water supplies, and contributing to the devastating climate events — heatwaves, flooding, storms and wildfires — witnessed of late. Ironically, the report initiative is spearheaded by a US government agency — the very same government whose leader, President Donald Trump, torpedoed hopes of the Paris Agreement's impact to mitigate the impending disaster when he decided to withdraw the US from the list of signatories.

In Pakistan, on May 28, 2017, the temperature in Turbat reached 53.5°C — an all-time high for us and the world's highest temperature for May — while the summer monsoon rainfall was also 22.5pc less than the long-term average. Though our carbon footprint is relatively minuscule in terms of global emissions, we bear the brunt of extreme weather events, and for that reason alone must take action. Yet, here too building climate resilience is absent in the national discourse and does not even register at the tail end of policymakers' priorities. This lack of political will is manifest in the window dressing that is the Ministry of Climate Change — demoted to a division in 2013, then notified as a ministry again in 2015, only to be led by a minister with no expertise on the subject and with a tiny budget. Planning and development still rely heavily on carbon-intensive energy projects and unsustainable water management solutions. The PTI, in its 2018 manifesto, dedicated an entire section to climate change and made bold promises. With the new government to be formed in a matter of days, it is hoped that it delivers on at least some of these by ensuring that allocated

funds for climate adaption come closer to matching the true, gargantuan scale of Pakistan's environmental challenges.

Published in Dawn, August 3rd, 2018

Source: <https://www.dawn.com/news/1424658/climate-challenges>

Pak-Russia Rapprochement By Misbah Arif

At the end of the Cold War, Moscow's influence and interest significantly declined in South Asia. However, after almost two decades there is an obvious change in Russian policies both on domestic and international levels. Changing patterns in Russia's Asian foreign policy will directly affect the regional security environment of South Asia. Cementing Indo-US strategic partnership against China, historical India-Pakistan rivalry, and conflicting interests of great powers collectively made South Asia one of the most vulnerable regions.

In view of Moscow's capabilities, its reorientation to South Asia will have significant implications for regional security in general, and Pakistan in particular. The relationship between Pakistan and Russia has been described by many as a tale of misunderstandings and lost opportunities. Pak-Russia relations have been just like a roller coaster ride with many ups and downs and most of the time they have perceived each other in a deleterious mindset. Pakistan's foreign policy has been mainly focused on the western world while Russia has been strengthening its ties with India. In the past, both countries missed opportunities to cooperate with each other due to minor differences.

The historical back ground gives a clear picture that both countries have never been involved in direct confrontation but proxies have been a source of misunderstanding. However, the strategic landscape is changing now at a very rapid pace. As Russia is strengthening its political, strategic, and economic ties with Pakistan, it will open new avenues in almost all sectors. Recently, Russia has made agreements with Pakistan to uplift arms embargo, sold Mi-35 attack helicopters, and has negotiated a deal with Pakistan for SU-35 and SU-37 fighter jets. Pakistani and Russian Navies signed a Memorandum of Understanding (MoU) on bilateral cooperation in the naval field.

But the decades old arch rival of Pakistan India, has been quite afraid of Russian-Pakistani relations, ignoring the fact that its increasing strategic partnership with the US is disturbing the Balance of Power in South Asia.

The Pak-Russia rapprochement indicates rearrangement in the South Asian region. Russia is a significant country because of its geopolitical outreach and

great power status while Pakistan's population, presence of nuclear arsenals and geostrategic location makes it a significant actor in international relations. The statements made by the Russian and Pakistani Defence Ministers after their interaction at this year's Moscow Conference on International Security shows that the military relations between the two great powers are on the right track.

Pakistan is looking for diversification of its foreign and defence policy. It wants to maintain good ties with all nations and decrease its dependence upon the US

Moreover the two countries have a general consensus on undertaking counter terrorism and extremism operations in Pakistan. Pakistan introduced the Regional Anti-Terrorist Structure (RATS) in the Shanghai Cooperation Organization (SCO) which is believed as an effective measure in fighting drug trafficking.

It is generally believed that it is not the climate change or environmental degradation that is affecting Pakistan but actually the policy formulation in its energy sector. Russia has abundant oil, gas and coal reservoirs and can help Pakistan in overcoming its growing energy needs. In addition, Pak-Russia civil nuclear cooperation will open new avenues for bilateral cooperation. The civil nuclear cooperation will fill the historical gaps between two states and will highlight the level of trust between them. Pakistan is looking for opportunities in civil nuclear cooperation in order to deal with the energy shortage.

Russia would be an ideal option for Pakistan because of its capabilities and experience. Pak-Russia civil nuclear cooperation will help Pakistan to develop a long-term comprehensive program to improve Pakistan's energy sector. India received a waiver in 2008 that allowed it to engage in civil nuclear trade, Pakistan is also looking forward for such leverage by getting Nuclear Suppliers' Membership (NSG) as it fulfils all the pre-requisites. Ambassador Alexey Dedov, Ambassador of the Russian Federation to Pakistan recently stated that Russia has no objections to Pakistan's membership of the NSG. As long the dialogue between Russia and Pakistan continues on civil nuclear cooperation, there is prospectus of peaceful nuclear cooperation.

Likewise, the economic interdependence between Russia and Pakistan can be established by the consolidation of Eurasian Economic Union EEU via CPEC to

South Asia and to the Indian Ocean and beyond. Pakistan can be a viable source of agricultural and textile imports for Russia. Russia has banned agriculture imports specially food from Europe. Pakistan can export agriculture products to Russia. Both countries should open track II channels for mutual collaboration.

In view of the changing geostrategic landscape, Pakistan is looking for diversification of its foreign and defence policy. It wants to maintain good ties with all the nations and decrease its dependence upon the U.S. Pakistan cannot afford to have all of its eggs in one basket. In a multi-polar world it is in the interest of Pakistan to have good ties with all states. Hence, the reset in Pak-Russia relations will increase Pakistan's foreign policy options. Pakistan should pursue its relationship with Russia vigorously and keep it independent from its relationship with other countries.

The writer is M Phil Scholar, Visiting Faculty at Fatima Jinnah Women University

Published in Daily Times, August 6th 2018.

Source: <https://dailytimes.com.pk/278689/pak-russia-rapprochement/>

The US: An Unfriendly Friend By Malik Ashraf

SINCE the advent of Trump era the US has been employing different tactics to put Pakistan under pressure and the relations between the two countries are in a nosedive. The US was also instrumental in pushing Pakistan to the grey list by FATF recently and the statement by US Secretary of State on IMF loan to Pakistan last week is yet another unfriendly act by the so-called long time friend of Pakistan. Nothing would explain our relationship with United States of America better than this Urdu couplet ' Barey logon se milney mein zara tum fasla rakhna, Miley Darya Samunder sey tow who Darya naheen rehta' (One should keep appropriate distance from the mighty while dealing with them because when a river falls into the sea it loses its identity). The quoted lines reiterate an eternal truth that there cannot be friendship between two un-equals. But alas! Immediately after independence, the architects of our foreign policy jumped into the lap of a Super Power thousands miles away by joining SEATO and CENTO in complete disregard to this common wisdom. It was ostensibly done to ward off Indian threat to our security and territorial integrity but the move earned us the animosity of the other Super Power which was our neighbour and also locked in cold war with the former.

We paid a heavy price for this fallacious move in the form of dismemberment of Pakistan in 1971 when the former USSR who considered us an enemy for our alliance with USA, signed a defence pact with India and strengthened its military capability to inflict military defeat on us while the America remained a silent spectator. The much trumpeted arrival of the sixth fleet never materialized. The dismemberment of Pakistan falsified the premise on which we had built our relations with USA. It was a classic example of betrayal by a so-called friend and ally. Even earlier during the 1965 war with India the Americans did not help us contending—contrary to our perceptions—that the alliance was only against the communist threat. What to talk of help the US even stopped supply of military hardware to Pakistan during the war. Thanks to Chinese help and the support extended by Iran and Turkey in that hour of crisis that we were able to salvage some of our national pride. The war made it abundantly clear that our security lay in having good and friendly relations with the countries of the region rather than joining alliances meant to serve the interests of the imperialists. But regrettably

despite the foregoing set-backs and reversals, we failed to revisit the foreign policy options. Even more painful was the fact that those who orchestrated our alliance with US still did not accept the irrationality of their decision and continued to pursue the path of self-destruction by persisting with their trust in relations with her, whose only objective was to use Pakistan for furthering its strategic interests in this region and at the global level.

The trail of betrayals by our so-called friend did not end there. When India exploded its first nuclear device in 1974, the Americans did not raise any alarm against the move. But when Pakistan started its nuclear programme it adopted extremely hostile stance and even clamped sanctions against her. The notorious Pressler Amendment which was entirely Pakistan specific spoke volumes about the discriminatory attitude of US towards Pakistan. The signing of nuclear cooperation deal with India and facilitation of NSG waiver for her was yet another unfriendly act against Pakistan by the US. The US used Pakistan in the Afghan war to defeat the USSR and immediately pulled out leaving Pakistan to deal with the 'frankenstein' of Taliban and the Jihadi and drug culture. In the aftermath of 9/11 The Americans were back again and coerced Gen Musharraf into joining the war on terror as a frontline state. The war on terror gradually became our war on terror. During this war the US has been pummeling our sovereignty through drone attacks on our soil, Salala attack and the operation that killed Osama Bin Laden at Abbottabad. It has all along accused Pakistan of double dealing by providing safe havens to terrorist outfits, especially Haqqanis. It refuses to be convinced about sincerity of Pakistan in spite of the fact that it has given sacrifices of 70 thousand lives and sustained colossal economic losses to the tune of \$120 billion. Even indiscriminate action against terrorist outfits based in North Waziristan through Zarb-i-Azb and the cleansing process of their supporters and sympathizers and any of the remnants of terrorists on the run through operation Radul Fasad, have regrettably failed to remove the haze. It has not given any consideration to the efforts made by Pakistan at the bilateral and multilateral forums to promote the process of Afghan-led and Afghan owned process of reconciliation in Afghanistan.

The foregoing facts prove it beyond any iota of doubt that US was never ever our friend and ally and has invariably cheated and betrayed us. The time now has come to revisit our relations with the US. However utmost caution and restraint is needed while dealing with a hostile ally and the only superpower of the world,

headed by a character like President Trump. Pakistan simply cannot afford confrontation and rupture of relations with USA. Under the circumstances it needs to upgrade its diplomatic offensive for pleading its case and engaging the US administration at all levels for unraveling the ground realities to remove the ambience of mistrust and winning their continued support to take the fight against terrorism to its logical end. In this regard the support of friendly countries can also be sought. It is an irrefutable reality that the conflict in Afghanistan and elimination of terrorism need a collaborative effort of the regional countries and the US if the latter really wants it. In fact without US being on board no solution is possible and vice versa the US also cannot resolve this conundrum without cooperation of the regional countries, particularly Pakistan. The US needs to understand that any approach contrary to this is going to have boomerang effect which could consign the region to perennial instability also jeopardizing US strategic interests in the region.

Source : <https://pakobserver.net/the-us-an-unfriendly-friend/>

Need For a Joint Offensive Against Poverty

By Saddam Hussein

The deadly triangle of Pakistan, Afghanistan and India's perpetuating tensions is proving to be detrimental for the future of the region, especially in view of the fact that the biggest chunk of global population also lives in this region. Any positive attempt to normalise Pak-Afghan bilateral relations is clouded by Indian influence or a deadly terrorist attack in either of the two countries, disrupting the peace process. However, there is a renewed hope in Pak-Afghan relations recently.

This has become possible under the new framework of Afghanistan Pakistan Action Plan for Peace and Solidarity (APAPPS). This bilateral agreement has been a result of the long awaited willingness from both sides to work together and seek solutions for critical issues faced by the two countries. APAPPS is an agreement between Pakistan and Afghanistan on a broad-based, structured engagement on issues of mutual interest and both sides have decided to operationalise five working groups which include; political/diplomatic, military/intelligence, peace and solidarity, refugees, and a working group for economic issues. However, on the other hand, Pakistan's wish for peace with India continues to be snubbed by the extremist Hindutva ideology that penetrates deep into the Indian establishment.

As a result, South Asia is one of the most volatile regions across the globe. While conflicts in Afghanistan and Pakistan have attracted sufficient global attention, India, too, has had its fair share of long-running strings of conflicts, whether it is in Kashmir or the Khalistan movement, resulting in human misery, destruction of infrastructure, erosion of social cohesion, and loss of human lives. The knock-on effects are huge and poverty is a natural by-product of these circumstances, turning this conflict in to a vicious cycle that keeps on going.

While all states have conflicts; as it is inherent to politics, the divergence of Pakistan, Afghanistan and India in their interests takes significant resources and focus away from the real ills that lie within these nations.

Looking at the poverty statistics of India, the World Bank's Poverty and Shared Prosperity report noted that, amongst the total poor population across the globe,

every third person is an Indian. The point of concern here is that extreme poverty worldwide is taking a dip, despite the global economy's under-performance. "India is by far the country with the largest number of people living under the international USD 1.90-a-day poverty line, more than 2.5 times as many as the 86 million in Nigeria, which has the second-largest population of the poor worldwide," the report states. The actual number of Indians living below poverty line is reported to be 224 million, making it about 30 percent of the total Indian population.

The situation is quite dire in Pakistan as well. The Ministry of Planning Development and Reforms recently informed the Senate that about 29.5 per cent of the country's population, encompassing about 55 million people, is living below the poverty line. The calculations are done by using the latest available estimates of Household Integrated Economic Survey data (HIES) 2013-14. The Cost of Basic Needs (CBN) method determines the poverty line by using minimum consumption bundle comprised of food and non-food essential consumables necessary to live. This poverty line translates into a monthly Rs. 3,030 per adult to cater to their basic needs.

The poverty rate in Afghanistan is currently at 39 percent. This implies that one third of the Afghan population is unable to satisfy their basic needs. According to the World Bank's Poverty Status Update Report, since the beginning of the withdrawal of international forces in 2011 and of the political transition period, Afghanistan has suffered declining security and employment opportunities, despite economic growth at the aggregate level. One of the key reasons for the increased poverty rate is significant decline in labour market conditions, a setback that hurts rural and youth populations the most.

India is by far the country with the largest number of people living under the international US \$1.90-a-day poverty line, making up about 30 percent of the total Indian population

Pakistan has shown fine commitment in dealing with extremism, and in the backdrop of CPEC, it is also determined to use its strategic position positively to promote regional connectivity. Although Indian Prime Minister Narendra Modi openly opposed CPEC, Pakistani and Chinese leadership is determined to

engage all states within South Asia, including India, for the prosperity of the entire region.

Economic connectivity would undoubtedly help in reducing animosity among neighbouring states, which is Islamabad is actively encouraging their neighbours to invest in CPEC projects. Such investment will only help in enriching the significance of the project, helping with economic prosperity and in alleviating poverty. It is a catalytic project that will help the regional countries form a conglomerate for their geo-economic interests. The corridor also represents Pakistan and China's commitment to fashion a win-win partnership that threatens no one, and benefits all. Consequently, CPEC would pay dividends for the entire region.

Thus, economic policies should be triggered not just to maximise economic growth, but also to address the distributional or political factors that led to the conflict. Policy choices must be structured to reduce real or perceived inequality. Cross-border cooperation between Pakistan, Afghanistan and India should be an integral part of any strategy to reduce conflict. Many of the internal conflicts in South Asia have cross-border dimensions. Going forward, regional cooperation initiatives, which have so far been underused, are likely to be important in countering terrorism. The trio should follow the global shift from geo-politics to geo-economics and fight together the common enemy of poverty.

In attaining such goals, Islamabad, Kabul and New Delhi should complement each other rather than negatively compete with each other. With that, it is also the time to realise that we live in a post-super power world, and it is not possible for any one country to rule the world or an entire region. The contemporary times call for cooperation and reaping the benefits that come from economic connectivity and integration. South Asia's real competition should not be augmenting rivalries between its states, but against the mutual concern of growing poverty.

Published in Daily Times, August 7th 2018.

Source: <https://dailytimes.com.pk/279239/need-for-a-joint-offensive-against-poverty/>

Pakistan's Water Woes | Editorial

Pakistan Tehreek Insaf (PTI) will soon enter parliament as the new ruling party; the party will be confronted with some of the most pressing challenges that the previous government failed to solve. The depleting water resources of Pakistan pose a multifaceted challenge to Pakistan's survival. The poor performance of past governments –along with factors like environmental degradation and climate change– has turned the country into one of the most water-stressed countries in the world. Furthermore, India's continuous constructions on Jehlum and Chenab rivers against the terms of the Indus Water Treaty, 1960 (IWT) has added to the water woes of Pakistan.

The caretaker Minister for Water Resources Ali Zafar while speaking at a news conference has already informed the new government in advance about the severity of the problem. Pakistan has experienced a reduction in its water share that IWT grants it because of India's constant violations of IWT. Despite knocking the door of the World Bank (WB), so far, Pakistan has not achieved any considerable victory in its water disputes with India.

It is deplorable to see that Pakistan has not even fulfilled the commitments it had made with itself after signing the IWT. Instead of constructing, at least, eight dams to ensure no depletion occurs in its water share, Pakistan, since then, has built only two dams, i.e., Tarbela and Mangla. According to a study by Indus River System Authority (IRSA), Pakistan dumps \$21 billion worth of water in the sea each year for the country lacks adequate water conservation and storage facilities. It comes as a great shock to witness the sheer incompetence of relevant Pakistani authorities to exploit the terms of IWT that grants Pakistan an unrestricted water use rights on the rivers mentioned before.

The caretaker minister also stressed the need for adopting modern techniques for water conservation. He is not wrong in suggesting that the water techniques that Pakistan use for irrigation purposes are not only out-dated but also unable to conserve water. Mr Zafar has quite rightly highlighted that Pakistan's water problems do not hinge on building Kala Bagh Dam –as many experts have already concluded– but a solution to our water problems require a sophisticated and protracted international arbitration process as well.

Dealing with the water issues will be a question that will haunt the newly elected PTI government. It will be the biggest challenge for Imran's government to convince WB that India is in constant violations of IWT. Given that India has completed some of the disputed projects and others are near completion, the only ground that Pakistan can use to argue its case against Indian plans is the environmental one.

Source: <https://nation.com.pk/08-Aug-2018/pakistan-s-water-woes>

Indo-Pak's Nuclear Perils By Muna Habib

Nuclear crisis management folk may ponder the advice given by 66th former United States Secretary of State, Condoleezza Rice, to India and Pakistan when trying to avert a nuclear crisis during the 2001-2002 Kargil crisis, “acknowledge the right of others to do what we had done in responding to the attacks on the twin towers (using military force) but also to convince them not to actually do it.” It is a good line with a touch of gravitas — and when confronting the escalating nuclear crisis between India and Pakistan — it excuses the US for wading into Afghanistan after 9/11; forgives deadline-induced diplomatic talks, perspective and a balance of military powers required to prevent nuclear rivals going to war.

The line, used in Muneer Yusuf's new book, *Brokering Peace in Nuclear Environments*, an original historical account of the diplomatic dialogue used by the US, with Pakistan and India to avert a nuclear crisis. It is a complicated tale of counter-insurgency, high politics, military standoffs, and duplicity. Played out between the regional rivals India and Pakistan.

Yusuf, an expert on US policy towards South Asia, is a deft guide through a maze and carefully structured account of a modern-day “Great Game” played out since the nascent powers first tested their nuclear weapons in 1988. A year after which, bickering between them over disputed territory in Kashmir sent a shock wave through the Western world still convalescing from the cold war.

His range of sources is stunning. Footnotes reference interviews with US, Pakistan, and Indian officials, as well as documents. Extremely sensitive conversations are reported to add a rich context to the 300-page account.

Pakistan's nuclear weapons are perilous as Pyongyang and Tehran's. Although Pakistan's nuclear arsenal preceded Iran and North Korea. Its nuclear chief scientist AQ Khan reportedly provided invaluable assistance to galvanize both Tehran and Pyongyang's nuclear programme — and there were some suspicions Pakistani scientists assisted the Afghan Taliban and Al-Qaeda.

Yusuf reflects on India and Pakistan's complex military operations, political stance and the Kashmir conflict. From the Kargil crisis, to the 2001- 2002 Military

standoff and the Mumbai crisis, he details the crucial role taken by the US as third-party negotiators to step in, lead and “crisis -manage the situation.”

It is riveting to read a book by a writer that includes all the masterful trickery that encompass the rules of diplomacy. Providing a detailed account of how the US, averted a nuclear crisis between Pakistan and India; detailing their clever diplomacy, manipulation and strategy adopted to contain tensions from both countries during their conflicts. The US commitment to resolving the three crises, included abandoning their own Foreign Policy objectives post 9/11 in Afghanistan; thus, acting as an imperative conduit, that without its intervention would have seen the crisis deteriorate and an alternative history written.

Yusuf encourages a new era of Pakistani and Indian critical thinking, urging young scholars to devise new research strategies and models leading to alternative ways of thinking about regional conflicts

Heading international efforts to manage the 2001 — 2002 Military standoff, quoting the 65th United States Secretary of State, Colin Powel, to provide a glimpse of the mood of the international community when managing the crisis — describing a duty roster “for who is going tomorrow to keep these clowns from killing each other.” How the US and the U.K had devised the roster as part of a strategy, that in the event of crisis escalation, a high-ranking US, or British official could be deployed to the region at short notice.

“Despite the mischief perceived by each side behind their mutual woes,” both countries continued to respond to the messaging delivered by the US — describing an unhealthy dependency on the US to manage the regional crisis. “India knew it had shifted the onus on extracting tangible results from Pakistan to Washington.”

This “shift” to the US, Yusuf asserts, has stymied “dispute resolution” between India and Pakistan who remain uncommitted to resolve the two major issues of contention — terrorism and Kashmir — both conflicts he predicts will eventually escalate into another nuclear crisis — “with every future conflict threatening a more complicated crisis to manage.”

“Pakistan has fared badly when you reflect on history,” looking back at the decades-old conflicts — unlike “India that has gained international support and sympathy.” Yusuf argues there is little incentive now for India to dedicate themselves to conflict resolution, “we are more likely to see a more aggressive military strategy.” He argues.

Although, the book asserts the Western assessment of a nuclear crisis: as an exaggerated threat, emanating from baggage carried by the cold war. It failed to recognise the genuine fear carried by Western powers; that the region remained a crisis away from blundering into an accidental war that could escalate into an international nuclear crisis. Richard Armitage is quoted as saying during the 2001-2002 standoff, “the international community was frightened to death that we were on the verge of nuclear war.”

Yusuf encourages, a new era of Pakistani and Indian critical thinking, urging young scholars to devise new research strategies and models leading to alternative ways of thinking about the regional conflicts.

If Pakistan wants to evolve from its history, it must take responsibility for its role in the past, not blame others — but seek solutions to its conflicts that will aid its progression to a credible regional power. The book is essential reading for young Pakistani scholars who want to shape the future international narrative on Pakistan and alter the course of their country.

The book transcends the bickering and recriminations of the South Asia regional rivals, to give a refreshing strategic approach to conflict resolution. This is an absolute must-read for all policy makers managing crisis and hoping to make a mark on nuclear deterrence strategies.

Published in Daily Times, August 8th 2018.

Source: <https://dailytimes.com.pk/279819/indo-paks-nuclear-perils/>

Public Service Dilemma in Pakistan By

Muhammad Yahya

“There are only three conditions necessary for a country to be at peace: enough arms, enough food and the trust of the common people,” said Confucius with a charming smile. When asked which one should be removed first if he had to do without one of these, he replied, ‘Give up arms.’ And to get rid of another one, he said, ‘Give up food.’ He argued that the most terrible thing is when a country’s citizens give up on their nation.

The country’s 55 million people (almost 50 percent of the registered voters) have demonstrated their lack of confidence in public services by not participating in the recent elections. The biggest challenge for the new government is to take unpopular decisions to restore the voters’ confidence in government departments.

Historically, our state institutions have not been allowed to evolve into viable organs of productive governance. In their frenzy to wield power and glory, the politicians in power have been obsessed with their impractical manifestos. Lack of political acumen to implement national policies has also marred the effectiveness of government organisations to serve basic needs, foster national security and establish a viable foreign policy for the country. This has resulted in the creation of policy and administrative vacuums in the executive which had to be filled by other state actors and civil society.

Unfortunately, the general public has conveniently accepted this style of bureaucracy as “conventional wisdom” which means ideas that are widely esteemed for their acceptability.

The previous two ‘democratic’ governments have been predominantly engaged in focusing on personal development and self-glorification by micromanaging the state institutions. This led to the creation of a legacy of lopsided development evident in the form of localised infrastructure for appeasing their voters.

On the other hand, mismanagement of constitutional provisions has adversely affected good governance in Pakistan. After the promulgation of the 18th

Amendment, key functions of 17 Federal ministries were transferred to the provinces. These include Agriculture, Education, Environment, and Health. However, benefits of devolution could not be transferred to the people due to inconsistent administrative and financial policies at the federal level and problems of ability on the provincial level.

Human development has been persistently neglected due to collaborative mismanagement by politicians and the executive. Except for superficial interventions, no concrete steps have been taken to improve the state of education and training.

On the other hand, politicisation of government functionaries has led to unethical behaviour while promoting envy and discontent among neglected employees. Political selectivity in assigning 'high profile' postings with unbridled discretionary powers have created unaccountable pockets of authorities without responsibilities.

In Plato's 'Republic', a question is raised whether any man could resist the temptation of performing any act without being known or discovered. It has been argued that morality is only a social construction, the source of which is the desire to maintain one's reputation for virtue and justice. Hence, if that sanction were removed, one's moral character would evaporate. Lack lustre performance and wrongdoings prevail in the public service. This is because mostly, the employees don't find anyone watching their performance and behaviour. There is lack of effective performance controls and the symbolically reported KPIs are not evaluated for achievement of organisational objectives. Articles 29-40 of the Constitution prescribe a comprehensive policy for checks and balances of state institutions through monitoring of the "Principals of Policy".

Every year, a report on the observance and implementation of the Principles, is required to be laid before the assemblies, for discussion. However, a cursory glance on the last report of the Federal Government which was apparently issued for 2012-2013, shows a reporting quality that doesn't merit any meaningful discussion in the Parliament. Besides, the ministries do not indicate their primary objectives and performance indicators mainly relate to normal operations.

In a working environment shorn of effective checks and balances, wastage and misuse of public resources continue undeterred. From exorbitant budgeting to misuse of perks and privileges, unhindered and institutionalised leakages of government spending contribute to budget deficit in addition to financial mismanagement. As a typical example, majority of grade 20 to 22 officers' avail illegitimate use of vehicles despite enjoying a hefty monetisation of transport facilities. Exemplary action in this area can serve as a starter for controlling other leakages in the system.

Despite dismal conditions in public service delivery, there are signs of hope for the future. There has been a marked improvement in overall peace and internal security in the country. Besides, the role of judiciary and accountability institutions has assumed a level of significance that can help in deterring corrupt tendencies in the future. We have a new government with a firm resolve to address the nation's critical problems.

The Government therefore needs to take urgent measures to resolve the emergent problems of water management, human development, security, and energy. However, no action will be productive without complete restructuring and reform of the civil service.

The previous two governments have been engaged in personal development and self-glorification by micromanaging the state institutions

While Pakistan's Penal Code, Prevention of Corruption Act and the National Accountability Ordinance are the main regulations to combat corruption, there is a Presidential instruction issued on 25-9-1978 which gives a very effective way to control corruption. The directives require every head of the department to be answerable for proven charges of corruption within the area of its administrative jurisdiction. This is based on the principle that corruption prevails in a department if its Head is personally corrupt or is so inefficient that he is unable to control it. It has therefore been ordained that "such a Head of Department cannot be retained in service". This regulation should be made part of the Efficiency & Discipline Rules which also need to be repealed for effectiveness and timeliness of disciplinary cases.

World Bank assisted financial reforms were introduced through a countrywide project in the 1990s. However, despite spending millions of dollars on a hi-fi software for running traditional mode of operations, key targets of the reform package could not be achieved. Partial implementation of fiscal management modules and discord between Finance Division and CGA organisation, have been the main factors behind failure of this gigantic ERP project of the country. Instead of banking on foreign aid, indigenised system of performance budgeting coupled with locally assembled software can help in improving the country's financial management dilemma.

Executive is the main driving force behind overall governance of the country. Besides having the mandate to execute and enforce the rule of law, it has the ability to support legislature in policy formulation and to ensure rational implementation of political decisions. It can also relieve judiciary from its workload substantively simply by focusing on its inherent function of contributing to social justice.

The writer is a retired officer of Pakistan Audit & Accounts Service

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Urban Flood Risk Management in Pakistan

By Ahmad Ahsan

Pakistan has historically been vulnerable to flooding, mainly in the monsoon period, when heavy rains lash large parts of the country leading to riverine floods. Heavy flooding in 1950, 1965, and 2010 resulted in the loss of thousands of lives, damage to infrastructure costing billions, and the loss of livelihoods through destruction of standing crops and loss of livestock. The country's socioeconomic characteristics, punctuated by a reliance on agricultural and pastoral activities, further aggravated the impact of flooding.

Though urbanisation is considered a harbinger of development, it also brings a number of increased risks and vulnerabilities. Migration to developed urban areas is a direct cause of overcrowding with migrants swelling the ranks of the urban poor and taking up residence in marginal lands around urban centres that are prone to flooding and other risks. Research indicates that urbanising 50 percent of watersheds (area of land that separates water flow) can cause incidence of flooding to multiply by 20. Improper land use planning results in an increase in impervious ground surfaces, consequently reducing water absorption, thereby increasing the potential damage. Urban sprawl and development over flood ways can also impede water drainage.

Urban flooding has recently taken centre stage as a new type of natural hazard that can quickly turn into a disaster. In July this year, over 280 millimetres of rain swept Lahore, leaving eighteen dead. The intense rain also damage roads, caused widespread power outages, and brought the city to a standstill. These evident impacts of urban flooding have far reaching, direct and indirect effects on social life, development, and economic growth.

The World Meteorological Organisation, through a significant body of scientific research, has opined that in the future, precipitation levels will continue to vary leading to altered patterns of run-off. Complex modifications in weather system circulation will affect historic rainfall patterns and monsoon precipitation is generally expected to increase.

Flood loss prevention and mitigation requires large scale measures including construction of dams and dykes along waterways. Non-structural interventions based on a cohesive institutional approach include effective flood forecasting and early warning systems, utilisation of Geographical Information System based inundation maps to simulate flood extent, and increased awareness and capacity building among first responders and vulnerable communities.

The participation of non-governmental organisations and private entities in disaster management with effective coordination among key government stakeholders and mandated first responders must also be encouraged. A combination of the aforementioned interventions, combined with grass-root level community outreach programmes will be instrumental in bringing about much needed change in Pakistan's disaster management mechanisms.

The first line of defence and response in the event of any disaster are actually prepared locals. The capacity of a community to collectively anticipate, act, and recover from a natural hazard prevents it from becoming a full-fledged disaster. In the last decade, a new concept that emphasises mitigation and prevention of disasters has emerged. This concept, called Community Based Disaster Risk Management, seeks to identify, analyse, monitor, and evaluate disaster risks to reduce vulnerabilities while simultaneously enhancing the capacity of vulnerable communities to deal with any natural or manmade hazard. CBDRM heavily relies on local knowledge and traditional best practices to address regional problems. This mode of giving communities ownership of interventions improves sustainability and empowers people for collective action.

In sharp contrast to rural areas, the impact of floods in urban areas is more complex. A number of factors such as depth, flow velocity, and duration must be taken into account to assess the true extent of the damage. Urban Flood Risk Management or UFRM is a multi-disciplinary approach that is built upon diverse cross cutting roles by both government and non-government agents to develop a comprehensive, regionally specific, integrated, and balanced mechanism for flood risk management in urban settings.

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Urban Flood Risk Management is built upon three components for strategising flood management frameworks: the first component is flood hazard control and defence through structural measures to cut down water levels, limit inundation, and reduce destructive effects of flooding. The second component seeks to address exposure by enhancing preparedness and adaptation through hard and soft capacity building. Hard capacity enhancement includes structural measures, while soft capacities include risk foresight and anticipation, adaptation, improving administrative aspects, and social management to avoid being in the path of risk in the first place. The third component of this approach addresses vulnerability by promoting measures to build resilience, such as awareness campaigns, flood risk financing, and relief, recovery, and reconstruction activities.

In order to ensure effectiveness of urban flood risk management in Pakistan, a number of important considerations must be taken into account. For starters, the geographical environment of various cities and identification of relevant hazards and risk factors must be utilised to create regionally tailor-made plans. Depending on the available standards of flood control, weather forecasting, and emergency response, realistic targets and goals must be established for the harmonious implementation of UFRM. It is also crucial to add that key development and construction activities, whether in urban or rural areas, must be thoroughly reviewed for their potential impact on flood management.

In conclusion, vulnerability to floods is a complex combination of interrelated dynamics and mutually reinforcing conditions that require strategic cohesion for long term effectiveness. Existing water management and flood risk control measures may not be robust enough to cope with extensive urban flooding and its impact on all sectors of society, including drinking water supply, sanitation, healthcare, agriculture, and food security.

It is proposed that climate variability be incorporated into development projects with emphasis on water related management being a key priority for all interventions in the commercial, infrastructure, and social sectors. Second, the effective use of technology to prepare inundation maps and simulated water flows in conjunction with a robust flood forecasting and early warning system may help alleviate the damage potential of floods in the future. Third and lastly, vulnerable communities in flood prone areas can be empowered to use mobile

phones to learn basic measures for preparedness, and report damages to initiate timely relief and rescue efforts.

The writer is a development sector professional with nearly a decade of experience in monitoring, evaluation, reporting, and communications. An alumnus of Texas A&M University, he is passionate about environmental, water management, and policy issues

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What We Need is Good Governance By Dr Moonis Ahmer

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan's concept of a welfare state on the model of Medina – which existed in the formative phase of Islam – is centred around good governance. The erosion of governance that has taken place in Pakistan over the past four decades has led to administrative, financial, judicial and educational decline in the country. Here, governance refers to those state institutions which are supposed to provide the basic necessities of life to their citizens, protect them from harm and uphold the rule of law.

If the regime fails to provide basic security, effectively run public institutions and basics like clean drinking water, it means it has failed to perform its duties. One yardstick to judge the success or failure of a government is how far it has been able to run administrative machinery by maintaining the standards of efficiency, integrity and planning. Pursuing a sense of responsibility and time management also comes under the scope of good governance.

Like many post-colonial states, Pakistan continues to struggle. Most of the regimes that have come and gone have failed to run their systems efficiently. Corruption and nepotism continue to eat away at the country's state institutions like a cancer. However, responsibility for this state-of-affairs does not only fall on the government. Corruption cannot be eradicated and rule of law cannot be established without the people's cooperation.

In the post-July 2018 election scenario, the most crucial challenge facing the new government is ensuring a smooth transition from one system of governance to another. The existing system is corrupt, inefficient and devoid of accountability. If the new government wants the transition process from one system of governance to another to be smooth and successful, it doesn't just need to mobilise popular support, but also educate people on how to be responsible citizens. It is true that over seven decades rot cannot be corrected overnight. However, decisions to better the mode of governance must be taken within the new government's first 100 days in power.

Currently, about 65 percent of the population is comprised of people under 30 — the youth — and this can be transformed from a liability into an asset through good governance. If they are provided the proper training and skills, they can be an unmatched human resource, and help replace this country's rotten system

Eleven areas form the core of good governance. The first is running the railways and the national airline on time and providing quality service to customers. Secondly, providing efficient and affordable public transport. Thirdly, controlling corruption and nepotism through proper accountability and transparency. Fourth, efficient and honest bureaucracy which performs its duties without any fear, prejudice or political pressure. Fifth, efficient and affordable justice systems so that an ordinary Pakistani can get justice without paying bribes or wasting time. Sixth, provision of free, compulsory, uniform and good quality education to all children till high school. Seventh, provision of affordable and efficient medical and housing facilities to all the citizens of Pakistan. Eight, to provide clean and safe drinking water and to control environmental pollution emanating from global warming and climate change by planting and maintaining at least 3 billion trees all over the country in the first two years of its government. Ninth, proper maintenance of roads, highways and other public places. Tenth, providing an uninterrupted supply of utilities. Finally, periodic review of the performance of government agencies responsible to run the system. Such a review should not be superficial but practical in nature so that critical assessment about the performance of governing institutions is made on a regular basis.

The poor governance that has plagued this country has not only wreaked havoc on the lives of Pakistan's citizens, it has also shattered its image at the international level. This cannot be changed through rhetoric alone. The country needs people who are professional, honest and visionary. The proper utilisation of time and resources is absolutely essential here.

Currently, about 65 percent of the population is comprised of people under 30 — the youth — and this can be transformed from a liability into an asset through good governance. If they are provided the proper training and skills, they can be an unmatched human resource, and help replace this country's rotten system

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Challenges For The New Prime Minister By

M Haroon Aslam

Imran Khan and his squad have braved through the opening challenge and PTI is all set to form the federal government and those in Punjab and K-P after exhibiting a convincing tally. Governments in Sindh and Balochistan are also likely to be formed slickly. The hubbub about purported rigging and manipulation is tapering off as it typically ensues in almost all the elections in our country. As the time closes for IK to take over as the prime minister of Pakistan, the nation also gets into anxious but an upbeat mood. The expectations are high and so is the pile of challenges IK and his team are faced with. Both domestic glitches and external challenges will not only require an unending resolve but the acumen of a statesman.

The opposition is intrinsic to the parliamentary system. Have no doubts that the opposition in both the parliamentary houses will go whole hog to make the going arduous for the government. One expects traditional parliamentary acumen and calculated restraint from PPP, but PML N has a strong stimulus to create a mess whenever they get an opportunity to do so. The party and its leaders are still in a state of bewilderment in the upshot of elections. Particularly it is hard for them to reconcile that their all-important throttlehold over Punjab has ended. The treasury benches will find it tough to push the legislative bills as the opposing benches may not oblige. PTI in general and IK himself in particular, will have to change posture from being rhetorically critical to being constructively communicative. If parliamentary business is not run with political dexterity and altruism, it spills over to the streets in form of agitation.

The challenges we face are complex and intertwined. The changing global and regional geopolitical actualities have serious implications for Pakistan. The stressed relations between US and China, that have undertones of a cold war of a sort, have put Pakistan in a difficult spot. Our bond with China is sturdier than ever, while relations with Russia have rapidly become more significant. US does not view CPEC favourably and has already started to chastise Pakistan. From being our ally, the US is gradually turning into an antagonist in its actions. Similarly US – Turkey relations are in an abyss and long-time strategic partnership seems to be dwindling. US under Donald Trump is trigger happy –

ready to shoot with sanctions anyone not assenting. Relations with India continue to be at low key with Indo – US nexus against Pakistan more pronounced and operative. Afghanistan has its own issues of instability and our relations are barely transactional. Terrorist actions are being aided and abetted from Afghanistan. Recent surge in terrorist attacks in Gilgit – Baltistan and Balochistan leave no doubt that the intention is to disrupt CPEC, with US and India behind the scheme. Middle East is troubled with unique alliances and unanticipated polarization. Endeavours to isolate Iran have gathered momentum with possible scuttling of the nuclear deal. Such a milieu will require a dexterous foreign policy, superior diplomacy and, above all, highly capable people to execute. We have to stupendously balance our relations with all the significant global players and play smart – it's walking a tight rope.

It's the best arrangement to have cordial relations with the neighbours including India. Both India and Pakistan must revert to the negotiating table whatever severity of animosity. Peace is the real panacea for the tribulations of South Asia. Having said that, it is a stark fact that India is the key player in unleashing the worst spate of terrorism in our country as part of a grouping hell-bent to destabilize it for their own strategic interests. India has ingenious ways of harming us. It had shrewdly entrapped former PM Nawaz Sharif into actions that hurt the very national interests of Pakistan. Wear a velvet glove on your iron fist and beware of the cloak and dagger.

About the recovery of ailing economy, the path to resuscitation will not be easier. IMF bailout package seems inevitable to address the balance of payment situation, which is likely to be on tougher conditions. The nation needs to seriously resort to austerity measures and desist from wasteful expenditures – not due to stress from IMF but for own benefit. Exports need a boost at top priority while being selective on imports redressing the trade deficit. Currently our exports stand at around paltry 7% of GDP as compared to 28% average in developing Asia. Industrial growth is inevitable because it's a tool for self – reliance, job opportunities and export potential. Overseas employment, shrunk due to inept policies in the last decade, has to be revived. We need to convalesce our agriculture sector by incentivizing farmers, modernizing and ensuring availability of irrigation water. The whole gambit of revenue collection is imperfect. Systematic documentation of economy is essential to broaden the tax collection. In nutshell, focus on short term measures within a long term vision.

Economic self-assurance will put everything in place and make us more honourable in the comity of nations.

IK's success as a leader and as the prime minister hinges on how well he delivers on promises about governance and ameliorating the miseries of a common man. Have people centric policies and strategies that take care of the teeming millions waiting for a messiah. Symbolic gesticulations are okay as these set the trends, but tangible relief to the people is a need of the time. Focus on population planning without irking the religious sensitivities. After the 18th amendment, most of the onus of taking care of basic needs of masses rests with the provincial governments. A good working relation with all of them, particularly with the governments of Sindh and Baluchistan, are essential to resuscitate the moribund system of governance. Revival and effectiveness of the local governments is the key.

Unison is strength and that's what Pakistan needs the most at present. You must work towards bringing the nation, its institutions and people together. It would require benevolence, valour and statesmanship. Make whole of Pakistan one team with a winning spirit and nothing is out of reach of this nation.

Best of luck, Prime Minister .

n The writer is a retired Lieutenant General from Pakistan Army and

is a freelance writer.

Source: <https://nation.com.pk/19-Aug-2018/challenges-for-the-new-prime-minister>

The Promise of Civil Service Reforms By **Hasaan Khawar**

Pakistan is a country with brightest civil servants and weakest governance. These civil servants live in sprawling houses but draw meagre salaries. They take decisions worth billions of rupees but with a slight nod of political masters can turn from mighty bureaucrats into discarded officers on special duty. Scores of armed policemen guard their secretariats and houses, yet they are vulnerable enough to be handcuffed by the National Accountability Bureau (NAB) anytime. A weak yet politicised civil service with powerful bureaucrats has long served many vested interests but the result is a country with an abysmal record of service delivery.

Civil service has long evaded any reform efforts, some of it consciously but much of it owing to inertia of inaction and time horizons that are longer than politicians' appetites. Most of the younger civil servants in fact are much supportive of reforms and are quite willing to be held accountable for their performance in return for tenure security and better salaries.

But if there was ever an opportunity to reform bureaucracy in recent history, the time is now. If there was any political party, whose agenda closely resonated with improving governance, it is the Pakistan Tehreek-e-Insaf (PTI) and if there was one man who could be trusted to do this job, he is Dr Ishrat Hussain.

The Prime Minister in his address to the nation announced a task force to develop blue print for civil service reforms. The 100-day agenda of the PTI mentioned the same, highlighting the need for appointing officers on merit, offering tenure protection and strengthening accountability. The PTI manifesto also promised introducing performance audits, review of compensation package, allowing lateral entry and compulsory retirement after two supersessions.

Dr Ishrat Hussain has been talking about many of these issues repeatedly, first as the head of the National Commission for Government Reform (NCGR) and then as a thought leader. He has been advocating for the introduction of a National Executive Service, transparent merit-based recruitment, decent compensation, tenure security and performance evaluation based on measurable

performance. The NCGR even recommended promotions based on both performance and potential, shifting focus from 'entitlement' to 'eligibility'.

These promises and recommendations sum it all but there are three issues that the government must consider.

Firstly, these reforms would take significant time and there could be a risk to lose momentum. The government should, therefore, draw a balance between quick fixes and deeper structural reforms. For instance, the appointment process could be streamlined very quickly by developing a placement portal that should internally advertise all key positions for competitive and transparent appointments. Departmental heads should sign performance contracts with clear targets. The performance audit regime under the Auditor General of Pakistan should be strengthened and the reports should be made public.

Secondly, it is important not to demoralise the civil service as a whole. Allowing lateral entry and compulsory retirements are good ideas but at the same time civil servants should also be allowed to take sabbaticals and work in the private sector to gain experience. Even more importantly, the issue of decent compensation should take priority.

Lastly, the task force should be focused more on implementation and less on re-opening debates on which significant clarity exists. Many such committees have failed in the past because of deliberation without action and aiming for a consensus-based approach. Any meaningful change is bound to have adverse consequences for a few.

Furthermore, a task force can only work well, if supported by a capable secretariat, which can quickly commission research and place findings before the task force for decisions only.

Recruiting and retaining talent will be critical for the new government. Civil service reform is an important piece of this puzzle and the sooner the new government cracks it the better it will be at delivering on its election promises.

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Source: <https://tribune.com.pk/story/1785662/6-promise-civil-service-reforms/>

The Making of ‘New’ Pakistan By Rasul Bakhsh Rais

The ‘new’ is synonymous with broad and deep reforms in critical areas of governance, social and economic policies and provision of services to the people, including fair and speedy justice. The idea of change has two sides to it. One, it shows dissatisfaction with the way things have been in the past — the problems, the failures and institutional decay. Pakistan’s problems are too many, too deep-rooted and structural in nature. They have accumulated over a long time because of political expediency, personal interests and lack of will and imagination of previous military and political governments.

Imran Khan and the PTI, in my view, represent the popular and grassroots level narrative of plunder by the ruling elites, misappropriation of public resources by the two political dynasties and concentration of political power in few individuals that have controlled the party politics in the past few decades. The reason Imran Khan’s first speech to the nation won ordinary people’s hearts is that he spoke what has been on their minds. The social and political movements against the ruling oligarchies succeed when the challengers are able to do an objective analysis of the causes of failure and offer, doable and realistic solutions.

Khan’s understanding of the problems of Pakistan is reflective of his close observation, intimate experience and interaction with ordinary people. This is the most authentic way of gaining political knowledge of a society that successful leaders master, articulate and express in a simple language that people understand. In this regard, Khan was at his best in engaging the nation in a conversational style. He was pure, natural, sincere and deeply touched by the problems that we have faced. In about 90 minutes, he placed before the nation, a long list of challenges that have largely gone unaddressed, or partially attended to. Khan has done the diagnosis part of the issues the best before and during the election campaign.

Second, most important and difficult part of ‘change’ is translating a vision into reality. All human societies, no matter how deep-rooted their problems are, can change for the better, and they have in many parts of the world. Khan presented evidence from history with frequent references to the state of Madina and the

West. While societies might differ in the character of the people and in variables of time and space, the principles of collective success — achieving progress or creating good and just society are universal.

It is a test and challenge of a leadership how it sets the priorities right and how it effectively utilises the principles and policies that have produced educated societies, scientific communities and economic development. Chief among them is, rule of law, a point that Kaptan has emphasised for two decades and also in his maiden speech. Why is it so important a principle? It ensures human dignity, equality, fairness and accountability. It is not just in Pakistan, but in every post-colonial state where corrupt regimes, first and foremost, destroyed the rule-of-law principle. They couldn't amass illegal wealth and privileges or defend their rule without doing so. Bringing the rule-of-law principle will be the beginning of reforms.

Change is possible but not that easy. It has to be brought about through rusted and corrupted government institutions that have traditionally worked hard in preserving the vested interests. All reformist leaders embarking upon a path of reform and reconstruction have faced resistance, and one must expect it coming in many forms. The challenges we face will test Khan's political will, tenacity and leadership skills.

What gives optimism about success this time around is the popular support IK enjoys. His integrity, deep commitment to public good and sincerity are beyond any doubt. More importantly, his vision of new Pakistan has popular resonance.

Published in The Express Tribune, August 22nd, 2018.

Source: <https://tribune.com.pk/story/1786127/6-making-new-pakistan/>

TAPI Pipeline Project: A Way Forward By

Hareem Aqdas

Pakistan and Afghanistan share similarities in multiple dimensions of history, religion, civilization and culture. Despite this, the two countries have never been successful in establishing tension free relations. Since the creation of Pakistan for more than half a century a large part of their relations consisted of passive antagonism, mistrust and a blame game.

Tense bilateral relations with Afghanistan have emerged as a major security and stability issue for Pakistan, as it is caught between two hostile neighbours, from the East and the West.

Afghanistan has been an unstable country with multiple interest groups functioning within it, It is more like a tribal confederacy rather than a cohesive nation-state. Yet, the instability in Afghanistan affects no country as much as it does Pakistan.

Keeping the aforementioned scenario in mind, it is extremely necessary for Pakistan to try and maintain cordial relations with its neighbour, for strategic benefits. It is essential for Pakistan to initiate a peace process with Afghanistan.

Many attempts have been made in the past to establish better terms but with little to no avail. In the current scenario, the most reliable possibility of a cordial relation with Afghanistan is the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.

The planned pipeline is to be 1,814 kilometres in length: 214 km in Turkmenistan, 774 km in Afghanistan, and 826 km in Pakistan which will reach Fazilka on the India-Pakistan border. An estimate of \$9.9 billion in total is to be spent on the 30 year project. The pipeline would have the capability to supply 33 billion cubic meters (bcm) of gas from the world's fourth-largest natural gas reserves in Daulatabad of Turkmenistan; with 16 percent going to Afghanistan while Pakistan and India would receive 42 percent each. In addition to receiving 5.22 bcm of gas annually, Afghanistan will also earn around \$400 million each year from transportation.

The TAPI gas pipeline is undeniably one of the biggest energy projects to be undertaken in the Asian region. The planned pipeline has a complete length of 1,814 kilometres: 214 km in Turkmenistan, 774 km in Afghanistan, and 826 km in Pakistan which will reach Fazilka on the India-Pakistan border

The pipeline will run from gas fields in Turkmenistan through Afghanistan and Pakistan, to India. It will start from the Galkynysh gas field, and will go on to be constructed alongside the Kandahar-Herat Highway in western Afghanistan, and then via Quetta and Multan, it will reach the Indian town of Fazilka.

The pipeline project is undoubtedly important for member countries, especially for Pakistan and India who face severe power shortages. The investment will provide a way to fulfill energy requirements of both nations. The transit revenue generated will be a startup towards the economic development of war-stricken Afghanistan. Moreover, Turkmenistan's economy is largely dependant on its gas reservoirs, this project will enable it to get a market in South Asia, after sustaining losses in Russia and Iran.

China has also vowed to join the project, as this can be used as an alternative to the much more costly line being transited from Turkmenistan through the Central Asian States. With the help of TAPI, the pipeline will cover a shorter distance as it reaches China through the Karakoram mountain range.

85 percent of the cost of the TAPI pipeline will be funded by Turkmenistan which is estimated at around \$10 billion. Afghanistan, Pakistan and India will each cover 5 percent. For the development of the region, the Asian Development Bank has also agreed to fund the project, which is expected to be completed by 2020 or sooner if all the member nations collaborate in a timely fashion.

TAPI is a regional energy infrastructure project and will help in eradicating tensions between neighbouring countries by creating interdependency. TAPI is very beneficial for strengthening Pakistan-Afghanistan ties. The new government should prioritise this project, as it will not only foster good relations but will also solve the energy crisis

The reliability of the project is dependant on the fact that it involves the consent of major pressure groups dwelling in Afghanistan, which are the Afghan government, the Taliban and the United States. It is a rare occurrence to see these groups agreeing to the same thing. The Afghan government, realizing the project's potential to better the economy of Afghanistan, has agreed to it. The Taliban have also consented to not interfere in the matter and so has the US.

The TAPI is a regional energy infrastructure project and will help in eradicating tensions between neighbouring countries by creating interdependency. TAPI is very beneficial to strengthening Pak-Afghanistan ties. The new government should prioritise this project, as it will not only foster good relations but will also solve the energy crisis.

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Source: <https://dailytimes.com.pk/289994/tapi-pipeline-project-a-way-forward/>

Indus Water Breakthrough | Editorial

AFTER many years, a small but significant breakthrough seems to have been made in the talks between the Pakistani and Indian water commissioners. The talks had been largely stalled since 2014 so the latest agreement by the Indian side to permit an inspection of two of the facilities being built on the Chenab river is a step forward. Even in the latest round of the Permanent Indus Commission talks, the first day seemed to lead to a cul-de-sac. It was only at the end of the second day that news of the breakthrough emerged. It would have been better for both sides had they jointly briefed the media, or if that were not possible, issued a joint press release. Ending the talks without any public word is counterproductive as it creates an impression that runs contrary to the positive news emerging of an agreement for inspections. Now that it seems a deal has been struck for inspection, the next step is for Pakistan to make the most of the opportunity.

At issue are two hydropower projects that India is building on its side of the Chenab river whose waters belong to Pakistan under the Indus Waters Treaty. The same treaty, however, gives India the right to build hydroelectric projects on the river provided that it does not divert water for agricultural purposes. One other project on the same river, the so-called Baglihar dam, had already been the subject of a bitter feud between the two countries around a decade ago when the matter was sent to a neutral expert for settlement. The results of that exercise were mixed, with both sides claiming victory once the neutral expert's verdict came in.

The two projects this time round are the Pakal Dul dam and the Lower Kalnai hydroelectric project. The former is a large project totalling some 1,000MW, while the latter is smaller at about 48MW. But both of them involve the diversion of waters from tributaries that feed the Chenab, much like their cousin built on the Neelum river, the Kishenganga Dam. This is a different design configuration that involves the diversion of water from one tributary to another to take advantage of the water head, but the same water is returned to the river at a different spot further downstream. As such, its technical evaluation becomes more difficult, and the Indian side should honour its agreement in full by allowing the Pakistani delegation to visit the entire area where the project is spread out. Both sides

should make an effort to ensure that resorting to arbitration is avoided. Almost every Indian project on the Chenab and Neelum is landing up at the altar of the World Bank, portending an unhealthy trend with regard to both countries that appear unable to resolve their mutual differences.

Source: <https://www.dawn.com/news/1430263/indus-water-breakthrough>

Significance of Tactical Nuclear Weapons By

Sonia Naz

A Tactical Nuclear Weapon (TNW) is smaller in its explosive power, which is developed to be used in the military situation on a battlefield. A TNW is a non-strategic weapon. It is the product of Cold war. The US considered it convenient to deploy TNWs on the territory of its North Atlantic Treaty allies to save them from the Soviet largest conventional force. The TNWs became part of the US policy to enhance deterrence to prevent Soviet aggression in Europe. Pakistan also developed NASR to thwart India from launching military offensive in the form of the Cold Start Doctrine (CSD). Pakistan's desire to become a nuclear-armed state is rooted in a belief to secure itself from India which has supremacy in conventional force along with nuclear arsenals. Nuclear weapons hence play crucial role in Pakistan's overall military strategy. NASR missile system is the short range missile system for tactical level operations.

In fact, NASR is a rapid response weapon developed to support "full spectrum deterrence" by thwarting India's growing conventional strength advantages. The NASR is reported to have 60 kilometer range along terminal guidance system. Tactical weapons such as NASR are designed with the limited range to be used against an opponent who has supremacy in conventional force over Pakistan. According to the former head of the Strategic Plan Division (SPD) Retd Lt General Kidwai, the nuclear weapons would be only used "if the very existence of Pakistan as a state is at stake." The sole aim of the nuclear weapons is to deter Indian aggression. He also stated that Indian CSD is an offensive limited war strategy designed to seize Pakistan's territory swiftly, hence, the developments of TNWs have sufficiently blocked the avenues for serious military operation from the Indian military side. The NASR has been designed to "consolidate Pakistan's strategic capabilities at all levels of the threat spectrum". In 2011, Pakistan conducted the test of tactical nuclear weapons. In July 2011, India also tested its TNWs (Prahaar). They compared it with the American TNWs with claim that development of these TNWs took Defense Research and Development Organization (DRDO) two years. The Prahaar has many similarities with NASR for example it can be deployed rapidly within a few minutes. It can be fired from a road mobile launcher. The second test of TNWs was conducted in 2013. A year later another test of TNWs was conducted. According to SPD the effects of this

missile are strategic in nature and they would increase the existing deterrence capability.

In fact, NASR is well timed and necessary to address the problem of conventional asymmetry between Pakistan and India. Pakistan is not interested in symmetry with India but it wants to maintain the strategic stability in South Asia. While, Indian Cold Start Doctrine, its conventional military modernization and its deals in civil nuclear field with superpower generated the need for Pakistan to design TNWs. Because, Indian conventional force modernization render the Pakistan nuclear massive retaliation inevitable. Zafar Nawaz Jaspal states that the NASR is a cost-effective way (due to Pakistan's resource constraints), to alleviate the rapidly growing conventional asymmetries between India and Pakistan and to counter the threat of limited war. Because, India has been the world's largest arms importer since 2009. The development of short range missile is part of Pakistan's security policy because India has supremacy in conventional force and it spends more money than Pakistan on its military force modernization. While, Pakistan also can spend more money on its conventional force, but, it believes in minimum credible nuclear deterrence within its limited financial resources.

The purpose of the development of TNWs is defensive not offensive because Pakistan would use it to fortifying its borders. NASR has been criticized by the international community and India by arguing that it would increase arm race in the region, but, the purpose of this development is just to overcome the growing threats from the Indian hawkish doctrines. CSD forces Pakistan to increase its dependence on nuclear weapons. The dilemma is that if India violates any international law nobody objects, but if Pakistan takes any step to deter Indian aggression and secure its border, international community criticises Pakistan. Great powers are interested to change the rules of international non-proliferation regimes for India, but, their attitude towards Pakistan is very discriminatory. International community should understand that Pakistan has to defend itself against India's hawkish policies and that is the reason Pakistan converted its nuclear doctrine from "minimum" to "full" deterrence while Pakistan believes in minimum credible nuclear deterrence.

Source: <https://pakobserver.net/significance-of-tactical-nuclear-weapons/>

PAKISTAN & WORLD RELATIONS

China's Neo-Mercantilism And Sino-Pak Strategic Relations By Quratul Ain Hafeez

The economic reforms of 1978 in China brought about an increase in its Foreign Direct Investment (FDI). Following the-neo mercantilist policy it has encouraged the free trade wherein the Chinese firms introduced themselves and opened up to the international markets. Although the central government gave some relaxation on some of the industrial products but there are still state owned enterprises in large numbers. Better educational plans, export/import controlled regimes, and Chinese engagement in FTA with different South Asian countries including Pakistan are contributing factors in the Chinese economic strides.

Today China's top trade commodities are textile, technological equipment, organic chemicals, iron, steel and other products. According to an estimate China earned \$10.36 trillion GDP growth in the fiscal year 2014. Midyear 2015 China's trade surplus was worth \$59.49 billion achieving the favorable amount of \$70.9 hundred million in balance of trade.

It is to be understood that the Chinese neo-mercantilism is not harmful for developing and under developed regions of the world, despite the heavy criticism China's economic policies face. It is one of the core assumptions of neo-mercantilism; that along with a state's economic development, it emphasizes on the world's economic development as a whole. In fact, Neo-mercantilism promotes regional organizations and markets, as it provides a broader platform. So far, China has received a positive response that encourages it to make investments abroad because most of the investments are for providing better infrastructure, roads, bridges, energy sector and railway projects etc. It not only benefits China by providing Chinese contractors business, but it is also helpful for creating job opportunities in Pakistan and for its economic growth .The purpose these policies of China is that it is, itself going through the process of development. So it's encouragement towards establishing businesses in different

parts of the world is because overseas economic relations are mutually beneficial for China's domestic markets and other countries.

Similarly, this approach should not be seen as harmful for Pakistan's strategic relations specifically within the context of the Sino-Pak strategic partnership. Both countries have previously enjoyed harmonious relations, while for the past decade there has been a focus on economic ties as well.

China believes in promoting regional trade and inter-regional corporate communication. China's active role in regional organizations like SARRC, ASEAN, and SCO is a part of its efforts to bring economic stability for the whole South Asian region.

According to Board of Investment, Pakistan's expected net foreign direct investment has risen by about 60 percent from 2017-2018. Hence it can easily be interpreted as a project of mutual interests and collective benefits

Another aspect of neo-mercantilism is that it puts emphasis on increasing a nation's exports and decreasing its imports. According to the estimates collected from the UN Com-trade Database and the UN Com-trade Statistics and International Trade Centre (2016) by 2013 the trade volume between China and Pakistan has increased over \$12 billion. In 2000 Pakistan's exports to China were \$244.65 million and in 2004 and 2005 it reached \$300.53 and \$435.68 million respectively. While Pakistan's imports from China in 2000, 2004 and 2005 were \$550.11, \$1488.7 and \$2349.3 respectively.

It might appear that China through its mercantilist policies is only increasing its own level of exports but in reality, it is simultaneously providing business to Pakistan. However as per official records it is evident that Pakistan is doing most of its trade with China, and Chinese companies are providing Pakistan with good business opportunities'.

There is no denying the fact that China is one of the world's largest economies and it is hoped that the Pak-China economic collaboration will bring economic stability in South Asia and will make Pakistan a regional hub of trade activity. Currently China has started about 22 projects in Pakistan including the construction of the Karakorum highway, a heavy machinery complex, and the

mega project of the Gwadar Seaport under the umbrella of CPEC (China Pakistan Economic Corridor). CPEC being a flagship project of China's BRI strategy includes Chinese investment of about \$52 billion from deep seaport Gwadar to civil energy agreements, infrastructure and road projects. This will enhance trade and commercial opportunities for Pakistan. Moreover about 10,000 MW of electricity will be generated when it is completed by the end of 2018.

Eventually China's neo mercantilist policies are a source of regional economic integration and the BRI will bring the countries closer through a network of interdependence. The CPEC will be a major project of China's Vision of BRI and will make Pakistan a source for FDI. Already according to Board of Investment, Pakistan's expected net foreign direct investment (FDI) has had a jump of about 60 percent from 2017-2018. Hence it can easily be interpreted as a project of mutual interests and collective benefits and by no means should CPEC be viewed as another British East India Company.

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Ties With US and Afghanistan By

Najmuddin A. Shaikh

THE tasks for the new government, whenever it takes charge, are enormous. Its first focus must be on internal reform. But because of FATF, regional security, a complex global situation occasioned by the Trump-led assault on allies and adversaries alike, and our parlous forex reserves which make recourse to the IMF inevitable, it is essential that incoming prime minister Imran Khan and his team give equal time to foreign policy. Especially since it relates to relations with the US and that is tied today to relations with Afghanistan.

A qualified foreign minister must be appointed to lead a Foreign Office which has to be assured that this institution, for that is what it is, will perform the task of formulating policy recommendations in consultation with other organs of state — among them the armed forces and security agencies — and then implement policies approved by the cabinet. It must ensure that parliament is briefed regularly in open and in camera sessions.

The first priority has to be Afghanistan. What are the factors to be considered? First the ‘foreign presence’ which, including civil contractors for the US and the International Security Assistance Force, numbers around 70,000 cannot be maintained without using Pakistan’s air space and overland routes. There’s no alternate route.

Independent of what the Americans want, do we derive any advantage from hosting the Afghan Taliban leadership on our soil?

Second, this year the National Defence Authorisation Act passed by the US Congress last month provides what is essentially the Coalition Support Funds of yore at a level of \$350 million as against \$900m in 2017. This will be disbursed to a number of countries to strengthen border security and will have few conditions attached beyond the fact that utilisation is coordinated with the other country and the Americans. Border security and border management is a project we have been working on and assistance in this regard would be welcome and in line with our priorities.

Third, one reliable report suggests that the sum earmarked for Pakistan under this head is \$150m. The Americans have always maintained that as a matter of principle they do not pay transit fees to countries through which their supplies move and they use other methods to provide compensation. Is \$150m adequate compensation? Does this also mean aid which was suspended or will that sum — amounting to over \$1 billion by one estimate — be available if Pakistan-US differences are resolved?

Fourth, a clear-headed analysis would suggest that we favour a US presence because in its absence, aid, which finances to the tune of \$4.1bn the Afghan National Defence Forces and 58 per cent of the Afghan budget, would disappear or be drastically reduced. This would dramatically raise Afghanistan's unemployment rate currently at 40pc, put on the roads discharged soldiers with few skills other than bearing a gun, and cause the sort of economic distress that will bring hordes of refugees across the only border that still remains open viz Pakistan. My estimate is that even in the best of circumstances — reconciliation, doubling of Afghan agriculture production, reduction of opium production, relatively high transit fees for South Asian trade with Central Asia — it will be 2030-35 before Afghanistan's economy can achieve a measure of self-sustaining stability.

Fifth, India is in Afghanistan as a provider of aid which so far has amounted to about \$2bn. Its presence is welcomed by the Afghan populace. As an active adversary, there is no doubt that it uses its presence, in tandem with anti-Pakistan forces in Afghanistan, to augment its capacity for creating mischief in Balochistan. Our security agencies are rightly concerned. The question is of what consequence is this added capacity, given that India has a long permeable border with Pakistan. Fencing at this border is only Indian and has been the route through which, in the past, it has pushed Bangladeshi nationals captured in India into Pakistan. We have a coastline that has often been termed a smugglers' paradise. Should Pakistan-Afghanistan relations and Afghan stability, a long-sought-after Pakistani goal, be put at risk for an augmentation that is if not minimal not very substantial?

Sixth, Afghans claim rightly that, as part of the promised cooperation on not providing shelter to Pakistan's enemies on Afghan soil, their allies have, in drone attacks in Afghanistan, killed a number of TTP leaders including Mullah Fazlullah

and four other senior TTP commanders. This was followed by the killing of Umar Rehman, another leading TTP commander. The US would add that earlier when drones were operating more frequently in Pakistan and Afghan air space, former leader Baitullah Mehsud, Hakeemullah Mehsud, Said Khan Sajna, Mufti Waliur Rahman, Qari Hussain, Azam Tariq and Shahidullah Shahid were all eliminated. Also, in each of the past three years, there were fewer than 10 drone strikes in Pakistan, down from a high of 117 in 2010. Perhaps they could do more, but have they experienced reciprocity?

Seventh, this raises the most important question we have to address. Independent of what the Americans want, do we derive any advantage from hosting the Afghan Taliban leadership on our soil? Clear thinking suggests that if the Taliban remain on our soil, and if the US, pushed by Trump's inclination to retreat into 'Fortress America', sees no vital interest in staying, we will have a situation where, in an impoverished Afghanistan, the Taliban will control the provinces bordering on Pakistan, the erstwhile Northern Alliance the north, and a civil war will ensue.

The Taliban's natural allies will be the TTP — decimated but not destroyed — alongside whom they had fought against the Soviets and then the Rabbani-Hikmatyar governments. All that will result is turbulence in both Afghanistan and Pakistan. Is that what we need? If we do ask the Taliban to leave after receiving guarantees that they will be negotiating partners and not pariahs in Afghanistan, our relation even with Trump's US will improve. But that is the benefit we will enjoy for a decision made in our own interest.

The writer is a former foreign secretary.

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Source: <https://www.dawn.com/news/1425272/ties-with-us-and-afghanistan>

Pak-Russia Ties | Editorial

Pakistan and Russia this week inked an accord that paves the way for this country's troops to head to Moscow to complete stints at the latter's military training institutes. This is a welcome move. In as much as it underscores how Islamabad is learning that the art of strategic cooperation means not relying on all goodies resting in the basket of a single ally.

Yet this warming of ties with Russia did not happen overnight. Rather, the two sides signed the bilateral defence cooperation pact back in 2014; the same year that Washington's civilian funding under the Enhanced Partnership with Pakistan Act 2009 was scheduled to end. This signals pragmatism. As does the tilt towards China for infrastructure investment. None of which should give the US any cause for concern. Not when both Moscow and Beijing are just as concerned as the Americans when it comes to stabilising Afghanistan and clearing that country of ISIS fighters.

That being said, Islamabad must walk a tightrope in its dealing with regional partners. For the country is in the somewhat unique position of being allied to the both Washington and Saudi Arabia in the fight against religious extremism; particularly under the banner of the Islamic Military Alliance (IMA). The latter, of course, is viewed by Tehran as an overtly anti-Shia club. Similarly, as the current White House administration adopts an increasingly hardline position on Iran it is discovering that the country enjoys considerable support from the region's big boys: primarily Russia but also China. Pakistan's role should be equally clear-cut. That is, honest broker to both allies and neighbours. And while it needs to raise support at multilateral platforms — focus on this should in no way replace the forging of strong bilateral ties with as big a cast of actors as possible.

The world is changing. The old unipolar order is fast crumbling; likely not to endure the next half century. Pakistan, for its part, needs to keep up. And that means, where possible, not taking sides but simply diversifying bilateral portfolios. After all, no nation should fear the future. *

Source: <https://dailytimes.com.pk/280437/pak-russia-ties/>

Pak-India Ties: ‘New Optimism’ | Editorial

Despite Imran Khan’s anti-Modi rhetoric during his election campaign, a ‘new optimism’ is in the air in India as regards the ever-tense bilateral relationship. At least this is what India’s High Commissioner to Islamabad Ajay Basaria — who called on the PM-inwaiting to congratulate him over his election victory at his Bani Gala residence — suggests. A cricket bat signed by the Indian cricket team that the high commissioner presented to Khan points towards an expectant cricket fraternity on the Indian side. Many more from the celebrity class, including Bollywood stars and media personalities, were quick to respond with goodluck and goodwill messages as Khan had delivered his victory speech just days after the July 25 vote. In talks with Basaria, meanwhile, the PM-to-be called for the resumption of stalled dialogue process between the two countries to discuss all outstanding issues, including the Kashmir dispute.

A cricketer Imran Khan is what’s known by the Indians thus far. And what they know is that Khan was strong enough a captain to keep all powerful figures in the team and the board at bay when it came to calling the shots. But Khan has now donned a different and difficult-to-handle garb, and whether he will be able to lead from the front on matters of vital diplomatic interest — especially the talks with archrival India — is something that will determine his strength as a politician in charge of affairs. The relations between the two countries have touched the lowest of the levels in recent times, with obtaining visas becoming difficult even for pilgrims, artistes and intellectuals from either side. Given his vision of a Madina-like welfare state, Khan cannot afford confrontation with any of its immediate neighbours and would want to give peace a chance. The contentious issues between the two countries though need out-of-the-box solutions.

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Source: <https://tribune.com.pk/story/1779520/6-pak-india-ties-new-optimism/>

Pak-US Relations | Editorial

So after triggering a financial spat with the EU, a trade war with China, sanctioning Russia, killing the Iran deal and muscling a currency collapse in Turkey, Donald Trump has finally 'put his muscle where his mouth is' in his standoff with Pakistan. But there's a reason that Democrats and senior Republicans alike are unhappy with cutting off military cooperation with Pakistan, particularly the prized IMET (International Military Education and Training) program. The last time it was suspended was when President GW Bush invoked the Pressler Amendment in the '90s. And, as the Americans later realised, they lost out too because they 'did not know a decade of Pakistani military leadership well'.

Then there's the timing of the move. In their latest desperate bid to wrap up the Afghan war, the Americans were relying heavily on Pakistan to ensure continuity of negotiations on the part of the Taliban. And, far more than the utilitarian aspect of being cut off from US tutelage, the Pakistani military will be hurt by the symbolic value of the move and its likely interpretation in the foreign press. Also, Washington must not forget that its crucial supply line into Afghanistan still runs through Pakistan. And for all the benefits its other friends in the region bring, they cannot replace Pakistan's logistic value.

But it's not as if the Pakistanis were taken completely off guard by Trump's bullying tactic. Just two days before the announcement the military signed a contract with the Russians to train Pakistani soldiers there. And this move will naturally push Pakistan closer to China as well. Since China and Russia are pretty good friends between themselves, and neither is going through its best relations with the US at the moment, this should give rise to a natural political as well as geographical alliance. So, at the end of the day, while Trump's moves might to irreparable damage to Pak-US relations, they might also, however inadvertently, help push Pakistan into a beneficial regional grouping.

Source: <https://www.pakistantoday.com.pk/2018/08/12/pak-us-relations-13/>

Pakistan And Japan Move Closer By Dr Ahmad Rashid Malik

Japan has the potential to become an important trading partner of Pakistan. In 2015, Japan emerged as the 8th largest trading partner of Pakistan amongst the developed countries. The total value of trade between the two countries has remained around US\$ 2078 billion.

This trend, however, needs to be further increased as the two countries have lot of potentials to increase their bilateral trade. The Belt and Road Initiative (BRI), and bilateral arrangements between the two countries could drive them to enhance their trading ties to a large extent, perhaps next only to China where the bilateral trade has jumped to US\$ 20 billion mark.

The reinvigoration of diplomatic, economic and security ties between Pakistan and Japan looks essential at this point in time. This was confirmed during the Foreign Minister Taro Kono's visit in January this year. Both countries have celebrated the 65th anniversary of diplomatic ties with one another. However, Kono's visit to Pakistan was nine-years after the last visit from a Japanese Foreign Minister to Pakistan. This momentum, however, needs to be changed and much closer ties with a relatively better frequency should be maintained between the two countries to discuss the Afghan issue, India-Pakistan ties, and other bilateral issue between the two countries.

Japan has shown that it wants to become a larger part of the CPEC. The offer was turned down by Pakistan unfortunately. Japan wanted to pour capital into a tunnel being built as part of CPEC, but China resisted the move, leading Pakistan to refuse the offer to the latter creditor. Japan's offer was cheaper than the London Interbank rate. Pakistan asked Japan to invest in the country rather than providing a cheaper rate for CPEC projects.

Such type of an attitude would discourage prospective third-party investors to invest in the CPEC project, which is contrary to the aims of the economic corridor. With the spirit of CPEC, Pakistan should encourage investment from all sources including the Japanese. Negotiations with prospective Japanese

investors in power and other sector should be encouraged rather than discouraged for reasons.

Under the improved security situation in Pakistan, there is much more room available to expand their bilateral ties in many sectors. Pakistan follows the most liberal investment and de-regulatory regime in the region. The Japanese needs to take into account the potentiality of such policies and move further towards Pakistan.

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Pakistan has the potential to become one of the most lucrative markets for Japanese investors and businessmen. For future Japanese investments, the emerging sectors of automobile, auto parts, electric cars, electronics, solar panels, chemicals, plastics, human resource management and science and technology besides many other sectors of economy and trade, are rapidly developing in Pakistan.

In the BRI process, Pakistan must undertake the services offered by Japan to train the Pakistan workforce to handle large scale projects. According to the Japan External Trade Organisation (JETRO), Pakistan is rated as the top Asian country for Japanese companies for expected profits in 2018, which has encouraged Japanese plans for expansion of operations and hiring of the local labour force. Given Pakistan's low labour cost and large youth population, it represents an attractive environment for Japanese investors.

The cooperation between Pakistan and Japan would open up new avenues for industrial change in Pakistan. This type of cooperation is essential to give a better look to the BRI project by truly making it a regional project of utmost importance where Japanese and other companies can play a greater role.

Given the respect for the growing Indo-Japanese alliance in the region, Pakistan should improve its relations with the Japanese, instead of tackling the Indo-

Japanese alliance in the region. The Indo-Japanese alliance in the region is too large to be stopped by Pakistan.

Pakistan would be diverting from utilising all the benefits that come with good trade relations with Japan. This task would be good for Pakistan. Pakistan should also provide help to Japan in entering Afghanistan and to play its due role to bring peace in the war-torn country.

There is no bar in discussing the Kashmir dispute with our Japanese counterparts, although we understand the response of our Japanese friends towards Kashmir. Japan has been adopting such a response toward Kashmir for quite some time during the Cold War, which has now become the consolidated Japanese policy, regarding the issue. Without upsetting the Japanese policy on Kashmir, all avenues of cooperation are open with Japan and there is a dire need to invest in all such options.

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Source: <https://dailytimes.com.pk/282447/pakistan-and-japan-move-closer/>

Pak-US Relations at a Crossroad By Dr. Ashraf Ali

The US decision on barring Pakistani military officials from a training and educational program and slashing security funding to Pakistan by almost two-thirds under an amended defence budget has come as a major blow to the trust-building measures in the backdrop of a flimsy Pak-US relations since President Trump assumed the office in January 2017. Pakistan has also been removed from programs at the US Naval War College, Naval Staff College and courses including cyber security studies.

Meanwhile the joint congressional bill, urged the Trump administration to strengthen and enhance its major defence partnership with India, emphasising that such a partnership should enable strategic, operational and tactical coordination between the two strategic partners.

The moves aimed at compelling Pakistani authorities to crackdown on militants following criticism of its coalition partner's failure to tackle terror groups thriving in its long porous border region with Afghanistan are dubbed as short sighted, myopic and uncalled for.

The gape was further widened by the US move to place Pakistan on the grey list of the Financial Action Task Force (FATF) in Paris moot in June this year.

More shocking, however; was US Secretary of State Mike Pompeo's statement to warn the International Monetary Fund (IMF) saying the Trump administration will not allow it to lend US dollars to Pakistan for repaying China.

"There's no rationale for IMF tax dollars — and associated with that, American dollars that are part of the IMF funding — for those to go to bail out Chinese bondholders or China itself," said Pompeo in an interview with CNBC.

The statement came in the backdrop of Pakistan's efforts to seek an IMF bailout package of up to \$12 billion to strengthen its fragile economy.

Pakistan's current account deficit stands at \$14 billion, over 5 per cent of the GDP, while its foreign exchange reserves have dwindled to \$9.6 billion. The country desperately needs 10-12 billion dollars for the fiscal year 2018-19. The proposed \$12 billion package — double the \$5.3bn the fund lent to the country in 2013, would be Pakistan's largest bailout from the IMF.

The statement is seen as Washington's apparent response to Beijing's "One Belt, One Road" initiative, which includes the \$62 billion CPEC package for rebuilding Pakistan's decaying infrastructure and reviving its economy.

The bad taste between the two countries was created earlier with President Trumps January 1, tweet slamming Pakistan that, he said, rewarded US with nothing but 'lies and deceit' against billions of dollars that was paid to Pakistan in the past.

The US increasing inclination towards India at the cost of isolating Pakistan is seen by many as an irrational approach on the part of US political managers.

Annoying an important ally at a time when the US government is directly reaching out to the Afghan based Taliban in an effort to seek a negotiated settlement to the 17 years long war and have a graceful exit, really makes no good sense. The US-Taliban first face-to-face meeting made headway when the head of US state department's South Asia Bureau; Ms. Alice Wells met with the Doha based Taliban officials on 23rd of July. The next round of talks is likely to be held sometime next month.

In short term, the US has increased its efforts to negotiate a permanent truce with the Taliban following a short-lived but successful cease-fire agreement between the Afghan government and Taliban on the eve of Eid Ul Fitr in June this year.

Pakistan, being a US ally in the war on terror, suffered a lot both in terms of men and material. As against the 33 billion dollars, the country's material damages have gone over 120 billion dollars. During this period, the country saw one of the huge mass displacements in its 70 years long political history due to the militancy and subsequent military operations. After flushing out militants from the troubled area, the region was finally merged with Khyber Pakhtunkhwa to bring it into the

mainstream. Beside socio-economic, judicial and political reforms in the erstwhile FATA, the government took concrete steps for border management. Pakistan has, so far, completed fencing over 300 kilometers of the long 2500-kilometer porous border besides establishing 1,126 posts along the border compared to only 145 by Afghanistan.

The new political leadership in Pakistan is committed to making peace in Afghanistan. The Prime Minister Imran Khan in a telephone conversation with Afghan President Ashraf Ghani said he was looking forward to working together with Afghanistan on how to build peace in the troubled region.

Caught between the devil and the deep sea – the Afghan Taliban and the Islamic State group, the Afghan forces are fighting on multiple fronts. The Taliban's recent assault for control of Ghazni left over hundred Afghan forces beside scores of civilians dead and injured. The rising militant attacks by IS on government installation is another challenge.

A recent report by UN sanctions monitors estimate that beside 20,000 – 30,000 fighters of the militant Islamic State group in Iraq and Syria, some 3000 -4000 jihadists were still based in Libya. The report adds some of the key operatives in the extremist group were being relocated to Afghanistan after the jihadist group's defeat and a halt to the flow of fighters joining its ranks in Iraq and Syria. The group's bloody activities in eastern and northern Afghanistan in the recent past have been a great challenge for the Ashraf Ghani led unity government.

To defeat our common enemy – terrorism, all the stakeholders and regional actors including US need to put an end to the years long blame game. Instead, they should join their forces to launch coordinated efforts for curbing the menace of terrorism to provide the war-hit people of the region a chance to live in peace.

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Source: <https://nation.com.pk/21-Aug-2018/pak-us-relations-at-a-crossroad>

ECONOMY

Rupee Recovers | Editorial

IN what appear to be positive psychological effect, the Rupee made a slight gain in the inter-bank market and a larger recovery in the open market after the July 25 general election. According to market sources, the situation has improved due to pouring of extra foreign exchange by China on top of China-Pakistan Economic Corridor (CPEC).

Unbridled nose-dive of Rupee has led to sharp increase in inflation as prices of almost all goods and services have gone up, creating immense difficulties for fixed-income groups. The damage has been done but no one knows for sure for how long the recovery of Rupee against dollar would be sustained in the prevailing situation. Moody's, one of the top three global credit rating agencies, warns in its post-election note on Pakistan that 'heightened external vulnerability' is a main challenge for the new government. 'Possible policy options would include monetary and fiscal policy tightening, further exchange rate depreciation and turning to the IMF for external financing,' it opines. It clearly projects that the exchange rate might depreciate further which means the current appreciation is temporary. The fiscal situation is so tight that the would-be Finance Minister Asad Omer has remarked that all options are there including IMF bailout package to salvage the situation.

A report in The Financial Times claimed that Pakistan was eyeing to seek one of the biggest bailout packages in its history from IMF. It claims the country was to seek \$10 to 12 billion from the Fund. It is unfortunate that Finance Ministers of successive governments had been claiming that the package negotiated by them would be the last one from IMF and that there would be no need to go to the Fund again but at the end of the day circumstances forced us to knock at the IMF door again. It clearly shows that neither our approach is working nor the IMF formulas are ever going to cure economic and financial malaises of the country despite implementation of so-called corrective and bitter measures agreed with the Fund. Would PTI government prove to be different?

Source: <https://pakobserver.net/rupee-recovers/>

Current Economic Situation of Pakistan By Aminah Mohsin

Escaping a vicious circle

Many discussions regarding the deteriorating situation of Pakistani economy have surfaced since the devaluation of Pakistani rupee against US dollar in the domestic market. Subsequently, oil prices increased significantly by 9.5pc, which caused uproar within the nation. While some politicians and journalists have started to criticise the last government for this situation and they have, in turn, defended themselves by putting the entire blame on the prior ones, many people are concerned about how Pakistan will run in the future and what steps should be taken to improve this economic blight.

Currently, Pakistan's economy is going through a rough patch. Some economic parameters are declining while others remain somewhat stagnant. The resultant situation is worrisome as slow economic growth and increasing fiscal imbalance is preventing the government to cater the needs of the growing population.

Pakistani rupee has been devaluing since December 2017 and has lost almost 3.7pc of its value as of now. In December, the value of rupee per US dollar was almost 105 but it observed a steep rise reaching 119.84 in June 2018. This was a great shock to the macroeconomic situation as it gave rise to many more problems our economy is currently facing. According to data combined by Bloomberg, the Pakistani rupee was Asia's worst-performing currency this year. Some analysts expect the currency to drop further. Standard Chartered PLC predicts that the rupee will fall to 125 per dollar by the end of the year and International Monetary Fund may request authorities to weaken it even further.

Currency devaluation has further speculated that the country might need support from the IMF as reported by the organisation itself according to which Pakistan's external debt is expected to climb up to 103 billion dollars by June 2019. Pakistan's public debt would remain higher than the limit prescribed in the revised Fiscal Responsibility and Debt Limitation Act. CPEC related outflows have elevated current account deficit and risen external debt servicing and this may lead to higher external financing needs in the future. The country requires

paying \$12 billion in first half of 2018 as per its liabilities. Gross fiscal financing needs will likely exceed 30pc of GDP from 2018-19 onwards, in part reflecting increased debt service obligations. All this has led to growing challenges to arrange foreign loans. The IMF also said that “While the level of external debt has remained moderate, continued mobilisation of external financing at favourable rates could become more challenging in the period ahead against the background of rising international interest rates and increasing financing needs”.

Moreover, our foreign exchange reserves are eroding. Foreign exchange reserves held by the State Bank of Pakistan were shrinking by 3pc on a weekly basis, according to data released by the central bank in the month of May. The decrease in reserves was attributed to external debt servicing and other official payments. Reserves have dropped by about a fifth in the past year to reach \$13.5 billion. Zubair Ghulam Hussain, chief executive officer at Insight Securities Pvt in Karachi, has said “It was becoming increasingly difficult to manage the local currency at the current level with dropping forex reserves”. The nation’s current-account deficit had become sizable and foreign debt repayment obligations are also rising. CPEC investments could accelerate the build-up of related external payment obligations, deteriorating Pakistan’s capacity to repay at a faster pace. Furthermore, faster depletion of foreign exchange reserves will have adverse effects on economic growth. A further decline in reserves is predicted even after \$2.5 billion of borrowing.

Presently, the caretaker government admits that it is facing daunting economic challenges. The problem which arises here is that the role of caretaker government is largely ceremonial

The World Bank states that Pakistan’s inflation is expected to rise in fiscal year 2018-2019 and will remain high till fiscal year 2020. The outcome of the devaluation of Pakistan rupee against US dollar in the domestic market incidentally coincided with a rise in the crude oil prices in the global market resulting in an upward trend in oil prices from January 2018. The trend will cause an increase in the manufacturing and transportation cost resulting in price hike of all the commodities produced locally.

Apart from this, the country’s economy is facing a sizable increase in current account deficit and fiscal deficit. The IMF states “In the absence of strong

consolidation measures, the fiscal deficit is expected to remain close to 6pc of GDP in the medium term, resulting in elevated debt levels". Current account deficit is expected to remain under stress as the trade deficit is predicted to stay at an elevated level during fiscal year 2018-19. The influx of foreign shipments, however, remains on the higher side due to heavy imports of machinery and other construction material for multi-billion dollar projects under CPEC. On the other hand, balance of payments issue may pose very serious risks to economy during the next fiscal year, mostly because of ballooning deficits and erosion in foreign exchange reserves down the line. Keeping in view the liquidity position, the government may be left with no choice but to cut its non-development and administrative expenditures to reduce fiscal deficit. The State Bank predicts that external and fiscal accounts will remain under pressure because of an increase in import demand and public spending by provincial governments to complete development projects before the upcoming general elections. Pakistan is also facing low levels of foreign direct investment which increased just by 5pc to \$2.41 billion in the fiscal year ended on 30 June 2017 as compared to \$2.30 billion in the previous year.

However, there is no major change in extreme issues like electricity and gas shortage, unemployment and poverty. The supply of power to industrial and residential consumers is expected to improve considerably with new power plants likely to become operational in 2018 and beyond. Moreover, developments like import of liquefied natural gas (LNG) to improve the shortage of gas for industrial sector and the addition of a second LNG terminal at Port Qasim would go a long way in boosting the economy. Furthermore, recent economic developments have helped country's GDP growth by 0.8 percentage points over the previous year, touching 5.4pc in fiscal year 2017.

Presently, the caretaker government admits that it is facing daunting economic challenges. The problem which arises here is that the role of caretaker government is largely ceremonial and they are constitutionally given limited decision-making power on major policy issues. Their primary responsibility is to hold elections on time, and to ensure the day-to-day affairs of government continue apace during the interim between successive governments.

Thus the issue of primary importance to be addressed by the new government is to take Pakistan out of this vicious circle. The challenge is to see whether Imran

Khan sticks to his vows of not taking any further loan from the IMF or the new ruling party would have no choice but to resort to procuring more heaps of dollars to run the country's economy.`

Source: <https://www.pakistantoday.com.pk/2018/08/01/current-economic-situation-of-pakistan/>

Another IMF Loan: What's Different This Time? By Dewan Mushtaq

Recent allegations by US Secretary of State Mike Pompeo, who has said Pakistan may try to acquire an International Monetary Fund (IMF) bailout for the debt servicing of obligations to China are completely nonsensical and likely politically motivated. Pompeo's statement reflects a lack of understanding of both CPEC projects and the nature of the IMF.

Pakistan has leveraged huge investment in energy and infrastructure sectors under CPEC, which potentially cost about \$48 billion. As of today, a total of 19 projects have been realised between Fiscal Year (FY)2015 and FY2022, and are worth \$23.1 billion. 75 percent of the investment lies in the energy sector and 25 percent in infrastructure. Their financing modalities vary, with infrastructure and transport projects being financed by long-term concessional government borrowing from China for a tenure of 20 years with a grace period of five years, at a weighted average lending rate of 2.4 percent. On the other hand, energy sector projects involving FDI and commercial borrowing from Chinese financial institutions, either by majority foreign-owned joint ventures or Chinese investors. The energy sector projects are in IPP mode with an overall debt-equity ratio of 80:20. The average rate of return on equity is around 17 percent per annum while private loans are normally for a term of 10 to 12 years with an average interest rate of Libor plus 4.5 percent and grace period of three to four years. There is no doubt that these investment initiatives will create Balance of Payment (BoP) outflow concerns coming from loan repayments and profit repatriation. However, there are very good reasons for the IMF fund not being used to finance these outflows.

First, the IMF money will likely come in the fourth quarter of 2018 that will directly coincide with the inflows from China under the CPEC projects, estimated to average about \$2.4 billion annually between FY2019 and FY2022.

Second, the CPEC related outflows will peak after the completion of the IMF program with the average annual net financing gap expected to remain at very manageable levels even under the IMF's maximum seven years program. This will continue until FY2025. Under the seven years scenario, the net average

annual financing gap is estimated to be around \$0.8 billion compared with merely \$0.12 for the three years scenario, including fuel displacements and capital machinery import impacts. These financing shortfalls can be easily met by the government without IMF support as is evident by history. Pakistan has successfully managed over \$5.5 billion of total external payments annually with similar levels of foreign exchange reserves. The net BoP impacts will be highest after the completion of IMF programs under both scenarios at about \$2.7 billion in FY2026.

The bailout package disbursements will be linked directly with the realisation of the IMF sponsored reforms, which consist of different components. Each of the components will have its associated costs that must be financed by IMF money

Thirdly, the bailout package disbursements will be linked directly with the realisation of the IMF sponsored reforms, which consist of different components. Each of the components will have its associated costs that must be financed by IMF money. Therefore, the government will have to allocate the IMF money to finance the reforms with very limited room for modification.

Fourthly, Pakistan has taken IMF program on 21 occasions with only the last one classified as completed, subjected to criticism for that it has contributed to the current external problems. Therefore, this time IMF has a very strong incentive to build its reputation by ensuring this program's success. Therefore, IMF will make sure that the money is spent on reforms.

Finally, it is also in the newly elected government's interest to ensure that the reforms will be successful given it has finally managed to come to power after three attempts. As such, it will be foolish of the government to waste this opportunity.

Going forward, Pakistan's new government needs to prove that Pompeo's accusation is unfounded and unnecessary by doing the proper homework. The government must protect the integrity of the CPEC projects and improve its overall handling of the country's financial situation. This includes its work with the IMF and other relevant stakeholders.

Source: <https://dailytimes.com.pk/277648/another-imf-loan-whats-different-this-time/>

Overcoming Economic and Financial Crises |

Editorial

PTI leader and would-be Minister for Finance and Economic Affairs Asad Omer has dropped hints as to what the new government intends to do to address the economic and financial crises facing the country. In an interview, he has claimed that quick fix solutions are needed to tackle the situation and also indicated that the country would need \$10 to 12 billion loans within six weeks.

There is no doubt that the country is facing worst kind of financial crunch and the situation has deteriorated to such an extent that even with the onset of new financial years, the Finance Ministry is releasing just salaries and house rent for different ministries, departments and nothing else for other necessary expenditure and their payable dues are piling up to dangerous levels. The government cannot be run in a satisfactory manner in this situation and effective measures will have to be taken to ensure that business of the government runs without hindrance and developmental activities do not come to a halt. This is a major challenge for the new government as there are also enormous expectations of the people who are waiting for some sort of relief from the new government.

However, quick fixes have not helped the economy in the past and in the long run they are unlikely to yield any worthwhile impact. Asad Omer's assessment that country needs up to \$12 billion is an indication that we may opt for IMF loans. This is despite the fact that successive governments claimed that the programme finalised by them with the Fund would be the last one. This also means that IMF loans provided no long term benefit to the economy except offering relief in the face of financial woes and shrinking domestic resources. In the past quick fix solutions included an increase in indirect taxation like hiking taxes on POL products and utilities besides increasing customs duties on imports especially on raw material which lead to price-hike. We hope that the new government prove to be different and instead of adding to taxpayers burden would look for untaxed sectors and individuals.

Source : <https://pakobserver.net/overcoming-economic-and-financial-crises/>

Renewing NFC Award | Editorial

THE politics of recent days notwithstanding, the moment when all the parties in parliament will have to sit down and work together for national progress is fast approaching. One recent reminder of the responsibilities of the incoming government came from the interim finance minister who stressed the importance of finalising the new National Finance Commission award as soon as possible. The NFC award has been delayed for far too long, and not finalising a new one was among the PML-N government's biggest policy failures. The new government will have to take on the task and see it through to completion in its first year, unless it too wants to limp along with a fiscal framework hamstrung by an ad hoc arrangement governing the NFC award.

As the interim finance minister warns, though, far more than fiscal transfers may be at stake. Social-sector spending is the domain of the provincial governments, and the majority of the resources with which this is undertaken is transferred from the centre via the NFC award. Additionally, the award and its generous transfers to the provinces have become the subject of much debate in recent years, with powerful quarters like the IMF and the security establishment questioning whether such large transfers are sustainable and healthy for the federation. Of course, the Constitution allows no path to reduce these transfers, but a new award can find ways to ensure that the resources that are given are better utilised and targeted. The new award also needs to program better incentives for the federating units to coordinate their social service delivery programmes, and in some cases, work closely with federal authorities to fashion a national response to issues such as climate change that cannot be left to each federating unit to tackle individually. Between realigning the underlying incentive structure and revisiting the federal transfers, there is much for the new government to do, and it will take every ounce of political capital and skill to steer the negotiations. No 'Islamic welfare state' can be created without navigating the politics of the NFC award, and the provinces controlled by those parties that may not be part of the government at the centre cannot move forward with their own mega projects and social service programmes without a revamped NFC arrangement. All parties vying for control at the centre should bear in mind their shared responsibility to work together once the new government is in place.

Source: <https://www.dawn.com/news/1425268/renewing-nfc-award>

Grey Review | Editorial

The extent of how poorly Pakistan has performed in countering terrorist financing has never been in dispute, despite our legitimate objections to being put on the Financial Action Task Force (FATF) grey list. The National Counter Terrorism Authority (Nacta) only recently declared that it was unable to provide a National Risk Assessment report, which is crucial to convincing the FATF that Pakistan has the capacity to fight money laundering and terrorist financing. The failure is one that should not only impact the FATF, but also raise concerns for ordinary Pakistanis who have been promised a coherent strategy to tackle terrorist financing in the country for almost two decades. The FATF task force handed over a 12-point action plan to Pakistan, which the country would do well to implement. With the Asia Pacific Group of the organisation set to review Pakistan's progress on these points, we will discover more soon about how authorities have gone about tackling terrorist financing. If necessary progress has not been made, Pakistan could face further international sanction, which would weaken its already precarious economic status. The National Executive Committee, tasked with implementing the policy action, has met to produce a progress report for submission to the Asia Pacific Group.

This week will be a crucial one for how Pakistan is perceived in the financial world. Many of the promises made to end terrorist finance have been made with bravado, but there is little in terms of concrete measures taken to check formal and informal terrorist finance. The fact that neither Nacta nor the FIA is willing to prepare the required National Risk Assessment report does not bode well for what is coming. The absence of NRAs was crucial in the FATF decision to grey list the country. Now, it seems more to be a case of pleading to the international community, rather than instituting a system which has stringent checks on to whom funds are going to. It is stunning to see that no one has moved to produce a report so crucial to showing that Pakistan sees the FATF regulations to be designed to help it achieve its own objectives. Curbing money laundering and terrorist financing is important for Pakistan's own future. Pakistan should have the freedom to set its own barometers for progress, but a situation of no progress cannot be considered to be enough. The 15-month time period given to Pakistan to comply with international money laundering and counter terrorist finance

frameworks is sufficient for a country that is at war with terrorism. It is important that all parts of the government involved pull their weight.

Source: <https://www.thenews.com.pk/print/351602-grey-review>

Privatisation: Need of the Hour? By Nasir Khan

As Pakistan accumulates more debt than it can handle, it is still in dire need of billions of dollars. The burning question on many minds, is if the new government should move towards privatisation? Privatisation is a neoliberal and imperialistic plan; spurred by widespread dissatisfaction with the performance of public enterprises and the need to cut government expenditures. Privatisation refers to the sale of all or parts of government equity in state owned enterprise, to the private sector or to the placing of state owned enterprises, under private management through leases and contracts.

Pakistan has previously followed the path of a “mixed economy” which thrives on the co-existence of public and private sectors. Today when our economy is in transition there is need to make a fresh assessment of the joint sectors. The basic idea underlying the concept is a combination of joint ownership, joint control and professional management.

This approach to development is based on an economic system in which the private business sector is able to function relatively free of government intervention, while the state focuses on the facilitation of private sector economic growth and provides social services such as education and healthcare to the populace. Pakistan has been facing economic crises for the last many decades. This is the real and most practical challenge for the new government. Privatisation is an option which the new government can avail. But it would be a very difficult and unpopular decision.

In wealthier countries it is easy to treat privatisation purely as a question of domestic policy. But where the likely buyers are foreign — as in the developing world — privatisation of state-owned enterprises often means denationalisation. Since state ownership, originally came about in an act of national self-assertion, privatisation appears to be a retreat in the face of international pressure. However, even in the United States, privatisation would be understood rather differently if public assets are up for sale or contracts up for bid, were likely to be taken over by the Russians or the Japanese. The more dependent a nation is on foreign investment, the greater the likelihood that privatisation will raise the

prospect of diminished sovereignty and excite the passions of nationalism. Where privatisation raises such issues, it is often blocked, or citizens and domestic firms are reserved exclusive rights to publicly offered assets, shares, or contracts.

Privatisation may dilute government control and accountability without eliminating them. Where governments pay for privately produced services, they must continue to collect taxes. Privatisation in this sense diminishes the operational but not the fiscal or functional sphere of government action. By putting the delivery of services into the hands of a third party, governments may divert claims and complaints to private organisations, but they also risk seeing those third parties become powerful claimants themselves. Whether this sort of partial privatisation achieves any reduction in government spending or deficits must necessarily be a practical, empirical question.

Where the likely buyers are foreign — as in the developing world — privatisation of state-owned enterprises often means denationalisation

Yet another perspective sees privatisation as a political strategy for diverting demands away from the state and thereby reducing government overload. Privatisation attracts support not only from economists with a disinterested belief in liberalised markets, but also from a lobby consisting of investment banking firms, government contractors, and other corporations whose businesses stand to benefit if the public sector cedes ground.

Generally speaking privatisation is a way of altering the relationship between the state and the private sector to enhance the role of the private sector in the functioning of the national economy as a whole.

Many countries like China with state controlled economies have gone far enough to open the doors of economies, to achieve faster growth rate.

In a country like Pakistan, privatisation is seen as a means of increasing output, improving quality, reducing unit costs, curbing public spending and raising cash to reduce public debt. Privatisation also helps in keeping the consumer as the top priority, it helps the governments pay their debts, it helps in increasing long-term jobs, promotes competitive efficiency and open market economy. In an economy

like Pakistan's there is a need for the government, to realign its priorities in mobilising the skills and resources of the private sector in the larger developmental scheme.

On the contrary, the concept of welfare state may be defeated by said process of privatisation. Private sectors would not care about the society as its main objective is to earn profits. In case privatisation happens, it will result in fewer funds for societal needs, because private companies have no obligation to perform social work.

Conclusively, while privatisation would seem like a realistic option for Pakistan, it should only be for five to ten years. Moreover only public firms, who have been facing extreme losses, such as PIA, Pak Steel Mills and Railway should undergo the process.

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Dealing With Our Economic Emergency By

Syed Ali Imran

Pakistan is facing the worst economic crisis of its history. The balance of payment has soured to such a level that the trade account deficit has widened manifold. This situation has led to an increase in the current account deficit, which has climbed to \$18.0 billion, which is 5.7 per cent of GDP and stood at 4.1 per cent last year of same time period.

As a result, a fall in foreign reserves is being observed; it has a direct relationship with the value of the Pakistani rupee. The help of international financial institutions is imminent, therefore the International Monetary Fund (IMF) bailout cannot be ruled out. The situation is not favourable for Pakistan, since it was recently placed under the FATF grey list. On top of these problems is the issue of water scarcity. Rapid construction of dams by India on waters coming from eastern rivers into Pakistan is the most dangerous phenomenon to have appeared. The trade war between USA and China is another problem indirectly facing Pakistan in shape of a rise in cotton prices, where China is buying cotton from Pakistan and India instead of the USA.

China Pakistan Economic Corridor (CPEC) could be a game changer project, had the previous government negotiated it on the discussion table well before its final execution. The great plan is still unclear to the public and therefore speculations are at their peak. The newly established government should immediately focus on CPEC projects and their impacts on Pakistan's economy, whether positive or negative.

One of the major negative impacts is trade imbalance. This trade imbalance can be protected by revamping the Free Trade Agreement (FTA) with China. Pakistan should negotiate with China to import its agriculture products, which can result in earnings upto \$12 billion, as China imports food amounting to \$120 billion, out of which a 10 per cent can be our share. Moreover, Iran also imports food amounting to \$65 billion where food products can be exported to this US-threatened country by bartering oil as payment.

Under CPEC, Chinese partnerships with local manufacturers will not only help GDP growth, but will also generate employment and business opportunities by empowering small medium enterprises (SME). This partnership is possible by attracting private equities companies and venture capital companies from across the border. China may invest into these companies not only to manage and boost the manufacturing process of SMEs in Pakistan but to also earn better profits.

Pakistan's banking system needs to be addressed very technically. An immediate tilt towards Islamic banking may give better results for just distribution of money in the shape of credits or loans

For this reason, Pakistan's government must ensure a smooth and speedy IPO process, while education about private equities companies should be disseminated to the public at large. This will result in foreign exchange inflows from China, other countries, and expatriates. However, reinvesting returns into these special companies may be negotiated with China so that outflow of funds can be avoided.

The balance of payment crisis starts when apart from necessary machines or raw material for industrial production or lifesaving drugs a country start importing items that may be available locally. It could be fast moving consumer goods or home appliances or cars etc. Merely increasing import duties cannot stop this large segment for long. Promotion of local brands can lead to abstaining from such imports which need some quality control assurances from government institutions.

These institutions are already available, but corruption becomes a massive hindrance and stops them from working properly, thus allowing multinational companies to enter the local market. If we observe consumer preferences, we may see that we as a nation do not use even our own water, purified by our local facilities, but buy multinational brands selling the same thing.

Cotton prices are also increasing due to the China-US tussle. Cotton is a major input for the textile industry, which is the largest contributor to our exports and helps in earning foreign reserve. Now when this input cost is increased it will result in increasing cost of production where pricing of all other factors is also increasing like labour and overheads etc. It was also observed again this year

that the production of cotton crop was not upto the mark and the target set was not achieved.

Here is an opportunity in this scenario for earning foreign exchange by selling raw cotton to China. For this purpose, the government may focus on cultivating cotton more in the short-term, without undermining sugarcane and wheat crops. Apart from better seeds, fertilisers, and pesticides, farmers need access to bank credit as well.

Pakistan's banking system needs to be addressed very technically. An immediate tilt towards Islamic banking may give better results for just distribution of money in the shape of credits or loan. The Islamic banking system promotes opportunity of business on partnership and rental basis rather than giving loans on interest as conventional banks do.

This means that if Islamic trend in banking are adapted then behind every transaction there will be a trade which will result in developing industries, equal distribution of wealth and better employment opportunities. Government spending through Islamic Banks will also control public debt usage towards developmental expenditures, which will in return fetch better economic results and good governance.

People of Pakistan voted for change to counter the status quo. This change needs to address challenges, like economic crises and other related issues. The government can take actions on the challenges discussed in this piece and take immediate measures to deal with the grim situation Pakistan is facing. We as a nation also need to change our priorities and promote our own brands. A mutual effort from the government and the people will help make Pakistan a prosperous country.

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Source: <https://dailytimes.com.pk/280822/dealing-with-our-economic-emergency/>

Capitalising Pak-ASEAN Economies By M

Nawaz Khan

PAKISTAN has followed its look East policy, which it calls the “Vision East Asia” aimed at building partnerships with the countries of East Asia and ASEAN, in earnest. The look east policy envisages deepening relations in multiple fields and institutional linkage with ASEAN members individually and collectively. The Southeast Asian economies are growing at a fast pace and offer immense possibilities for increasing economic and trade cooperation. What assets and strengths can Pakistan and ASEAN countries capitalize in their relations? There is a scope to invite private businesses from the ASEAN countries to invest in Pakistan in various sectors such as agro-food industry, chemicals and petrochemicals, infrastructure development, banking, insurance, energy, automobiles, software industry, auto parts manufacturing, construction, sea food/fish processing industry or fisheries, food processing, packaging, gems and jewellery, information technology, agriculture, telecommunication, and hotel industries, etc. They can also enter into joint ventures with Pakistani counterparts, which can fulfill Pakistan’s investment needs.

There is a possibility that the ASEAN countries may be keen to relocate some of their labour-intensive industries to Pakistan where both land and labour are plentiful. In this context, the industrial collaboration can take place in areas like textile, electronics, automobile and many other small scale industries. There exists a potential for boosting intra-industry trade between Pakistan and ASEAN in several product segments most notably knitted or crocheted fabrics, articles of apparel and clothing accessories, made up textiles and leather products. Both types of trade can bring benefits to Pakistan. Moreover, Pakistan can export knitting machines, thread spinning machines and sugar refinery machines to Myanmar, Cambodia and Laos, which are low-tech countries and send Pakistani experts in the petroleum sector to work in Vietnam and Brunei. The ASEAN has comparative advantage in electrical and electronic appliances, machinery and automobiles. Pakistan, on the other hand, has a comparative advantage mainly in cotton yarn and woven textiles, ready-made garments, leather products and other miscellaneous manufactured items such as surgical instruments and sports goods; through these areas Pakistan and the ASEAN countries can enhance their cooperation. Pakistani diaspora living in East Asia is estimated at 2,30,664.

It is an asset. Pakistan's economic reforms have made doing business much easier and it offers an attractive business climate. The Pakistani diaspora along with businessmen of the ASEAN countries can help in transferring advanced technology and know-how from ASEAN countries. They can play an important role in bringing investment from these countries.

Pakistan's attempt to diversify its industrial base could find openings in the ASEAN markets, and it could also benefit from the experience of some the ASEAN countries which have in a short period of time transformed their economies from primary production to export of capital and skill-intensive manufactures. The expertise of the ASEAN countries in agro-processing industry could enormously benefit Pakistan. Learning from their experience, Pakistan could further improve its own agro-processing industry, e.g. fruit canning and juice making, etc. The ASEAN countries mainly suffer from labour shortages at the lower end of the labour market spectrum and these shortages may risk the future accelerated growth of the economy. Pakistan has surplus labour with low wages, a whole range of unskilled and semiskilled manpower that can adequately meet these shortages. Pakistan has shown great interests in Asia Pacific security architecture, which is in the interests of both sides. ASEAN-Pakistan relations in some areas of security concerning the two regions could strengthen efforts to counter new security challenges, especially in developing control and monitoring system to address proliferation of weapon of mass destruction, flow of radicalism, and terrorist financial network.

Pakistan is the gateway to Middle East and Central Asia and ASEAN countries should take more initiatives to strengthen relations with Pakistan to take full benefit of its geographical location to reach other markets. In this context, the launch of the Chinese initiative of 'Belt and Road' is a historic and revolutionary turning point. Therefore, the China-Pakistan Economic Corridor (CPEC) offers tremendous trade opportunities to the ASEAN nations through which they could get direct access to Central Asia through Gwadar Port. Another area where both Pakistan and the ASEAN countries can make contributions to each other is the environment. The ASEAN's strategic plan to protect the environment includes pollution and natural resource management could be beneficial for Pakistan to learn from ASEAN experience. Pakistan has done well in combating terrorism, both inside the country and on its borders. Indeed the record of Pakistan fighting terrorism is so impressive that the ASEAN countries could benefit from Pakistan

s experiences. The cooperation in the field of education, wherein, ASEAN students could be offered to study in Pakistani medical, engineering and business colleges is also an area in which Pakistan and the ASEAN States can cooperate.

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Source: <https://pakobserver.net/capitalising-pak-asean-economies/>

CPEC: Moving Pakistan Ahead By Dr. Ahmad Rashid Malik

Institutional work on the China-Pakistan Economic Corridor (CPEC) has been getting slow due to a variety of reasons. Most of these reasons lie within Pakistan and not in China as such. The first is that Pakistan has been going through an election period, which is coming to the end when the new government takes its root and forms a new set up. The second reason for the slow progress on CPEC projects is the “watch and see” policy by the donor – China. They are assessing the political situation and seeing what is in their interest to further offer to Pakistan. The Chinese always take an indirect route to assess the situation in any country. Pakistan should not take a different course of action.

However, the CPEC is the long-term project and it never ends. After generating 11,000 MW of electricity, the project has entered into its second phase up to 2030 where quite a large number of the projects have been designed to be completed in the next 12 years.

The year 2030 is an important year. We exactly do not know who will run China and Pakistan by that time. Many more changes are expected to take place within Pakistan and lesser in China. China is a mass democracy and Pakistan is a Western democracy. Things might be different in Pakistan to a large extent because of its vulnerability. There might be the same political democratic status within China, which will make its task much easier. China might be in a position to put more pressure on Pakistan and ask to do certain things for its benefit, which Pakistan might do in order to keep this relationship up.

In a relatively weaker state, things could be dictated by powerful countries or by a group of countries who have a sizeable influence over that country. In both ways, the situation for the weaker country might not be the same. All institutional worries have to be taken into its account if this state wants to exercise relative power. Otherwise its institutions might collapse and could invite more intervention in its affairs by the outsiders.

The institutional work taken into CPEC projects in Pakistan is already massive moving to over US\$ 64 billion. There are no reasons from the Chinese side to

stop any further work on the projects. Further work could be their priority and Chinese might prefer to continuously work on these projects. With the same token, China might not abandon their developmental work in Xinjiang for whatever reasons, including terrorism and separatism, in that vast area of China, which has been causing huge losses to it. China wants to defeat terrorism and separatism at all costs through military might and developmental posture.

China would prefer to develop a “peace highway” bringing enormous benefits to China and its people. Development is much more precious to China than keeping its regions backward for whatever reasons. This naturally makes Pakistan develop its backward areas of Gilgit-Baltistan. With a Chinese ride to development, this region would also get its proper share and get developed, and makes its due share. There is no other way that Pakistan could develop its region without the Chinese support.

The development of the CPEC is mutually interested between Pakistan and China. It is not China alone that wants to get develop the region. The stakes of Pakistan are too high to get it connected and developed.

The backwardness and under-development of this region would be putting too much pressure on Pakistan to get it developed and it bring it on par with the other regions of the country. Without the development of Gilgit-Baltistan, there will be no question of development and prosperity for Pakistan. The fate of Gilgit-Baltistan looks intertwined with Xinxiang.

Hope is that the new government of PTI would listen to these concerns and would help develop CPEC and Gilgit-Baltistan. In the next 5 years, we might see the development of this region with enthusiastic Chinese intake. A new and much more progressed Pakistan would be emerging under the umbrella of the CPEC. The CPEC has all the energetic spirit to boost the economy of Pakistan and it brings it in line with some of the most developed economies of the world.

The CPEC industrial sector has been designed in a sense to compete with all the developed economies of the world and to bring it in more industrial goods to its strength together with both private and public sector. A friend in need is a friend indeed. We put a great deal of time in China and we are hoping that the CPEC would be changing Pakistan to a large extent. A China-Pakistan Economic

Corridor is the call of day and it would bring enormous benefits to the economy of Pakistan in the years to come.

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Source: <https://nation.com.pk/13-Aug-2018/cpec-moving-pakistan-ahead>

Curbing Trade Deficit | Editorial

ONE of the biggest challenges the incoming government will face when it goes about the business of fixing the imbalances of the external sector is to find a way to shrink the trade deficit. The growing gap between imports and exports, which touched a historic high of \$37bn in the last fiscal year, is the prime reason why the economy is losing foreign exchange reserves to the point of near depletion. Shoring up the reserves in the short term through a bailout, either bilateral or multilateral, is only the first step. If the trade deficit is not brought under control, the bailout will amount to little more than a short lease of life. And if reserves are to be protected in the face of such a massive deficit, the currency will have to plummet to historic lows that are difficult to forecast. The menu of options for the incoming government is not a good one, and at the heart of it lies the trade deficit.

Perhaps in anticipation of this, the Commerce Division and Customs are reportedly working on a plan that can be presented to the incoming government upon arrival to help curb imports. This is the right approach certainly, since lifting exports will be a longer exercise. Finding a way to compress imports is the first step but here a conundrum arises. The previous government took liberal recourse to regulatory duties as the way to curb 'nonessential imports', but this did not work largely because the demand for these 'nonessential imports' is largely inelastic to price. Then came a series of currency depreciations that gave a temporary fillip to exports, but did little to curb the growth of the trade deficit. So now bureaucrats in commerce and customs are working on a model to suggest other ways to curb imports, including, according to some reports, outright bans. It is possible that matters may come to this, and if they do, it will signal a real economic emergency. Import quotas were done away with many years ago, and their return will mean that the government is comprehensively out of ideas. More regulatory duties also carry their disadvantage since they induce great distortions in the economy. Whatever road the incoming government chooses, there is little doubt that managing the fallout from the trade deficit is going to be one of the biggest challenges.

Source: <https://www.dawn.com/news/1426519/curbing-trade-deficit>

What is Bad: Economy or Its Management?

By Iqbal Khan

THE outgoing caretaker of country's finance had only been viewing the matters from a banker's "balance sheet perspective"—and, hence, portraying doomsday scenario. And the new Finance Minister has started showing signs of anxiety even before taking charge. New government has sufficient political capital to attract substantial Foreign Direct Investment (FDI). And some loans and grants have already started pouring in. Need of the hour is not to panic. Economy does face challenges needing immediate adjustments, but its permanent recovery lies in meaningful restructuring. Hopefully, Finance Minister would soon be able to distance himself from day to day fire-fighting, and focus on long awaited reforms in financial sector. With or without the IMF, new government should quickly assemble a core group of competent professionals and start implementing the reforms.

Minster for Finance has already dropped hints as to what the new government intends to do. He thought "quick fix solutions were needed to tackle the situation" as country would "need \$10 to 12 billion loans within six weeks". Indeed it was a naïve approach and unnecessary alarm. Pakistan has a robust and progressive economy, incorporating essential features of a typical modern formal economy; but at the same time, it has deep rooted fault lines, at times making its behaviour unpredictable. Pakistan has often faced tumultuous financial conditions, yet it maintained an average growth rate of 6 percent. Economic affairs are generally run on day to day basis; hence an element of fragility has become perpetually embedded into country's economic affairs. Real challenge is not arranging "\$10 to 12 billion loans within six weeks", but have a long term Vision so that such patterns don't come back to haunt our economy every now and then.

Solutions are available. What we need is political will to carry them through. Proposal of floating "Overseas Pakistanis' Bond" is a viable option and should be fast tracked. Alongside one could think of "Debt Retiring Bonds" open to inland and overseas Pakistanis. There is need to create a "Saving Culture" through an environment of austerity and meaningful return on savings. Government restructuring could reduce the governance cost by one third; and fixing "Public Procurement Policy" procedures could add hefty saving of around 40 percent.

There is need to untangle our taxation maze of multiple direct and indirect taxes strangulating those who pay their taxes and letting those go scot free who do not wish to pay taxes. Our taxation system is cruelly pegged. For those who want to pay taxes everything other than breathing air is taxed. And those who do not wish to pay they are offered shamelessly low 2.5 percent tax for their ill-gotten wealth staked outside Pakistan. Most of them did not avail the offer as tax was “too high”.

Country's existing tax regimes do not provide even playing field for all sectors. Pakistan's economy comprises of: Industrial Sector (20.91 percent of GDP); Agriculture Sector (18.86 percent of GDP); and a sparkling Services Sector (60.23 percent of GDP.); Agriculture Sector's tax contribution is little over one percent of gross national tax; Industrial Sector accounts for around 17 percent of tax. Services are inordinately overtaxed. Recently Supreme Court had to intervene to reduce taxation on mobile telephone users and gasoline to provide much needed relief to hapless consumers. Due to inefficient Regulators, the quality of services is far below the acceptable standards.

Pakistan's economy faces some arduous challenges, which are almost perpetual, like: sustained high population growth rate (over 2 percent); mainly thermal fuel based high cost electricity; shortage of water and electricity; narrow tax base leading to low tax to GDP ratio (12.4 percent); inefficient revenue collection system; inadequacy of infrastructure; high inflation and interest rates etc. Regional and global market dynamic and inter play of American sanctions here and there often make unpredictable negative impact on country's economy. Single commodity export (textiles) exposes it to vulnerability of price variations in international market; likewise, fluctuation in oil prices is another single factor making unpredictable impact on import bill without any prior warning.

Pakistan's society is inclined towards consumerism, as a result imports always exceed exports by huge margin (gap is US\$37.7b in FY18; causing unsustainable Current Account Deficit (over 18 billion in FY17-18). Over borrowing is a national habit, and now external and domestic borrowing stands at over 72 percent of GDP. Public debt of Rs24.5 trillion includes domestic debt of Rs16.5 trillion and external debt of Rs8 trillion. The financing of the current account deficit by taking more loans is one of the reasons for high debt accumulation. Average maturity time of public debt had come down from 4.5

years in 2013 to 3.7 years in 2017. The indicator of debt maturing in one year also deteriorated in recent years and now 44.4 percent of the total debt is maturing within one year.

Biggest challenge for the new government is enormous expectations of the people who are waiting for some sort of relief from the new government. And going back to the IMF would be a big disappointment. There is a strong public perception, though largely misplaced, that country's most of economic difficulties are due to the preconditions that IMF has been attaching with its previous packages. Reality is that had we implemented IMF recommendations, we would have long been out of economic difficulties. Despite a razor thin parliamentary majority of his party, crafty coalition partners and a strong net of dynastic politician around Imran Khan, there is strong aroma of hope that he will be able to gather requisite critical mass to break the stranglehold of vicious factors bringing our economy to such a pass.

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Source: <https://pakobserver.net/what-is-bad-economy-or-its-management/>

Pakistan and Turkey: Case Studies of Economies in Stress By Shahid Javed Burki

One way of understanding what is happening to the financial and economic systems in Pakistan is to compare the country's situation with Turkey. The Turkish currency crisis comes at an awkward moment for Pakistan. The two countries have come under stress for much the same reasons. They are going through serious political transitions although the one in Pakistan is generally viewed favourably, while that in Turkey is seen as a serious relapse. The country appears to have abandoned the democratic path. In Ankara, a populist leader has strengthened his control over the country's political system, moving it towards authoritarian rule. In Pakistan, the move is in the opposite direction. Imran Khan, Pakistan's newly elected prime minister, is a strong-willed person much like Turkey's Recep Tayyip Erdogan. However, the Pakistani leader is likely to govern through consensus-building. It appears that with the elections of July 2018, Pakistan has moved towards stability while the Turks will have to live in relative uncertainty. The financial markets on which the two countries are increasingly dependent like certainty and stability.

Stocks mixed amid Turkey worries

What is common to the two stressed nations is also the extreme hostility towards both now shown by Donald Trump's Washington. While the United States president has never been enthusiastic about Pakistan, he for a while seemed to admire Erdogan. The Turkish leader had a lot in common with the strong leaders Trump wished would rule most places in the world. On the other hand, on a number of occasions, he chose strong words to speak about Pakistan, accusing the country of using "lies and deceit" to "make fools of us". He was angry at Pakistan for not giving full support for America's effort in Afghanistan. But for not easy-to-understand reasons, Trump has turned against Turkey, asking his Commerce Department to double the tariff on the import of steel and aluminium from that country. This would mean virtually excluding those Turkish commodities from the American market.

The anger against both countries might be for the same reason: the roles they are playing are reportedly making it difficult for Washington to score victories in

the two wars in which victory is eluding it: the wars in Afghanistan and Syria. Washington would like to see both countries fall in line with the United States in the conduct of these two unending conflicts.

The third reason common to both countries is the handling of public finance by Ankara and Islamabad. Both have done it irresponsibly. Pakistan has not borrowed as heavily as Ankara has done from the world's banking system to finance its foreign deficit. In Turkey, there was much borrowing to build fancy apartment buildings, shopping malls, mosques and a residential palace that cost \$615 million. For expenditures such as these, it relied heavily on borrowing from foreign banks. The Western banks were happy to lend to Turkey and similarly situated countries since the United States Federal Reserve system kept the interest rates low. There was much more money to be made in places such as Turkey and Pakistan where the returns on portfolio investments were noticeably high. For a time Pakistan had one of the world's best performing stock markets. However, this earnings-gap has begun to narrow with the recent rise in the US interest rates. Private funds are now being pulled out of emerging markets.

Where the two countries have differed is over their policy with respect to the value of the domestic currencies. The Turks have allowed the lira to float, controlling its value by changing the domestic rate of interest. A higher rate brought in more dollars and increased value of the domestic currency. In the case of Pakistan, the central bank used its one-time comfortable foreign reserves to buy the local currency thus pushing up the rate of exchange.

Would these two crises affect the global system? One answer comes from Matt Philips who wrote in his article titled 'Why Turkey's lira crisis matters outside Turkey', published in The New York Times on August 14: "In past decades, plunges in emerging-market currencies have ignited broader crises. Turkey's lira is crashing and that has financial markets on edge." Philips is not alone in worrying. Many analysts are concerned whether the lira — and by extension the Pakistani rupee crisis — may create a ripple effect that may have consequences for many countries around the globe. One example of what could happen is the July 2, 1997 devaluation of Thailand's baht, making investors lose confidence not only in the country's currency but also in its economy. "Throughout the first half of July, nobody anticipated that the Thai crisis would spread, as soon as it did, to South Korea, Indonesia, Malaysia, the Philippines, Hong Kong, Singapore and

even Latin America,” wrote Vikram Khanna in a recent article in The Straits Times. “Thailand turned out to be the canary in the coalmine, the trigger of a bigger crisis that engulfed much of Asia.” Turkey’s fundamentals are not different from those of Pakistan. Its current account deficit has ballooned to 7.9 per cent of gross domestic product in the first quarter of this year, from 3.8 per cent as recently as 2016. So has Pakistan’s.

S&P projects Turkey to go into recession next year

There is no doubt that fragile economic and financial systems around the globe could come under pressure because of the building of the Turkish crisis. There are some worrying signals in the June 2018 Annual Economic Report of the Bank of International Commerce, which points out that outstanding stock of dollar credit to the nonbank bank borrowers in emerging markets has almost doubled since 2008 and currently stands at a staggering \$3.6 trillion. Many Pakistani analysts are concerned that Pakistan may also be borrowing excessively.

Could Pakistan be sucked into this developing crisis? I believe that heads should remain cool in Islamabad, the country’s capital, and Karachi, the headquarter of the central bank. Any reaction in panic could worsen the situation. In this context I would like to repeat what I have written before: the CPEC investments should be viewed as growth promoting rather than placing an u debt on the country.

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Source: <https://tribune.com.pk/story/1784940/1-pakistan-turkey-case-studies-economies-stress/>

Moody's Warning | Editorial

The Moody's Investors Service has rated Pakistan among the markets most vulnerable to dollar appreciation, which in simple words means that the dollar is getting more valuable in Pakistan and that can have a direct effect on our pocketbooks. Moody's assessment means Pakistan finds it harder to come good on its foreign loans repayments, besides footing the import bill.

The credit ratings agency had, in June, downgraded the outlook on Pakistan's rating to negative from stable. It now warns that "sovereigns with relatively-high debt burdens, weak debt affordability and smaller buffers are especially susceptible to a deterioration in their credit profiles in the event of rising funding costs". And given the size and composition of the balance of payments and foreign exchange reserves, Pakistan finds itself bracketed among countries like Ghana, Mongolia and Zambia.

The credit agency rightly mentions that the Pakistan rupee has experienced marked depreciations against the dollar in about a year's time. Since December last year, Pakistan's economic managers have let the rupee fall on four separate occasions, and increased the key interest rate by 175 basis points just this year.

The assessment comes at a time when Pakistan's foreign exchange reserves have dropped to \$10.23 billion — barely enough to cater to a 90-day import bill — while the current account deficit has widened to \$17.99 billion in fiscal 2017-18. The Moody's has warned of an elevated risk of further erosion in foreign exchange reserves unless capital inflows increase substantially — possibly through and in combination with an International Monetary Fund (IMF) programme. No wonder why the new PTI government is considering going back to the IMF for yet another bailout programme.

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Source: <https://tribune.com.pk/story/1788637/6-moodys-warning/>

Easing of Pak-India Trade Tensions By **Shahid Javed Burki**

The possible easing of tensions between Pakistan and India will have to occur in a difficult environment. To begin with are the changes Beijing is making in the way it handles its economy. It no longer has low-priced labour and for demographic reasons the Western markets to which most of its products went are not expanding as rapidly as they did in the past. It must look for other ways and one of them is to develop an industrial base that try and become the leader in the new industrial production system that is taking shape. This relies on linking production enterprises through supply chains that embrace the entire world, developed and emerging. But some of this is seen as a challenge by Washington under Trump.

It took a few months after Trump's inaugural address to take on China. Initially he tried a charm offensive and invited "my friend" President Xi Jinping to visit him at Mar a Largo, the president's Florida resort. His focus at that point was on North Korea. Trump had concluded that he needed China's help to push back the North Koreans from their nuclear ambitions. He took the unusual step of holding a summit with the Korean leader in Singapore at which he believed he had secured President Kim's agreement to denuclearise. Trump began to dream of the Nobel Peace Prize. But as most experts had predicted, moving North Korea from its nuclear ambitions would not be easy: the expected help from China did not materialise and Trump began to see China as a convenient political foil. He turned on China, initially using tariffs on trade as his weapon of choice. Since the spring of 2018, the United States and China have each put tariffs on \$34 billion worth of goods, with \$16 billion slated to take effect in late August. The trade war has sparked anxiety among some US industries, in particular among those in which China has become a major competitor. On August 23, China and the United States sat down again to resolve their differences. How would all this affect South Asia?

The consequences could be grave if the conflict between Washington and Beijing sharpens. One of the more serious ones would be to split the South Asian subcontinent down the middle. Already, China has a large presence in Pakistan. It is not only investing more than \$60 billion in building the China-Pakistan

Economic Corridor, with between \$8 and \$10 billion coming in every year. Beijing is also aiding Pakistan in several different ways. It is providing emergency financial assistance to help Islamabad handle its fairly-severe balance-of-payments crisis.

But Pakistan is not the only South Asian country China hopes to have on its side. It is actively courting Bangladesh to join the BRI initiative. On the opposite side is the United States' interest in India whose association is being sought by both Washington and Tokyo to partner them in what is called the Indo-Pacific alliance. If these competing interests materialise, South Asia could become the field where the new 'great game' between the two rival powers would be played. That is obviously not in the region's larger interest.

South Asia remains the only world region that does not have a working arrangement among its nations. For decades South Asian countries have worked against one another rather than with one another. To put the blame for the discord on the lingering Kashmir problem is too easy an explanation. Overall suspicion has blocked the countries to take advantage of the obvious links between their economies to better the lives of their citizens. Pakistan, for instance, has a one-sided transit arrangement with Afghanistan which allows the latter to use its road infrastructure to export to India. But India cannot use the same facility for trading with Afghanistan. It is hard to understand the reason behind this discrimination.

India, by far the largest economy of the region, has to give more to its neighbours than it gets from them. This is the basic principle of exchange on which all successful regional trade agreements are based. If there is one large economy in the arrangement, it is the one that must bend more. Several years ago, I was engaged to do a study for the United States' AID to determine why the South Asia Free Trade Area was not working. I visited most member countries before meeting Dr Manmohan Singh who was then India's prime minister. He asked me how India's neighbour felt about his country. "Not well," I responded. "The only country that is not really unhappy with you is Pakistan and the reason for that is there is little bilateral trade." India is not an easy country to trade with. He gave me the reason for that. Although international commerce is a central subject in the Indian Constitution, the states that neighbour the world outside can do a lot to hinder trade. Many do, by using what in trade parlance are called 'non-trade

barriers' or NTBs. India is one of the world's most aggressive users of this particular trade-retarding device. This is the main reason why Pakistan has not granted India the 'most-favoured nation' status.

Soon after being sworn in, Imran Khan and Shah Mahmud Qureshi, as Pakistan's prime minister and foreign minister respectively, have indicated their interest in improving relations with India. Both mentioned trade as an important area for discussions. Any bilateral understanding has to be undertaken in the context of world developments. Islamabad and New Delhi will have to be mindful that the impending China-US trade war will provide the context in which they deliberate.

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Eliminating Circular Debt — Challenges **And Opportunities By Zia Ur Rehman**

For a government the easiest task is to sign off on multi-billion loans and mega-projects with multinationals. They then choose to work on decade long projects of power generation rather than addressing the demand side issues of the domestic power- which would prove more fruitful in the long run. No matter how much the government increases the production of electricity — a large amount is stolen — this leads to the billions of dollars in circular debt that we owe. Power crisis in Pakistan is fundamentally a corrupt management issue, where the staffs of distribution companies are involved in facilitating theft in return for a substantial payoff. These workers can temper meters, turn a blind eye to direct hooks and charge innocent consumers who do not bribe them.

The Government more than often hires power distribution companies, who turn their on-ground staff into a force for bribery and other illegal acts. These linemen are supported and protected by higher ranking officials — who also pocket a generous cut for themselves. This large scale corruption is evident in the hundreds of complaints and corruption charges levied on the power sector in the National Accountability Bureau (NAB).

Moreover even the Pakistan Army attempted to revive the sector by taking over in 2004, however failing at the task. During all this- taxpayers and the government have lost billions of tax-money, contributing greatly to the Rs.500 billion of circular debt that Pakistan owes.

There are nine public sector power distribution companies in Pakistan. Of these, Faisalabad Electric Supply Company, Gujranwala, and Islamabad electric supply companies are the best performing where as much as 90% consumers make payments and electricity stealing is lower than other parts of Pakistan. On the other hand, Peshawar, Hyderabad, Sukkur and Quetta Electric Supply companies are worst performing with as much as 40 percent electricity stealing rates. This means if a government buy Rs. 100 billion electricity for these companies, they will only generate revenue of Rs 60 billion due to electricity stealing and billing irregularities. Moreover, Government pays a large amount of

Subsidy on electricity especially for the areas where electricity theft rates are higher.

Power crisis in Pakistan is fundamentally a corrupt management issue, where the staffs of distribution companies are involved in facilitating theft in return for a substantial payoff

In majority of the cases, government departments also don't pay their electricity bill which is a key contribution to circular debt. The issue of debt can be settled if these departments pay their long due bills. In Islamabad for instance, The Capital Development Authority (CDA) and Islamabad Electric Supply Company (IESCO) don't pay each other for services received. In 2013, the IESCO had to replace tube wells in Islamabad despite the CDA not having paid their electricity bills. Since these tube wells were old and wasted millions monthly, the IESCO with the assistance of USAID replaced more than a 100 tube wells in Islamabad. This replacement helped save almost two Megawatts of electricity, nationally. Hence, it is clear that if local administrative powers are willing, then much improvement can be made without borrowing more money.

In Balochistan, the Government offers subsidies on electricity for agricultural tube wells yet a large amount of subsidized electricity is stolen through direct hooks which create gaps between the payables and receivables of the Quetta Electricity Supply Company (QESCO). Moreover since the employees of QESCO cannot travel outside of Quetta for billings due to security risks, most powerful elites and government departments located around the province also do not pay their bills.

In Hyderabad, there are areas where a political party collects bills and pays the Hyderabad Electric Supply Company (HESCO) a certain amount from what it collects. There are even 'no-go' areas for HESCO staff right next to its headquarter. The USAID in 2013 provided HESCO with hundreds of kilometres of insulated cables to reduce power stealing, however the project failed due to the lack of interest of the HESCO staff as well as local resistance to project staff in the areas where the cable was installed.

Similarly in the Federally Administrated Tribal Areas (FATA) citizens used to pay their electricity bills up till the 1980s. However in the 80s, the US government commenced payments to Pakistan for subsidies and waivers on electricity for the

people of FATA. As a result an entire generation grew up without paying their electricity bills. In the early 90s when the subsidies were removed, the government could not convince the people of FATA to pay their bills to the Tribal Electricity Supply Company (TESCO).

In FATA people used to pay their electricity bills till the 1980s. In the 80s, the U.S. government started payments to Pakistan for subsidy and waiver on electricity for the customers in FATA, as a result, a generation grown without paying electricity bills. In the early 90s when the subsidy/waivers were withdrawn, the Government could not convince people in FATA to pay their bills neither the Tribal Electricity Supply Company (TESCO) has an ability to make any achievement in this regard.

While the new government discussed the power sector in its very first cabinet meeting — it needs to continuously focus on demand side management along with generation projects. Eliminating corruption from these companies will not only help the shortage issue but will also help in the elimination of circular debt.

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EDUCATION

Progressing Through Education By Dr Chaudhry Ghafran

As a new dawn beckons, talk of rebuilding Pakistan has begun. One aspect that is frequently discussed, but not acted upon with any considerable will, is the improvement of our education sector.

Education is often seen as the pathway to nation-building. When we talk of building a nation, we implicitly refer to economic growth and social wellbeing. But both these endeavours cannot be achieved without an educated society. Pakistan is in dire need of educational intervention now more than ever before.

Chronic illiteracy is a major issue facing our country and the mammoth task of educational reforms has been long overdue. The colossal failure of successive governments to tackle this issue has in itself given rise to a number of societal challenges, including economic inequality, social instability and the lessening of civic and democratic values on a societal level. Now that the election process is over and a new government will soon be sworn in, any meaningful plan on the future success of Pakistan cannot be drawn without placing education at the forefront of policy discussion.

These concerns are in no way new. Back in 2007, the Planning Commission outlined a number of steps to improve the country's ailing education sector. However, more than a decade later, owing to lack of political will, the progress on these objectives is abysmal. The current spending levels (stagnant for a number of years), stand at 2.6 percent of our GDP. These are far lower than what is needed to bring about any meaningful change in the education sector. In fact, our spending is far lower than many other countries in the region, with many other South Asian and even Sub-Saharan countries spending four to six percent of their GDP on education.

The result of this chronic under-investment is that around 25 million children are out of school. From the ones who are able to go to schools, three quarters drop-out before reaching the matriculation level (class 10). Moving beyond tertiary education, one can see that vocational training is almost non-existent and our higher education provisions lack rigour and are hardly fit for purpose in the current ever-changing global world.

There is a need for a fresh national education policy, and good governance and accountability should be at the heart of it. A number of key steps are required at the macro level to enhance the scale and quality of education, and subsequently over turn the crippling social and economic system. The most crucial task for the incoming government will be significantly increasing its funding for the sector and spending it in a much more intelligent manner. The government will need to increase the level of spending to at least seven to 10 percent of GDP. The extra investment should be directed towards improving the scale of education through the development of 'hard' educational infrastructures, such as building more schools and providing essentials like furniture, sanitation facilities and hiring more staff.

In addition, the extra investment should focus on increasing the quality of education through the development of 'soft' educational infrastructure, such as updating the curriculum and enhancing teacher training. This is extremely vital as the current curriculum is outdated and unfit to cater to today's societal challenges. The updated curriculum should promote values such as fairness, equality, respect and critical-thinking, and is fit for the 21st century demands of science and technology.

Another crucial aspect that has often been overlooked in discussions over education is the importance of life-long learning, specifically adult education. Over the last few decades, the near-collapse of our educational system let down millions of children who are adults now. These adults were denied the right to education. There is a dire need to provision education to these individuals to make them useful members of society. This is also important for their children, as research shows that educated parents play a more proactive role in their children's education. Education holds fundamental importance for the future of the children and society at large. These measures could also impact enrolment as well as retention rates.

Coupled with all this is the urgent need for more vocational training institutions. A concerted effort is needed to fully understand the skills shortage facing our country and to map out what our future skills needs will be. Efforts should then be placed on creating the necessary training and educational courses needed to meet these shortages. Again, this requires investment and a strong will on the part of our leaders.

A particular issue created out of the vacuum left by lack of educational provision has been the establishment of religious schools by various charitable groups. Only a tiny minority of these schools provides a somewhat acceptable level of education, whilst the vast majority have failed in meeting the current needs of society. Within these religious schools are a number of extremist organisations which, taking advantage of the state's inability to look after its populace, recruited disadvantaged children in great numbers for their vicious purposes. Previous governments have made far too many concessions to these religious organisations, such as allowing free control over their curriculum and assisting them with audit-less funding. The result of this has been a painful and ever so damaging nurturing of overt extremism. Therefore, there is a need of complete overhaul of this major component of our educational system.

The government must take a bold step, once and for all, and nationalise these seminaries. Only then will these institutions feel compelled to play their part in the development of society. The government should set aside specific funding provisions to develop their hard and soft infrastructure, so that students graduating from these schools can compete on an equal footing with the rest of society. These nationalised schools, like anywhere else in the country, should follow the updated national curriculum.

A healthy academic environment and an updated national curriculum, like other schools in the country, will hopefully nurture free-thinking minds rather than restricted ones. These steps will also allow the students in these schools to have a good grounding of societal knowledge and will enable them to serve society in a much better manner.

The suggestion of nationalising these religious seminaries and bringing them into the national fore may be too much to ask for from the forthcoming government,

given its past policy of empowering madressahs. But nationalising the seminaries is vital for the country to prosper in the future. The government will also face a tough battle against these out-of-control groups, but we need to take steps in the right direction and such reforms are absolutely necessary to help the most disadvantaged and deprived sections of our society. The political leadership needs to show determination and be steadfast in their resolve to see things through with a clear sense of moral purpose.

To summarise, the state has to spend significantly more on education than it currently does and in a much better manner. Any superficial measures such as model schools and provision of laptops, that have with aching predictability worsened the situation, will continue to increase the divide between the haves and have-nots. The inequality that would result from a journey on separate paths is one that we, like any society, cannot afford. The nation is sincerely hoping for a better tomorrow.

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Education and Ignorance By Syed Kaswar Gardezi

It is an orchard which bears fruit for generations to come

Despite jubilation and triumph continuing into its second week over Imran Khan's victory, a painful and harsh reality surfaced. The backward, intolerant and illiterate society crept up its ugly head when 12 girl's schools were torched in the northern areas of Pakistan; the epitome of a misogynistic mindset prevalent in the country.

As expected, condemnations were received from all over the nation, however, the very fact that such elements exist breeds an air of uncertainty. Not long ago, the people of Swat witnessed similar occurrences in the shape of Mullah Fazalullah, the firebrand militant who was stringently against education being provided to girls.

Though Fazalullah is long gone and the people of Swat valley live in peace, it is agonising to see isolated pockets of the same mindset persisting. The torching of girls schools in Gilgit-Baltistan is nothing but a revival of Mullah Radio's memory. The fiery speeches are absent but the practical steps to ensure eradication of girls have been taken. These steps may not hinder our resolve to fight against terrorism and shall certainly not preclude us from according education to girls. However, it does stigmatise the nation and highlight societal defects present within.

The war may have largely been won yet the actual fight against ill mindsets is far from being won. Apparently, those responsible for burning the schools were locals and not some brainwashed foreign militants. It would have been easier to accept these events had they been undertaken at the behest of non-state actors or other foreign militants. But the fact that the accused are from the same area is traumatising and worrisome. It means an intolerant mentality rules certain people to the extent of making them undertake events, the likes of which were displayed a few days back.

Decisive action against the culprits of GB coupled with the construction of two dozen schools as a replacement to the 12 burned is urgently required

In spite of the war being fought on the national level by the armed forces of Pakistan, a significant breakthrough which is everlasting is still needed. The army has done its job by practically fighting out the militants. However, a proper rehabilitation and awareness in regards to these aspects has to be provided by the government. The road to education and knowledge has to be cleared from all the hurdles present. Without proper education, the hopes of a progressive Pakistan will blow away with the wind without actually materialising.

Those poor souls who wish to seek education and rise along with other people of the society are deprived of their basic fundamental right. Sometimes even the legal experts sitting on TV screens fail to point out that the laws of Pakistan do apply to other far flung areas as well. This amounts to infringement of constitutional rights in the same sense as it would in Islamabad or Karachi.

A ray of hope is prevalent in the hearts of the millions who voted PTI into power. Those inked thumbs will be put to waste amidst shattered dreams if Khan fails. There is no room for failure. Because this isn't about his own political survival or his party's achievements. But rather, the educated class has put faith in him to secure the future of the incoming generations. At the moment, he seems to be the only one who isn't pondering over construction of roads or the provision of subsidised public transport. On the contrary, he has promised to divert his energy in ensuring provision of basic education and healthcare.

Education is an orchard which bears fruit for generations to come. As time progresses, the fruit turns sweeter. Imran Khan would do a great service to this nation if he is successful in planting this orchard in the country. More importantly, the education of women needs to be prioritised. As mothers, these women pass on their knowledge to the children early on in their lives. Educated mothers bring about a better class of children as opposed to poor women made to remain illiterate. We have to teach the future generations how to think, not what to think.

The ability to decide right and wrong will create its own way provided the right direction is given at the outside. None of these highways or metros is going to help the country achieve success. It is only education that kindles the flame of

advancement. Only education can help win the war against intolerance and illiteracy. Not only would it help in progression but a tolerant society can be brought to shape. Minorities can be protected in spirit due to an educated class of people surrounding them.

Eradication of misogyny can only be undertaken under the guise of education. It shall serve as the key to unlock the doors of freedom. Freedom from the ignorant society that is hell bent upon clutching the dreams of young children effectively turning them into nightmares.

Decisive action against the culprits of GB coupled with the construction of two dozen schools as a replacement to the 12 burned is urgently required. Let's hope that our country moves from darkness towards the light, guided by the flame of education.

Albert Einstein persuasively, and rightly so, stated:

“Education is not the learning of facts, but the training of minds to think”.

Source: <https://www.pakistantoday.com.pk/2018/08/09/education-and-ignorance/>

New Education Policy | Editorial

AS the Cabinet members have started working, they are coming up with promising announcements in line with the vision of Prime Minister Imran Khan. They are attending briefings at their respective ministries and then addressing news conferences to let the nation know about their plans to bring improvement in their respective departments.

Two important sectors that indeed require immediate reforms are education and health. It was also part of PTI's manifesto to bring visible changes in these sectors. While attending a briefing at his ministry, Federal Minister for Education Shafqat Mahmood said that bringing improvement in the education sector was the topmost priority of the government and that a national education policy will be launched soon. Indeed it is the responsibility of the government to shape policies and guidelines yet these should not remain on papers but also implemented in letter and in spirit. And one expects that the new education minister will take along all the provinces to achieve the desired results of the new government's education policy. According to the latest report of Centre for Investigative Reporting in Pakistan, the country has a staggering 44% out of school children. Out of over 51 million children between the ages of 5 and 16 years, 56% children are attending schools from pre-primary up to higher secondary in both public and private sectors across the country while remaining 44% children are out of schools.

Thus, the new education policy should envisage plans as to how these out of school children could be enrolled. Some meaningful financial assistance to the poor families will definitely help bring these children to the schools who are engaged in domestic labour. While introducing a uniform education system and curricula, the focus of new policy should be improving the standards of education and provision of missing facilities in the public sector schools in order to save the lower and middle class families from high fees of private schools.

Source: <https://pakobserver.net/new-education-policy/>

Call For Education Reforms By Faran Mahmood

Once upon a time, policymakers prepared blueprints of a tertiary education system to produce graduates who would then just fit into the continuously expanding industrial estate. Now with an economic slowdown, the supply of our graduates has far outstripped the demand for these industrial workers. So how has our education system responded to this market discrepancy?

Push more and more students into pursuing a doctorate!

Earlier, the two-year associate degrees were declared substandard. Today, everyone must grab a four-year bachelor's degree and two-year masters (that may touch even 3.5 years). Then the unemployed ones are told to go for a PhD as it is regarded as a universal passport to a dynamic academic career.

The worst part of this dilemma is that the Higher Education Commission and government officials have no clue where our education system is headed. Our policymakers think all is well. The higher education establishment doesn't seem to have a plan. The HEC Vision 2025 doesn't make up the difference with assumed future demand for graduates and fantastical supply-side growth figures. The current 'do-nothing' plan just intends to increase the lead time between the enrolment of students into college and their entry into the job market after graduation. This crisis of a spiralling supply problem is as real as it gets. In 2017, for example, more than 11,000 electrical engineers entered the job market and just a handful of new jobs were created. It is no rocket science that our higher education system is broken.

Most of these universities — aka 'PhD factories' — have a blatant disregard for actual societal problems at large and what matters to them is a continuous influx of fees and grants, while degrees keep on dropping off the end of a conveyer belt. The basic subject knowledge of PhD candidates is only superficially tested and candidates are judged primarily on the number of their publications — with little chance of their research materialising into any useful economic or social development outcomes. So what happens to our graduates with all these fancy degrees at the end of the day? Nobody cares.

It can be argued that the way we structure our education system directly affects how the job market behaves. The most successful local degree programme has been that of an MBA from LUMS or IBA because it is like being a member of an elite club. When a member of this club ends up being an HR manager in any corporation, one tends to favour graduates from the same elite school and hence, a graduate from a run-of-the-mill university is at a disadvantage. However when it comes to PhD, success stories are few and far between.

The old school model of higher education needs to go. There is a call for a big vision and to think strategically about interests of frontline HR practitioners, policymakers and academia to better understand the institutional incentives and constraints faced by them. Just collecting feedback is not enough and we need to 'close the loop' by turning voices into conversations; and letting beneficiaries and not just experts to lead the process.

Curriculum designers need to actively scan the job market for a myriad of core competencies and skills in demand, and then incorporate that into curricula. Partners from the industry and the corporate sector need to be involved not only in shaping the curriculum but also in the evaluation of learning and teaching practices. HR managers and industry leaders should co-create, validate and approve tailor-made courses — increasing the capacity of the education system to innovate. Such innovative partnerships require relevant facilitating policies with a need to share best practices and development of central repository for knowledge transfer and exchange. Current processes in place for industry engagement are piecemeal and incomplete. The policy blueprint is still missing.

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Education Spending in Pakistan By Dr Pervez Tahir

This is the last piece in the series on education spending. The earlier pieces analysed the budget estimates 2017-18 and budget and revised estimates 2016-17 for all the provinces, the federal government and all of the federal territories. It is now time to put things together and present an overall picture of education spending in Pakistan.

In the 2017-18 budgets, all these governments allocated Rs902.7 billion for education. As the budgeted amount in the previous year was Rs776.1 billion, this shows an increase of 16.3 per cent. However, the revised estimate for the previous year was Rs622.1 billion, a 19.8 per cent reduction in utilisation. This was mainly the result of massive underutilisation in Punjab and Sindh, 37.5 per cent and 30.2 per cent, respectively. Khyber-Pakhtunkhwa, Balochistan and the federal government utilised more than the budgeted allocation. As a percentage of GDP, the allocation in the budget 2017-18 is 2.5 per cent compared to 2.3 per cent in the budget 2016-17. It was 1.95 per cent in the revised estimates of 2016-17. In view of this performance, the budget target of 2.5 per cent of GDP, not high by international standards, seems optimistic.

The GDP estimates include the household incomes and the incomes of for-profit and non-profit organisations. They now spend large sums on education, which should be added to the public spending on education to get a fair idea of the total spending on education by society. This should be the numerator when using GDP as the denominator. For public spending, the ratio considered appropriate is the proportion of total budgetary expenditure. For the budget 2017-18, it is 9.8 per cent, compared to the revised estimate of 7.3 per cent and the previous budget estimate of 9.1 per cent. Again this is rather low for a country the size of Pakistan.

With the devolution of the subject of education to the provinces, the share of the federal government in total public education spending is only 14.6 per cent. It will come down drastically after the Higher Education Commission becomes a regulator rather than the largest spender on higher education. In the event, it makes more sense to relate consolidated provincial spending on education to the

consolidated provincial budgetary expenditure. This ratio was 22.4 in the budgets for 2017-18, down from 22.6 per cent in the budgets for 2016-17. In the revised estimates of the same year, it was extremely low at 17.6 per cent.

With 25 million out of school children, a significant percentage of those enrolled not retained, gender imbalances and generally poor quality of teachers and student learning, even the provincial education/expenditure ratios paint a sorry state of affairs. Politicians see more visibility in announcing universities than in schools as their priority projects. What would they say to the Quaid-i-Azam to whom the “greatest stigma on the Government,” is “to show that after your 150 years of rule,you have not given knowledge and light, nay even the three R’s to more than 6 or 7 per cent of the population in this country” (Legislative Assembly, March 1925).

Speaking on Gokhale’s elementary education bill in April 1912, he made five key points that should act as reminders in this month of independence celebration. First, it was it the business of the state to provide basic education, and by compulsion not through the voluntary system. Secondly, resources had to be found somehow for free access. Thirdly, the Quaid would brook no nonsense on the question of girls education. Fourthly, the Quaid was for mass education not elitist education, particularly the British public school system. Finally, he was for producing skills rather than clerks.

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WORLD

Trump's Iran Overture | Editorial

FOR students of international relations, the way Donald Trump has conducted foreign policy presents a fascinating, if bizarre, case study. Until recently, the US president was breathing fire against Iran, threatening the Islamic Republic with dire consequences in an angry tweet last week. However, in a news conference on Monday, Mr Trump made a surprising overture to Tehran, saying he was willing to meet President Hassan Rouhani “anytime they want”, and with no preconditions. Considering Mr Trump not too long ago ripped up the nuclear deal, which appeared to be serving its purpose and was being honoured by all sides, this is a highly unexpected development. Mr Trump’s recent overture to Iran — strange though welcome — mimics his diplomacy with North Korea. Until June’s US-North Korea summit in Singapore, Mr Trump and Kim Jong-un were publicly trading schoolyard insults. However, the summit, though low on substantive breakthroughs, was projected by both sides as a master stroke of diplomacy and statesmanship. Where Tehran is concerned, though the US offer of talks is indeed welcome, not too long after Mr Trump’s remarks, senior members of the US establishment signalled that there would be no sudden embrace of Iran. Secretary of State Mike Pompeo said there would be preconditions — Iran would have to reduce its “malign behaviour”. The Iranian side was also circumspect; an adviser to Mr Rouhani said talks could only take place if the US showed “respect” for Iran and returned to the nuclear deal.

Considering the air of hostility that has surrounded Iran-US relations, especially since the beginning of the Trump presidency, the offer — if it is a sincere one — of unconditional talks from Washington should be welcomed. However, Mr Trump should realise that to rebuild trust with Tehran after torpedoing the nuclear deal will take deft diplomacy and confidence-building measures. As Mr Pompeo’s comments have indicated, CBMs are highly unlikely. The mixed messages emanating from Washington are unlikely to find a receptive audience in Tehran. If Mr Trump is serious about his desire for dialogue with Iran, by all means he should pursue it; perhaps Europe can act as a bridge between the Americans and Iranians. And any genuine offer of friendship from the US should be taken up

by Iran in the interest of peace. However, for such an offer to succeed, the shrill cries for war from the hawkish lobby that surrounds Mr Trump must be ignored.

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Kashmir Awaits World Attention By Reema Shaukat

HISTORY has witnessed many freedom movements world over. The struggles sooner or later succeeded with varying price tag ranging from few hundred to some thousands lives. Unfortunately, there is a freedom movement which is on for the more than seven decades and is still anticipating its triumph. This movement has legal backing of no less than UN and Security Council's repeated resolutions. The price paid so far is over 100,000 lives and hundreds of thousands of gang rapes in addition to other human rights violations. The movement is termed as Kashmir freedom Movement. Though this struggle movement with the changing geo political dynamics and rise of militancy in South Asian region, western and biased media groups have started calling it a separatist movement which is absolutely wrong and needs to be countered. Kashmiris are fighting for their freedom and right of self-determination which UN itself has authorized them. This freedom struggle with every passing day is getting stronger but unfortunately Kashmiris have paid huge price for this struggle for independence and still many Kashmiris are targeted by Indian occupational forces to be deterred. But salute to their resilience that despite tyranny of many years Kashmir's love for Pakistan and to be part of Pakistan is never over shadowed.

Now UN itself has highlighted that India must stop oppression and use of force in IOK. According to recent UN report, there is an urgent need to address past and ongoing human rights violations and abuses and deliver justice for all people in Kashmir, who for seven decades have suffered a conflict that has claimed or ruined numerous lives. The UN in their report have mentioned that the political dimensions of the dispute between India and Pakistan have long been centre-stage, but this is not a conflict frozen in time. It is a conflict that has robbed millions of their basic human rights, and continues to this day to inflict untold suffering, that's why any resolution of the political situation in Kashmir must entail a commitment to end the cycles of violence and ensure accountability for past and current violations and abuses by all parties, and provide redress for victims.

Though many at times UN has given reminder to India to stop human rights violations in Kashmir and abide by international law but India because of its

inherent animosity with Kashmiris never listens or obey any rule. UN has stressed India that it is essential the Indian authorities take immediate and effective steps to avoid a repetition of the numerous examples of excessive use of force by security forces in Kashmir. Indian security forces in recent past have used excessive force that led to unlawful killings and a very high number of injuries, particularly in post Burhan Wani security situation and new uprising in Kashmir. The bloody tragedy of poor Kashmiris had started after 1947 when they were denied their legitimate and UN approved right of self-determination. As a natural outcome of Indian injustice, people of IOK organized themselves and launched a war of liberation which India tried to crush through coercion and brutalities. Later, in 1988, Indian positioned a very large number of Armed Forces to suppress Kashmir struggle on gun point. India has given its army a special leverage in IOK for use of force.

The huge Indian occupational forces under the cover of Armed Forces Special Protection Act (AFSPA) and other black laws frequently engage in religious cleansing of Muslims. Under the Jammu and Kashmir Disturbed Areas Act, and the Armed Forces (Jammu and Kashmir) Special Powers Act and Public Safety Act, security forces personnel have the powers to shoot suspected persons, to arrest without warrant, and to detain people without time limits. The law forbids prosecution of soldiers without approval from the central government, which is rarely granted, giving them effective immunity for serious human rights abuses. AFSPA gives security forces virtual immunity against prosecution for any human rights violation. In the nearly 28 years that the law has been in force in Jammu and Kashmir and there has not been a single prosecution of armed forces personnel granted by the central government. Earlier, the international human rights watchdog, Amnesty International, many at times has called for revoking of AFSPA and urged investigations into the human rights violations in J&K by an “independent and impartial” authority.

One of the most dangerous weapons which Indian forces have used is pellet firing shotgun, which they started using on innocent Kashmiris after martyrdom of Burhan Wani in 2016. According to official figures, 17 people were killed by shotgun pellets between July 2016 and August 2017, and 6,221 people were injured by the metal pellets between 2016 and March 2017. Civil society organizations believe that many of them have been partially or completely blinded but Indian security forces find pellet guns firing an easy way out to control

protestors. There is also almost total impunity for enforced or involuntary disappearances, with little movement towards credibly investigating complaints, including into alleged sites of mass graves in the Kashmir Valley and Jammu region. Kashmiris are hopeful that one day their freedom struggle will be fruitful as they are not militants or terrorists but they are struggling for their just and right demand of freedom. Whatever world call them, they have one mission ahead and that is acceptance of their right of self-determination according to their own choice like others. Pakistan has always and time and again raised its voice for Kashmiris on different platforms and will continue to do so. The need of hour is to coerce India for dialogue and prior to that all such reports, peace talks or diplomatic measures are useless if India does not stop its human rights violations in IOK.

— The writer works for Pakistan Institute for Conflict and Security Studies, a think-t

Source: <https://pakobserver.net/kashmir-awaits-world-attention/>

NATO In Changing Global Power Equation

By Dr. Imran Khalid

The last NATO summit in Brussels, thanks to US President Donald Trump's constant bickering and squabbling with other leaders there, is being generally labelled as one of the most disappointing episodes in the recent history of this alliance. The mood was so much depressing at the gathering that a big chunk of the anti-Trump camp has started talking about the degeneration and disintegration of the almost-70-year-old treaty alliance – indeed very pessimistic and non-pragmatic thinking at the moment. Yes, in his usual belligerent and arrogant style, Donald Trump was very blunt at the summit, but he was talking some sense that needs to be given serious attention by other NATO members. Donald Trump raised two main issues. One, he believes that the United States spends much more than other European members to espouse NATO. And two, he is demanding NATO allies to double their financial contribution to the organisation suddenly.

There is a fundamental difference between the approach of Donald Trump and his European allies in NATO: he thinks that Russia, under the leadership of Putin, is no more a significant threat to the stability and peace in the region and that's why NATO needs to realign its priorities as per the emerging scenario. On the other hand, most of his European counterparts think that Russia under Putin is much more aggressive and unpredictable and they refer to recent Russian interventions in Crimea, Ukraine and other Baltic states. Trump blames Barack Obama for showing weakness over Russia's annexation of Crimea. This is perhaps the main divergent point that has led to the existing "difference of opinion" between Donald Trump and European leaders on how to run NATO in the future.

"Many countries are not paying what they should. And, frankly, many countries owe us a tremendous amount of money for many years back, where they're delinquent, as far as I'm concerned, because the United States has had to pay for them," is how President Donald Trump expressed his anger during the two day 2018 NATO summit in Brussels. He further asserted that the problem was lingering on "for decades" and he was the first US president to broach this issue at the forum. On money matters, Trump's arguments can be divided into three

parts. The first part is related to the NATO members' inability to contribute money to the alliance as per the agreed percentage, and the second part is concerned with the huge amount of money that they are supposed to pay to the US as "past dues", and the third part is linked with the sudden demand to double the financial commitment. This is partially true; the first part is correct to a large extent, the second part is a plain exaggeration, and the third part is unrealistic. After Russia's annexation of Crimea in 2014, under an agreement facilitated by the Obama Administration, all NATO members pledged to increase their defence spending to two per cent of their GDP by 2024. So far only four countries – the US, Britain, Estonia and Greece – are honouring this commitment to the fullest. In 2017, the United States spent almost 3.5 per cent of its GDP. Some countries, like France, Poland and Latvia are reasonably close to the benchmark, while others like Belgium, Spain and Luxemburg are at the bottom of the list with less than one per cent contribution.

Although most of the countries do not contribute financially as per the agreed percentage, claiming that the United States can bill other member states for their shortcomings in the past years is entirely out of context of the guidelines of NATO. No clause permits the United States to ask other member states to reimburse their past "arrears". Here Donald Trump is right to the extent that the United States has always shouldered the biggest chunk of military expenses to compensate for the less-paying NATO countries, but he is technically wrong in his assertion to push others for filling the gap in previous years. This is absurd. One exciting fact is that all the on-going NATO operations and missions across the globe right now – including Afghanistan, Kosovo and the Mediterranean Sea – were mostly initiated at the behest of the United States to, directly and indirectly, safeguard the "American interests". This is one of the key reason why most NATO members are reluctant to fulfil their financial commitment towards the security alliance that now seems to be more focused on protecting American interest rather than establishing peace and stability in the European continent in general – the prime strategic objective for which this platform was created in the first place.

For quite some time, many European capitals have been pointing towards Washington's routine practices of using NATO as a tool to propagate American interests –another contributing factor in demotivating them to restrict their defence spending. Trump also stunned allies by making a demand to double

their defence-spending target –from two per cent to four per cent of the national GDP. Both Presidents George W. Bush and Barack Obama had tried to press the European allies to increase their defence budgets, but the bullying style of Donald Trump was very new to the US allies in NATO. A rumbustious Donald Trump rather abruptly informed the stunned European leaders that he would now like them to spend 4 per cent of their GDP on defence—more than the US itself presently devotes to its military. This is practically impossible for Trump to succeed in this demand. This appears to be nothing more than bullying tactics to push the European allies to “pay more” than what they are doing today. That is an unworkable demand for some wavering European economies—today or anytime soon. This, however, makes it clear that Trump is unwilling to invest more in the European security unless the Europeans themselves start equating their cost-sharing responsibilities towards the transatlantic alliance.

NATO was created at a time when the Iron Curtain was being drawn across the European continent, where the Soviet Union and its Communist satellite republics started a Cold War based on ideological lines, pitting East against West. Today ground realities are changed. Today the threat perception between Washington and the European capitals is different. Even among the Europeans, the threat perception, particularly about Moscow, is also enormously divergent. Countries like Hungary, Italy, Bulgaria and Germany, which have rather warm ties with Russia, don't share the same threat perception with some of the new members like Montenegro and other Baltic states.

The organisation was founded in 1949 by 12 nations to pre-empt conflict and counterbalance the Soviet Union, under the idea that Moscow would face a defensive platform if it attempted to attack any one of the member countries. Now seven decades later, particularly after the demise of the Soviet Union and the evaporation of communism in thin air, NATO is finding it hard to keep developing its organisational framework on the basis of old strategic thinking that revolved around countering Moscow's expansionism, infiltration of communism and global nuclear race. Today, due to the consistent eastwards expansion, the 29-member alliance has now reached to the immediate proximity of Russia after last year's inclusion of Montenegro which is situated on the Adriatic coast. The irony of the course is that while the shared threat of Russian aggression is fading away, NATO, on the contrary, has kept on expanding eastwards, which has further added the financial burden on the alliance. At the same time, another

apprehension for the European members is that the United States is shifting its focus from the North Atlantic area to the South China Sea, which signals the changing priorities of Washington in the coming days. The on-going internal debate about NATO's long-term vision and viability is a very natural process, and it may take even many years to eventually devise the blueprint as per the changing ground realities of the global power equation.

The writer is a freelance columnist.

Source: <https://nation.com.pk/02-Aug-2018/nato-in-changing-global-power-equation>

China's Growing Influence in South Asia By

Rida Khan

“Let China sleep, for when she wakes, she will shake the world,” Napoleon’s words seem spookily veracious today, as the shock waves from China’s awakening echo around the globe.

Ever since the Asian Dragon has risen it has been expanding its wings in dabbling Asian countries by helping them built their finances in projects granted by their government.

Just over half a century ago, China was reeling from one of the most significant economic catastrophes in state history. Today, China has exploded with GDP growth at 6.8% per year making the state the second largest economy of the world. It had lifted more than 600 million people out of poverty and has emerged as the largest trading partner of US, EU, India and Japan. Measured strictly by GDP, China will likely surpass the US within the next few years (Giles).

The most remarkable economic transformation in human history has led to a significant ‘rise of China’ phenomenon, which caused a profound “shift in global dynamics and evolving geopolitics” in a more “south-orientated world” (UN).

China has also broadened its diplomatic activities ever since, playing a key role in international institutions and wielding greater geopolitical influence in Asia and around the world. In the process it has become the second most influential country in the world after the US. For instance, its role in stimulating the world economy and even resolving nuclear issues in the Korean Peninsula and the Persian Gulf has been crucial.

In this new order, China is becoming a more responsible player on the global stage and addressing international issues such as global terrorism, environmental degradation, energy security, international crime and so on.

In political realism, power is the capability to make another state do something it would not otherwise do and vice versa. What makes a state powerful is about its capability of influencing another. In the world of states, this capability is based on both tangible and intangible characteristics of the state. Tangible characteristics

include things as state's size, economy, military, technological development and population. Talking specifically of Asia, China is indeed the ASIAN DRAGON. Ambitiousness, hardworking, national will, the intangible characteristics, also drove China to success.

As power is inflationary, so when countries become stronger, their interest expands beyond their borders, where they must find new ways to protect those interests. China is no exception. Thus, in order to sustain its peaceful rise, it is increasing its influence around the world and South Asia is no different.

The South Asian region, home to one fourth of the world's population, is one of the least economically integrated regions in the world. Intraregional trade remains well below its potential due to, "historical political tensions and mistrust, with cross-border conflicts and security concerns" (World Bank). Most South Asian countries rely heavily on developed nations as export destinations, and increasingly import from China.

Since 21st century, China has been conducting multi-dimensional cooperation with all of the South Asian countries (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka). Chinas linkage with South Asian countries expanded to all fields including economic, communication, cultural exchange, energy and the untraditional security cooperation.

China's major interests in South Asia include promoting stability in both Afghanistan and Pakistan in order to curb the influence of Islamist extremists, and to facilitate trade and energy corridors throughout the region that China can access, that is to increase its presence in the Indian Ocean Region. The Ocean accounts for half the world's seaborne container traffic, and 70 percent of the total traffic of the world's petroleum. China considers the Ocean to be a key strategic waterway because a significant portion of its goods and oil transit through the Ocean. China's South Asian Strategy also focuses on enhancing its influence with other South Asian states as part of a global effort to extend its diplomatic and economic influence.

As China is energy thirsty economic power, it is highly sensitive to the fact that these resources, which are essential to China's economic productivity could be interdicted by hostile state or non-state actors. So, China seeks greater presence

and influence in the Indian Ocean region, primarily to protect the sea lines of communication upon which its economy depends, as well as to expand its influence.

It is in this context that cases such as CPEC can be viewed. The China-Pakistan nexus is by far the most important and dynamic relationship in South Asia, accentuating China's desire to maintain a foothold in the Indian Ocean. In 2015, China and Pakistan launched the China-Pakistan Economic Corridor (CPEC)—which falls under the OBOR umbrella—with the signing of 49 agreements to finance a variety of projects with a total expected value of \$46 billion, including upgrades to Pakistan's Gwadar Port, oil and gas pipelines, road and railway infrastructure, and a series of energy projects. CPEC aims to link western China by road and rail down to the Gwadar deep water port, located at the edge of the Strait of Hormuz in the Arabian Sea, via 2,000 miles of rail, road, and pipelines.

China's one of the major interests in South Asia is to promote peace and stability in Afghanistan, which stems in part from its desire to access the country as a gateway to Central Asia and Europe. It is also primarily driven by its desire to prevent conflict from spilling over into western China in the Xinjiang autonomous region as given the presumed link between the Taliban leadership in Afghanistan and the East Turkestan Independence Movement, a Uighur separatist movement in China's Xinjiang province that borders Afghanistan. China hopes that, eventually, long-term stability in Afghanistan will allow it to build railways, roads, electricity, and water projects in the country as part of its Silk Road Economic Belt.

Projects like CPEC, Belt and Road Initiative are the part of the "Chinese dream" that will fulfill China's plan to become next superpower. Through project like these China is in a way securing a new alternative trade for goods especially oil and gas from Middle East.

China's one belt and road initiative is the most ambitious infrastructure project in modern history that's designed to reroute the global trade. This potentially ambitious project covering about 60% of the world's population, about one-third of the world's GDP, and about a quarter of all the goods and services the world moves, creating a network of railways, roads, pipelines, and utility grids that would link China and Central Asia, West Asia, and parts of South Asia. "One

Belt, One Road” strategy, is expected to relieve China of the “Malacca dilemma”, what then President Hu Jintao in 2003 called China’s overreliance on the Malacca Strait for trade.

While the concerns in Afghanistan persist, China has already become a major investor in Afghanistan, through projects like the Mes Aynak copper mine—a \$3.5 billion project in Logar province, the largest direct foreign investment in Afghanistan’s history—particularly due to its considerable supply of rare earth minerals and its potential as a pathway for Chinese trade into Central Asia.

In the past decade, China has emerged as a top exporter of goods to the region breaking into South Asian markets with its export-led growth strategy. Bangladesh provides the starkest example of this trend. China has become Bangladesh’s top trading partner in 2015, imports from China (including Hong Kong) were 27 percent of Bangladesh’s total imports. China offers cheaper Chinese products (especially cotton and other fabrics central to Bangladesh’s garment industry) without the visa, transport, and customs challenges. Besides, Bangladesh and China hold regular military exchanges, Beijing has provided Dhaka with five maritime patrol vessels, two small warships, 44 tanks, and 16 fighter jets, as well as surface-to-air and anti-ship missiles. Bangladesh has even allocated two special economic zones for Chinese investors in Chittagong, a major port, and Dhaka, the capital. In return China played a large role in developing and modernizing Bangladesh’s port at Chittagong.

The Chinese dragon has advanced swiftly in Sri Lanka, which is located on a key trade route in the Indian Ocean. China’s exports to Sri Lanka are rising fast. Other than Pakistan, Sri Lanka has been the leading beneficiary of Chinese infrastructure investment in South Asia , with nearly \$15 billion worth of projects between 2009 and 2014. More than the bilateral trade, it is the growing Chinese investment in infrastructure that has enhanced China’s influence in Sri Lanka. Some of the Chinese investments in Sri Lanka are the construction of Puttalam Coal Power Plant, Supreme Court Complex, Gingang Flood Protection Scheme, a US\$1 .4 billion plan to build an artificial island off Colombo, designed with malls, hotels and marinas, a project that seeks to rival Singapore and Dubai. On other hand to facilitate Chinese investment, the Sri Lankan Board of Investment has taken various steps like demarcating a separate zone for Chinese investors at Mirigama (China is the first country to have an Exclusive Economic Zone –

EEZ – in Sri Lanka), establishing an investment promotion office in Shanghai, and earmarking a special five year visa for investors. Sri Lanka had even allowed Chinese submarines to dock at Colombo port twice in late 2014.

Nepal showcases another facet of China's growing influence in South Asia . Unlike Sri Lanka and Bangladesh, which give China access to strategically located ports, Nepal is a small, landlocked country. Its location squeezed between Tibet and India makes it an important buffer zone for China. China's main interest in Nepal also stems from its concern over the large Tibetan refugee community there. Beijing has pressed Kathmandu to tighten its borders with Tibet, which has led to a major decrease in the number of Tibetans able to flee to Nepal in recent years. China is also bolstering trade with Nepal, pursuing road building and hydropower projects and had provided its swift assistance following the devastating earthquake in April 2015. Nepal had also signed several agreements with China, including a permanent arrangement for energy supplies and a transit treaty granting Nepal access to Chinese ports.

China has its influence even in India. India–China economic relations have expanded in recent years. China has captured Indian market not only in the subcontinent but also in India. It is India's biggest trading partner, with bilateral trade totaling around \$71 billion in 2014. Despite the border tensions and maritime competition, India is interested in expanding economic and commercial ties between countries. The two countries had signed 24 agreements and nearly \$30 billion worth of business deals. Though India's trade relationship with China has leapfrogged in the last decade, the corresponding political relationship has been higgledy-piggledy. A section within India (belonging to the strategic community) believes in the outdated "string of pearls" strategy by China and views Beijing as a threat, advocating a confrontational strategy.

India fears that Chinese investment in South Asian ports not only serves Chinese commercial interests, but also facilitates Chinese military goals. India perceives the Chinese presence in South Asian countries as a design to circumvent what was once considered as India's sphere of influence.

The reason why china is so far successful in influencing south Asia is because of many factors. The one of major reasons are that it has managed to project itself as a disinterested neighbour. China has never interfered with other countries'

internal affairs. Besides unlike the rest of the international community where countries have to meet strict ethical order, China offers billions of dollars mostly in loans with far fewer conditions. BRI has been hit with less democratic countries in the region.

However the challenge for China is to ensure that its ameliorating position benefits all nations. It is high time that the nations of South Asia move beyond mistrust and old paradigms and engage with each other in meaningful and mutually-beneficial ways. This remains the region's greatest challenge.

Source: <https://nation.com.pk/05-Aug-2018/china-s-growing-influence-in-south-asia>

Sanctions on Iran | Editorial

IF anyone was under the impression that US President Donald Trump's recent offer of talks with Iran signalled a possible thaw in the Washington-Tehran relationship, that illusion came crashing down on Tuesday, as the US reimposed sanctions on the Islamic Republic. Terming them the "most biting sanctions ever imposed", Mr Trump also issued a grim warning to the global community: anyone doing business with Iran will not be able to trade with the US. Considering that the US is the most powerful economy in the world, many global corporations have succumbed to the scare tactics and have cancelled deals with Iran. While the Iranian economy is suffering, if the US follows up with a second set of sanctions, due to take effect in November and which will target Tehran's oil exports, major turbulence can be expected as Iran's financial health is greatly linked to its petrochemical exports. Coupled with Mr Trump's abrupt withdrawal from the nuclear deal in May, the Iranians view the sanctions as a declaration of economic war. President Hassan Rouhani has termed American efforts "psychological warfare against the Iranian nation". Indeed, if America continues on the same pugnacious track, a full-blown confrontation between Washington and Tehran cannot be ruled out.

It is apparent that Mr Trump, and more specifically the warmongering clique that advises him on Middle East policy, wants regime change in Iran. Despite the fact that the US president has said he is taking these ill-advised steps for 'world peace', this can hardly be achieved by driving a sovereign country to the brink of war. The fact is the Americans are pushing Iran to the edge. The Iranian president has said that if his country's oil exports are blocked, no one else will be able to ship oil through the Gulf. If Iran is economically strangled, it may well take such a desperate step, and the blame will squarely fall on America. Instead of forging 'world peace', Mr Trump is pushing the Middle East into another destructive war. It should be remembered that despite over three decades of sanctions and hostilities, Iran has not changed course ideologically. There is still time to walk back from the brink. Perhaps the first step could be to ease US sanctions on Iran, and discard the option of blocking Tehran's oil sales. However, if Mr Trump and his advisers maintain course, we can expect a very rough ride ahead in the Gulf and the wider Mideast.

Source: <https://www.dawn.com/news/1425909/sanctions-on-iran>

The Security Risks of a Trade War With China By Ali Wyne

Trade tensions between the United States and China continue to rise. In June, U.S. President Donald Trump's administration announced that it would impose tariffs of 25 percent on \$50 billion worth of Chinese exports, with the first wave targeting some 800 goods worth \$34 billion. China pushed back with its own set of tariffs targeting the U.S. agricultural sector and industrial heartland. In response, Trump has reportedly ordered his administration to consider a 25 percent tariff on an additional \$200 billion worth of Chinese exports. As the showdown escalates, many observers are understandably focused on the potential for a full-fledged trade war that could destabilize the world economy. But they should also consider second-order, longer-term implications—in the security realm. Up until recently, the two nations' economic ties had served as an effective brake on escalating strategic distrust. A China less constrained by and invested in economic ties with the United States could pose a substantially greater challenge to U.S. foreign policy. For all the Trump administration's frustrations with managing interdependence, the consequences of decoupling could mean even bigger headaches.

THE ROOTS OF TRADE TENSIONS

The United States buys more exports of Chinese goods than any other country. China, meanwhile, is the United States' largest trading partner and the fastest-growing market for its exports. Yet neither side considers these deep, multifaceted trade links an unalloyed plus.

Trump often expresses irritation over the size of the U.S. trade deficit with China, but trade tensions between the two countries are rooted less in deficit figures than in high-tech competition. The United States sees China's technological progress as a growing national security challenge. One of Trump's top economic advisers, Peter Navarro, warned recently that "China's investment in strategic technologies may ultimately pose the gravest danger to America's manufacturing and defense industrial base." He argued that "tariffs will form a critical line of defense against predatory trade practices China has used to the detriment of American industries."

China, meanwhile, seeks to become a global leader in advanced manufacturing. Its Made in China 2025 initiative prioritizes ten industries—including information technology, aerospace equipment, and new materials—and aims to raise the domestically produced share of “basic core components and important basic materials” used in China to 40 percent by 2020 and 70 percent by 2025.

As seen with the case of ZTE—until recently China’s second-largest telecommunications equipment maker—Beijing depends heavily on Washington for high-tech inputs. In mid-April, the U.S. Commerce Department issued an order banning companies from selling parts to ZTE for seven years. Although the justification was that ZTE had circumvented U.S. sanctions on Iran and North Korea, the more fundamental concern was that the company could use U.S. technology to engage in espionage or even conduct cyberattacks against Washington. Without chips from Qualcomm and Intel and optical components from Acacia and Lumentum, ZTE could not function, and in early May it announced it had ceased “major operating activities.” A few days later, Trump said he was working with Chinese President Xi Jinping to rescue the company, prompting the Commerce Department to soften its earlier decree, but a bipartisan group in Congress urged the agency to stick with its original order, barring firms from doing any business with ZTE through 2025.

Although the company has just received a lifeline—the U.S. Senate passed a \$716 billion defense appropriations bill last week that omitted an amendment introduced by Senator Marco Rubio (R-Fla.) and his Democratic colleague Chris Van Hollen (D-Md.) to reinstate Commerce’s ban on ZTE—Chinese leaders are increasingly convinced that Beijing will not be able to realize its full economic potential unless it becomes more self-reliant. China already saw the currency crisis that rattled the Asia-Pacific in the late 1990s and the global financial crisis that erupted a decade later as evidence that it needed to diversify away from U.S. consumption. Until recently, though, Beijing was primarily looking to shore up its own domestic resilience, and to do so by unwinding its embrace of Washington over time. Now China may seek a more rapid decoupling, less for economic reasons than for strategic ones. The country’s leaders believe that extant U.S. leverage over its economy could thwart the ambitions it has set out in Made in China 2025, which a ranking Communist Party official recently called “the guarantor” of China’s “sovereignty and prosperity.”

In late April, Xi stated that in “the next step of tackling technology, we must cast aside illusions and rely on ourselves.” His conclusion parallels that of Trump, who believes that the United States has eroded its competitiveness by buttressing the postwar order and joining multilateral trade agreements. The New York Times posits that this alignment of views may presage “a time when the economic engines of China and the United States are not so closely linked, particularly in high-tech industries.” A loosening of those links would have not only economic implications but also security ones.

A MORE REVISIONIST BEIJING?

There are few factors, after all, besides trade interdependence that compel the two countries to exercise mutual restraint and carry on multifaceted cooperation. The United States is a young, racially diverse democracy whose self-conception is molded anew by each wave of immigrants; China is a five-millennia-old, predominantly ethnic Han civilization that clings to a largely immutable identity. The two countries have markedly different, sometimes explicitly antithetical, perspectives on domestic governance and foreign policy—divergences amplified by each one’s insistence upon its own exceptionalism. Absent economic interdependence, U.S.-Chinese ties may well have grown more strained, if not antagonistic, over the past four decades.

There are few factors besides trade interdependence that compel the United States and China to exercise mutual restraint and carry on multifaceted cooperation.

In the long run, a China economically decoupled from the United States could scale back existing bilateral cooperation and take a more overtly revisionist attitude toward the postwar order. The Council on Foreign Relations’ Elizabeth Economy explains in her new book that Xi “is ambitious to lead but embraces globalization insofar as it controls the flow of ideas, as well as human and financial capital.” Beijing could steadily reduce its financial support for leading economic institutions such as the International Monetary Fund; prioritize the development of economic and security arrangements that presently leave out the United States (such as the Regional Comprehensive Economic Partnership and the Shanghai Cooperation Organization) and undertake to construct other exclusionary ones; more proactively attempt to drive wedges between the United States and long-standing allies by casting Washington as an inconsistent and unreliable steward of world order and asserting that Beijing is better suited to

adapting that system to contemporary geopolitical realities; and make a more concerted push to challenge Washington on ideological grounds.

Beijing could also further undercut the Trump administration's "maximum pressure" campaign on North Korea. U.S. Secretary of State Mike Pompeo testified in June that there has been a "modest amount" of backsliding in China's enforcement of multilateral sanctions on Pyongyang, acknowledging that the Chinese are "not enforcing control over their cross-border areas as vigorously as they were six or 12 months ago." That admission came shortly before reports of a new U.S. intelligence assessment, based on evidence collected after Trump's historic Singapore meeting with North Korean leader Kim Jong Un, that Pyongyang not only seeks to "deceive the United States about the number of nuclear warheads" in its arsenal but also may maintain more than one secret site for enriching fissile material.

On Iran, in the wake of the U.S. withdrawal from the Joint Comprehensive Plan of Action, China could decline to join any U.S.-initiated effort to sanction the regime should it resume its pursuit of nuclear weapons. It might even go further, boosting energy ties with and increasing arms sales to Tehran while expanding the scope and depth of its alignment with Russia to frustrate U.S. foreign policy objectives in the Middle East and eastern Europe. It could also accelerate its ongoing militarization of a crucial maritime chokepoint, the South China Sea; more aggressively press its claims in the East China Sea; and increase preparations for an attack on Taiwan, appreciating that a United States that is already militarily overstretched has little desire for an armed confrontation with the country possessing the world's second-largest economy.

WILL THE DECOUPLING CONTINUE?

Given the breadth, complexity, and interconnectedness of global supply chains, the United States and China would only be able to unwind their current interdependence very slowly. In 2013, when two-way trade totaled \$562.2 billion, the Brookings Institution's Thomas Wright concluded that Washington and Beijing "have no way of significantly reducing trade with each other through protectionism without setting in motion a general unraveling of the global trading system that each relies upon." That judgment holds even truer today, given that two-way trade was 13 percent higher in 2017 than it was in 2013.

Still, China's economic strength relative to the United States has increased significantly over the past decade, and it will continue to grow. Xi declared this past October, moreover, that "no one should expect China to swallow anything that undermines its interests." In other words, expect an increase in both Beijing's ability and willingness to absorb the pain of economic decoupling with the United States. Trump may well want to accelerate this trend, but the potential security consequences of doing so should give his administration pause.

Source: <https://www.foreignaffairs.com/articles/china/2018-08-06/security-risks-trade-war-china?cid=int-lea&pgtype=hpg>

Reclaiming Global Leadership By John Kasich

The international system that the United States and its allies created after World War II has benefited the entire world, but global political and economic engagement have left too many Americans behind. Over the last 70 years, free-market democracies have come to dominate the global economy, U.S.-led efforts have dramatically reduced poverty and disease, and the world has been spared great-power conflict. Yet many Americans—myself included—are increasingly coming to believe that our country suffers from a leadership vacuum. People are losing faith that their leaders will work to make all Americans better off and that they will rally us to join with our allies in order to craft cooperative solutions to the global problems that buffet us. Economic growth is delivering benefits for the few but not for the many. Political discourse has become poisoned by partisanship and egotism.

In the face of these challenges, we have a choice between two options: shut the blinds and withdraw from the world or engage with allies old and new to jump-start a new era of opportunity and security. Although American leaders should always put American interests first, that does not mean that we have to build walls, close off markets, or isolate the United States by acting in ways that alienate our allies. Continuing to do that will not insulate us from external challenges; it will simply turn us into bystanders with less and less influence.

I choose cooperation and engagement. Only those who have forgotten the lessons of history can credibly contend that peace and prosperity await us inside “Fortress America.” Yet as evergreen as this debate is—retreat or engage—reaching for set-piece answers to the problems facing the country will not work. New times require new answers, even to old questions. The way forward is not to retreat but to renew our commitment to supporting those who share our values, to reboot our capacity to collaborate, and to forge a new consensus on how to adapt our policies and institutions to the new era.

Having served on the Armed Services Committee and chaired the Budget Committee of the U.S. House of Representatives when the U.S. government enjoyed the only balanced budget in living memory, I am no stranger to the

pessimism of those who say, “It can’t be done.” But I am also no stranger to the hope that comes from remembering past accomplishments. Leaders must now draw on that hope to rediscover open-mindedness, civility, mutual respect, and compromise.

On challenge after challenge, we are better off working together than going it alone. To secure our economic future, we must prepare our workers for the future rather than retreat into protectionism. To deal with global threats—from Russian aggression to nuclear proliferation to cyberattacks—we need to harden our defenses and reinvigorate our alliances. To fight terrorism, we must be more discerning about when to commit American power and insist that our allies bear more of the burden. To deal with the rise of China, we must strike the right balance between cooperation and confrontation. In other words, the world needs more American engagement, not less.

TRANSFORMING DISRUPTION INTO OPPORTUNITY

As governor of Ohio, a state with an economy larger than those of 160 countries, I am reminded daily that we live in a connected world. Over a quarter of a million jobs in my state depend on trade, and those jobs generate close to \$50 billion in export earnings every year. In the United States as a whole, one in five jobs—40 million of them—depend on trade, and these jobs tend to be higher paying. There’s no denying that as goods and services have flowed more freely across borders, our country as a whole has become better off. But there are also some people who have suffered as a result. Jobs have been lost, and the cold steel furnaces in my hometown of McKees Rocks, Pennsylvania, stand as a testament. These steel mills were once the engines of middle-class prosperity. Today, the well-paying jobs they provided are gone.

It is up to Americans to constantly innovate in order to remain competitive. Our international trading partners have to realize, however, that if they do not do more to eliminate government subsidies, dumping, and other anticompetitive behavior, support for free and fair trade will collapse even further in the United States. The result will be that everyone will suffer. That said, we should not have to resort to heavy-handed tariffs and quotas in order to get our partners to start taking our concerns seriously. To reduce jobs losses from trade, we need an expedited process, free of bureaucratic delays, to review trade violations and

stop them when they occur. But we must also undertake new efforts that help people obtain the skills they need for the jobs of the future. Trade was not responsible for the majority of American job losses in the last generation; technology was. That trend will only accelerate.

Traditional manufacturing will suffer the most from the technological tsunami. It would be foolish to try to spare ourselves the force of this wave by retreating. Instead, we must ride the wave. That means better preparing the U.S. work force—in particular, aligning our education and training efforts with the needs of emerging industries and improving the flexibility of labor markets. Educators must partner with the private sector to advocate the right curricula, develop the right skill sets, and make businesses a greater part of the educational system by offering mentoring, workplace opportunities, and on-the-job training. Real leadership is showing the courage to help people embrace change, find new frontiers, and adjust in a fast-paced world—not making false promises about returning to the past. The right leadership can draw out from Americans the characteristics that we need to flourish, ones I know we already possess: resiliency, flexibility, and agility, and a dedication to lifelong learning.

Without greater confidence about their future place in the global economy, Americans will have little reason to support international cooperation and engagement. If the United States continues to go it alone, however, that will only open up further opportunities for nations that do not have our best interests at heart, such as China and Russia, to shape our future for us. That's why it was such a mistake for the Trump administration to turn its back on the Trans-Pacific Partnership, which would have eliminated 18,000 foreign tariffs currently imposed on products that Americans make and seek to sell overseas. Those tariffs hold back job creation, and eliminating them could unleash new growth across the United States. We shouldn't have threatened to jettison the North American Free Trade Agreement or the U.S.-Korea Free Trade Agreement either. Instead, we should work with our neighbors and partners to modernize these agreements, which are essential to our economic security and global influence. On trade, as on many other issues, the goal should be to find win-win solutions, not to make threats and try to divide and conquer.

COUNTERING THREATS

During my 18 years on the House Armed Services Committee, I learned that our alliances are vital to national security. But the world has changed markedly since these partnerships were first formed. We now must contend with not just the familiar conventional and nuclear threats from Russia but also those posed by China, Iran, and North Korea; threats in space and cyberspace; and threats from nonstate actors. The new environment demands leaner, more agile coalitions to solve such problems swiftly.

President Donald Trump was right to suggest that our allies are no longer the poverty-stricken nations they were after World War II. They can and must provide for a greater share of their own defense and security, particularly in their own regions. These allies, along with the United States, need to take care to avoid overemphasizing any individual threat, such as terrorism, at the expense of longer-term challenges, such as Russian intimidation, Chinese expansionism, or North Korean nuclear proliferation. All of us must adapt our budgets accordingly, investing in efforts to deal with new cyberthreats and preserving our ability to project power and secure the open global trading system. And Washington must insist that its allies in Europe and the Pacific contribute more to joint efforts.

Real leadership is showing the courage to help people embrace change, find new frontiers, and adjust in a fast-paced world—not making false promises about returning to the past.

Our common purpose with our allies is to preserve and advance freedom, democracy, human rights, and the rule of law. These values are what distinguish us from our rivals, and they are what make our alliances so strong and attractive to others. As we press our allies to do more, we must not lose sight of the fact that we should also be working with them—both to reshape our alliances into nimble coalitions and to recruit other like-minded countries, such as Indonesia, Malaysia, and Vietnam, to join in.

As a child of the Cold War, I remember well the schoolroom “duck and cover” exercises, an ever-present reminder of the risk of nuclear war. No threat holds greater consequences for all of humanity than that of the accidental or deliberate use of nuclear weapons. Containing that risk has to remain our top priority.

U.S.-Russian agreements such as the 1987 Intermediate-Range Nuclear Forces (INF) Treaty and the 2010 New Strategic Arms Reduction Treaty (New START)

were designed to achieve greater stability and security when it comes to nuclear weapons, and that goal should not be abandoned lightly. With New START expiring in 2021 and the INF Treaty on the verge of being fatally undermined by Russia's noncompliance, we need to think long and hard about walking away from them. Unless we are convinced that they are unsalvageable, agreements that by and large have worked for the two states holding more than 90 percent of the world's nuclear weapons should not be allowed to fall apart.

A number of issues have soured U.S. relations with Russia, including the Kremlin's violent intervention in Ukraine, its support for Syria's brutal dictator, its disinformation and destabilization campaign in the Baltic states, its penchant for assassinating political enemies at home and abroad, and, of course, its interference in the 2016 U.S. presidential election. Nonetheless, we will have to work with Russia on arms control, because with around 7,000 warheads, the country remains the world's largest nuclear power. Where we have common interests, we should cooperate, while never closing our eyes to the nature of Russia's leaders, their intentions, and their disregard for our values. Where we cannot cooperate, we must hold Moscow at arm's length until there is either a change in behavior or a change in leadership.

North Korea's acquisition of nuclear weapons remains another major concern. Until we have a definitive, verifiable treaty that formally ends the Korean War and denuclearizes the Korean Peninsula, we will need to keep up the pressure on Pyongyang to relinquish its nuclear weapons. Additional sanctions can and should be put in place. That includes sanctions on large Chinese companies that enable North Korea's nuclear weapons program. North Koreans who are working overseas to earn the regime the hard currency that funds that program should be sent home on an expedited basis. The United States and its allies should also put in place a much tighter counterproliferation regime on shipments going into or out of North Korea. Ultimately, however, it will take peaceful regime change in Pyongyang to resolve the nuclear threat North Korea poses in Northeast Asia. The country best positioned to facilitate such a change is China, provided it can be sure that the United States, South Korea, and Japan will not exploit the situation.

Iran also presents a major proliferation threat. Given that the nuclear deal with Iran was one of the few things constraining the country from producing nuclear

weapons, it was a mistake for President Trump to walk away from it. The president's move created disunity and separated us from our allies at a time when we need to be rallying together to confront a myriad of other challenges.

I am sympathetic to the efforts of former Secretary of State Henry Kissinger, former Democratic Senator Sam Nunn of Georgia, former Secretary of Defense William Perry, and former Secretary of State George Shultz to rid the world of nuclear weapons. In my discussions with them, however, it has been made clear that this is a goal that can be achieved only in small steps. And with nuclear proliferation on the upswing, it appears as though that dream is now further away than ever. For that reason, deterrence will have to remain an essential part of our national defense strategy for the foreseeable future. Accordingly, we will have to continue to modernize our nuclear weapons and harden against cyberattacks the electronic systems that control them.

Almost all U.S. computer systems and communication networks are at risk from such attacks. To stop the systematic looting of American technology and ideas, we will need to reorganize our cyber-operations. Those parts of the U.S. military, the Department of Homeland Security, and the FBI that deal with cyberattacks should be united under a single agency headed by a cabinet-level official. That agency must be responsible for both cyberoffense and cyberdefense, and the latter task must encompass both government and commercial systems.

Beyond this, the government can mandate that sensitive data be encrypted, and individual agencies can hold cyberdefense drills and employ "red teams" to independently test the ability of their systems to withstand attacks. But we cannot rely on defenses alone. Washington must use its improving ability to attribute the origins of cyberattacks and then retaliate loudly or softly, depending on the circumstances. And given that cyberwarfare has geopolitical implications, diplomacy will be key to organizing a collective defense among our allies—a cyber-NATO, effectively.

The private sector has a vital role to play in cyberdefense, too. American technology giants have all too often failed to prevent their platforms from being used for malign purposes, such as interfering in elections and spreading terrorist propaganda. The general public and the rest of the private sector should place

economic pressure on these companies—for example, withholding advertising and avoiding doing business with them—until they fulfill their responsibilities.

REBALANCING THE WAR ON TERRORISM

After 17 years, the war on terrorism has become a series of open-ended commitments. Some of those commitments clearly need to be revisited. In Afghanistan, President Barack Obama micromanaged the war and put in place a series of half measures, and President Trump sent additional troops into a conflict that cannot be resolved militarily. Both presidents' decisions were mistakes. We must now look instead to diplomacy to negotiate a sustainable U.S. exit with all of Afghanistan's stakeholders.

We should continue to train and assist Afghan government forces so that they can hold key population centers, but we should limit ourselves to securing two core U.S. interests: preventing Afghanistan from once again becoming a terrorist safe haven and ensuring that Pakistan's nuclear weapons remain secure. Neither goal requires all that many U.S. boots on the ground. U.S. forces in the Gulf and along Afghanistan's northern borders can achieve the first goal. A political settlement in Afghanistan that reduces the risk of chaos spilling across the border, together with long-term assistance in Pakistan supporting the institutions of civilian nuclear control, can help achieve the second. We should have no illusions about the difficulty of achieving such a settlement. But it is probably the only way to exit an otherwise endless conflict without risking a bloodbath in Afghanistan or instability in Pakistan.

President Trump deserves credit for improving on President Obama's strategy against the Islamic State, also known as ISIS, in Syria and Iraq. Now that the terrorists' strongholds have been all but eliminated, the only remaining core U.S. interest at stake is preventing ISIS from using those countries to mount future attacks against us. That mission does not require a major commitment of U.S. combat troops. With our help, allies whose interests are more directly affected than our own—such as Egypt, Israel, Saudi Arabia, Turkey, and European countries—should take the lead in mitigating the continuing but reduced threat from ISIS and in repatriating Syrian refugees.

Going forward, we need to be much more careful and focused about how we fight terrorism. We have to develop better criteria for when to intervene abroad. And when we do intervene, we need clearer guidelines about what kinds of resources to commit—for example, combat troops versus military trainers. We also need clearer benchmarks for when we should escalate our commitments and when it makes more sense to cut our losses and leave. In particular, we should restrict our major counterterrorism efforts to instances in which our homeland is directly at risk. When it is not, we should avoid getting embroiled in civil wars and instead use diplomacy to rally international partners to assume the lead. Doing that would allow us to husband our resources for the challenges that pose a far greater long-term threat to U.S. national security.

ADAPTING TO THE RISE OF CHINA

Chief among those challenges is an increasingly assertive China. Beijing is already seeking to convert its economic power into regional influence through such projects as the Belt and Road Initiative, a massive infrastructure venture, and the Asian Infrastructure Investment Bank, a rival to Western-led development banks. Looking to fill the political void created by the current vacuum in U.S. international leadership, Chinese leaders are making ridiculous assertions that their country will define the meaning of freedom and liberty.

The principal strategic challenge for the United States is to integrate China into the international system in a manner that allows us to protect our interests in Asia and safeguard international institutions against China's assaults on democratic values. China's ultimate goal is to end what it considers to be American dominance and to replace it with a new order in which Beijing gets an equal voice in setting the rules. It wants to push the United States out of the western Pacific, undermine our alliances in the region, and re-create a Sinocentric sphere of influence in Asia free from challenges to its authoritarian rule.

To achieve any of our foreign policy goals, we will have to rededicate ourselves to civility and compromise at home.

Confounding our hopes and expectations, China's regime has managed to deliver economic growth without being forced to democratize. But China is not 12 feet tall: its economy has serious structural flaws, including exceedingly high levels of debt, a cohort of retirees whose living expenses will be difficult to fund,

and wages that are increasingly uncompetitive with those paid by China's neighbors. Nor is China a monolith: like the United States, the country is riven by rival factions, leading to infighting that diverts productive resources. China does not need to be contained as the Soviet Union once did, since its provocative behavior is already driving some of its neighbors into our arms. Indeed, through its actions, Beijing can largely be counted on to contain itself.

Another difference between the rivalry with China today and that with the Soviet Union during the Cold War is that China and the United States are so economically intertwined. This means not only that the two countries will remain co-dependent for the foreseeable future but also that relations between them need not be a zero-sum game. There are ample opportunities to pursue strategies with China that can adapt the world system to reflect Beijing's growing international role while benefiting both sides. Those opportunities include reining in North Korea, addressing climate change, and promoting international investment and economic growth.

There are limits to how much can be achieved through cooperation, however. We should acknowledge our rivalry with China more frankly and prepare our country to compete more vigorously. This does not necessarily mean embarking on a path of outright confrontation. Rather, it means putting hopes of a peaceful political evolution in China on the back burner and incentivizing Beijing to play a constructive role in the international system. It also means being prepared to decisively counter Chinese moves that threaten the United States and its allies.

Achieving these ends will be impossible if we continue to hollow out the State Department. Instead, we must empower it and permit our seasoned senior diplomats to guide the way, harnessing all the instruments of American power to exploit China's weaknesses. U.S. officials should much more forthrightly advocate the values that we hold dear and vocally criticize China's shortcomings. They should also better protect our economic interests by combating Chinese dumping and currency manipulation, streamlining the World Trade Organization's dispute-resolution process, and insisting on full reciprocity in market access.

Deterring China also has a military dimension. The U.S. military should forward-deploy greater numbers of forces in the western Pacific and continue to challenge China's illegal attempts to expand its territorial control there.

Washington should make it clear that there will be a significant price to pay for any attack on U.S. assets in space and expand our regional allies' missile and air defense capabilities. In the long run, however, the best chance for peace lies in a China that itself chooses reform. To kick-start that process, we will have to support efforts to give mass audiences in China better access to the unvarnished truth about what is going on in the world.

TOGETHER WE ARE STRONGER

The United States needs a national security doctrine around which a consensus can be built—both between the Democratic and the Republican Parties and with those who share our interests and values overseas. As we continue the search for that, we should work together to secure our economic future, reimagine and strengthen our defenses and alliances, and focus on the prime challenges to our national interests. Rather than pulling back and going it alone, America must cooperate and lead.

That is true whether the country in question is China, Iran, or Russia and whether the issue at stake is nuclear proliferation, cybersecurity, or counterterrorism. But to achieve any of our foreign policy goals, we will have to rededicate ourselves to civility and compromise at home. Without doing so, we cannot hope to lead by example. Nor will we be able to pass the fiscal, educational, work-force, and other reforms needed to restore Americans' confidence in international engagement.

I have faith that our deeply held values will guide us down the right path. As we look back at history, Americans can take pride in the fact that we have made the world a better place time and time again. We can draw strength for the future from our past achievements. Working together in the spirit of bipartisan compromise, idealists and realists can help the United States rediscover optimism to shape our destiny and guarantee our security. America will be stronger and more prosperous for it.

Source: <https://www.foreignaffairs.com/articles/2018-06-06/reclaiming-global-leadership>

The Next Syria Showdown By Seth J. Frantzman

In the first week of August Russian Military Police began to establish eight observation points along the Golan heights overlooking the 1974 ceasefire line between Israel and Syria. It was a symbolic end to the fighting in southern Syria where the last rebel pocket in the south was easily defeated in the same place where protests first broke out in 2011 against the regime during the Arab Spring.

A month of fighting in July saw the Syrian regime return to the Jordanian border and the ceasefire line on the Golan. Most of the rebels agreed to reconciliation with the regime, an acceptance of being reincorporated into the Syrian state. Around ten thousand others were bussed north to Idlib province, a process of bussing and reconciliation that has become common in the last year of the war. The regime has gained strength, confidence and power over the last three years since Russia began to intervene in strength in Syria. Now the Syrian conflict is divided between three areas that are under the air power of three major coalitions. In the east is the U.S.-led coalition and its Syrian Democratic Forces partners, in the north Turkey and its Syrian rebel allies, and in the center and rest of Syria the regime is backed by Russia and Iran.

The Syrian civil war is over. The war now enters a new phase that will be marked by decisions in Ankara, Washington and Moscow. Hints of this change were already clear when Russia began talking about “de-escalation” zones and hosting talks in Astana with Iran and Turkey. Now those talks have matured and the remaining power vacuums that were held by independent rebel groups, such as in eastern Ghouta or southern Syria, have been filled by the regime. In addition ISIS areas have been reduced to around one percent of what they were. The ISIS pocket on the Golan, in Yarmouk and in the Syrian desert near the Iraqi border have been defeated. The Syrian Democratic Forces have launched the third phase of Operation Roundup in the Euphrates valley and will soon clear out that last hundred square kilometers ISIS holds.

The Syrian regime’s goal is clear. It wants to re-conquer all of Syria and its allies in Iran and Moscow agree that Syrian sovereignty must be restored. The timetable on how long it takes Damascus to get back its borders is the central

question. “If the war isn’t over, the trajectory is clear,” former U.S. Ambassador Robert S. Ford said in an interview with the Middle East Center for Reporting and Analysis. He says Damascus will work to eject Turkish and American forces, but it’s unclear what role Moscow will play. “I cannot imagine that Russia is going to reject Assad’s efforts to put pressure on Turkey in Idlib,” he said. The Assad regime has to be careful not to provoke conflict with Turkey and achieve its goal over a long process.

If the Syrian regime’s view is clear, then the Turkish view on the long-term role in northern Syria is opaque. Turkey is investing in educational initiatives in Jarabulus, Afrin and al-Bab and it wants the millions of Syrian refugees in Turkey to return. Seventy-five thousand have gone home but Turkey, which says it has spent \$30 billion on camps, hopes to see more. Will northern Syria become a kind of Northern Cyprus, or will the Syrian regime and Turkey find an accommodation. Already Damascus is preparing an offensive to chip away at Idlib province where Turkey has observation points. If Turkey intends to stay, then it will draw a red line somewhere.

Turkey’s intervention in Syria was only carried out in part to support the rebels. It was conducted in Jarabulus to check the advance of the People’s Protection Units (YPG) which Ankara accuses of being “terrorists” linked to the Kurdistan Workers Party (PKK). The YPG is one component of the SDF which is a partner of the United States anti-ISIS coalition. Turkey has been seriously fighting the PKK since a 2015 ceasefire broke down and Turkey has launched raids into Iraq to strike at the group. It has threatened to attack Manbij where the U.S. coalition is present alongside the SDF. U.S. Secretary of State Mike Pompeo and Ankara hammered out a road map in Manbij that has seen twenty-two independent patrols by the United States and Turkey near the city. According to the Coalition these patrols have gone well but it is unclear if rising tensions over the detained U.S. pastor Andrew Brunson in Turkey will cause a crisis. Such a crisis could destabilize Manbij. The important issue here is that Turkey’s role near Manbij is not just about supporting the rebels against the regime, it is about moving the SDF back across the Euphrates. If the United States were to leave eastern Syria, for instance, and the regime returned to eastern Syria, Turkey’s reason for staying in the north would be reduced.

“It’s going to be a longer, tougher fight,” U.S. Secretary of Defense James Mattis said on July 27 to press in Washington, referring to the battle with Islamic State in eastern Syria. “You don’t just leave it, and then ISIS comes back.” His comments dovetail with constant references to “stabilization” by anti-ISIS envoy Brett McGurk and others in the administration. The United States appears to think that Assad will also eventually leave or at least that the United States can hold up the rebuilding of western Syria until he does. Mattis indicated that additional money for rebuilding Syria would “await Assad’s leaving.” This means the United States is forecasting staying in eastern Syria for the near future.

With the United States staying there are several scenarios for what eastern Syria might look like. The first includes a gradual drawdown of U.S. and coalition forces as ISIS is defeated. With stabilization going well the SDF will continue negotiations with the Syrian regime that began with a visit of the SDF linked Syrian Democratic Council in July. The risk is that a new round of fighting might break out between Turkey and the SDF as the United States withdraws its air support and that the United States would be seen to be abandoning allies who helped defeat ISIS.

A second scenario is that the U.S. invests heavily in stabilization and drags out the anti-ISIS fight for several more years under the excuse that ISIS is not really defeated. This would put pressure for change on Damascus and would see the U.S. warning Turkey off any attacks on Manbij. It would mean a major investment in Raqqa and the development of a footprint of diplomatic staff, U.S. AID and other organizations rebuilding Syria. So far the United States has only carried out minimal efforts at reconstruction with many areas like Manbij managing themselves without support. But Raqqa and other areas require more investment. The Syrian regime would try to force the United States out by encouraging instability among Euphrates valley tribes. This is something the regime did to cause problems for the United States in Iraq.

A third option is a robust investment in an autonomous region in eastern Syria similar to what the United States did in northern Iraq after 1991 that led to the creation of the Kurdistan Regional Government. The United States already has open-ended commitments in places like Afghanistan and in dozens of countries around the world, particularly in Africa, where U.S. special forces and trainers are active helping to counter extremism. Former Ambassador Ford notes that the

United States has been good at avoiding casualties in eastern Syria. But if that changes he says people will ask “what are we getting into?” And this speaks to the larger question of strategy. The United States has said it is fighting ISIS in eastern Syria. But Pompeo and Trump both articulated a robust program at rolling back Iranian influence in the region.

“Iran must withdraw all forces under Iranian command throughout the entirety of Syria,” Pompeo said in May.

U.S. forces in eastern Syria could help be a block against Iranian influence, a wedge between Iran’s influence in Iraq and its influence in Damascus. “Some people are telling Trump to leave forces there to counter Iran,” says Ford . But he’s skeptical. “The Trump administration is hoping the Russians will get them [Iran] out but the Russians won’t get them out.”

Washington faces a junction in Syria. The administration has been reticent to announce a new policy in eastern Syria. The U.S. role there is no unprecedented. The U.S. sent forces to Syria to fight ISIS, found remarkable allies and now finds itself helping to protect an area of a country. Washington is more comfortable working with governments than entities such as the SDF. This is made more complicated by the fact that Turkey, a historic ally, opposes the U.S. role. The United States also faces the difficulty of weighing the desires of the locals it works with and its larger policy. It saw how frayed this can be in northern Iraq where it spurned its allies in the Kurdistan region to work more closely with Baghdad. This, despite the fact that Baghdad’s major political parties are close to Tehran, which the current U.S. policy ostensibly opposes. Pragmatic and cynical voices will encourage the same approach to Turkey, working with Turkey even as Turkey drifts closer to Russia. Already the SDF is skeptical of the United States after watching Turkey takeover Afrin where the Kurdish YPG had been in control until January.

The last part of the Syrian conflict will be the diplomatic level. The U.S. invested in the Geneva process which has led nowhere while Russia invested in the Astana process which has resulted in a series of de-escalation agreements. By doing so Russia was able to cut the United States out of negotiations on the future of Syria by working only with Iran and Turkey. This means that the U.S. role in eastern Syria is conducted in a vacuum without a diplomatic track or a

track that combines diplomacy and military affairs. Ideally the United States has to settle on a policy that combines its anti-ISIS program with its policy on Iran with a new mission in eastern Syria.

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The War To End All Wars By Hasan Aftab Saeed

It's coming

Warning: satire ahead. The author bears absolutely no responsibility in the event of it being taken up by one or more of our eminent think-tanks.

Sometimes it looks imminent, sometimes still a few months away. Make no mistake, however: the third world war is coming. And it's going to be the last one. Yes, we have heard this promise before, only to be bitterly disappointed every time. This time I can assure you that the authorities mean it.

What's more: considering our geostrategic importance, we will have no option but to play a part in the great war. And if we can't avoid it, we might as well participate with all the passion at our disposal. Especially so, because we lost out on all the fun in the previous world wars.

Now, the most important question that any nation needs to ask itself when a world war is about to commence (and which must be addressed up-front) is: which side it should fight on. There's no shying away from it. Luckily, the answer is short and simple: we should fight on the side of truth and justice. That being taken care of, the next question is who to fight with and who to fight against. Here, we run into difficulties because the war alignment is difficult to predict beforehand. However, from experience of the first and the second great wars, one can be sure of participation of some nations. The UK, for example is sure to take part. So is the US. Germany and France will be there, as usual, along with most of the European countries. Japan, a regular contributor in the past, will be too preoccupied with the Olympics to participate this time. With its single-minded focus on economy, China would probably abstain from the war, which is a real pity. That said, we can always be sure of its moral support to one side or the other.

What will trigger the great war is anybody's guess. One likely scenario is this: Pakistan will give Queen Elizabeth II an ultimatum to return the Kohinoor within two weeks' time, failure to comply with which would mean that the two nations

are in a state of war. India, Iran, and Afghanistan will probably be unable to distance themselves from the issue (they want Kohinoor too), and thereafter the US is sure to jump in (as usual), followed by other European nations. One thing is certain: the US and the UK will be allies. India, Afghanistan, Iran and Pakistan may be on one side, agreeing to resolve the issue among themselves later; or one or two of them may join the opposite camp. North Korea will probably join the challengers for the heck of it.

The morale of the troops will be crucial. The men could be ordered to burn their ships when they dock

Which brings us to the vital question of an appropriate venue for the great war. Europe has done admirably as the theatre of the previous two world wars, and I can't think of a single reason why things should be any different for the third edition. (If it ain't broke, don't fix it.) Being at the center of the map, Europe is ideally situated considering the convenience of all warring nations.

In the rather unlikely event of Europe excusing itself from hosting the global event, or the US not jumping in, we may be left with no option but to invade the US mainland directly. Canada obviously rules out the northern route. California and Texas may be relied upon to be open to the idea of being liberated, and therefore less likely to put up a fight if we promise them independence after victory. The West Coast is promising but negotiating Hawaii could be tricky, because the Japs have exhausted the possibility of the element of surprise there. Not to mention the fact that the whole of the US would need to be traversed before the flag is raised in DC. The Gulf of Mexico may therefore be the best bet, all things considered. The direct invasion would be tricky, but by paralysing the opponents with incredulity on the sheer madness of the endeavour, it may just be the thing needed to offset the immense military and technological advantage the US led alliance would be enjoying. For while the war to end all wars will be fought on the land, in the skies, and in the seas, it will above everything else be fought in the heads. Shock, then, would be the key; and therefore, it's important that any of these plans is put into practice after some time has passed since the publication of this piece.

The morale of the troops will be crucial. The men could be ordered to burn their ships when they dock. That makes for an immense increase in morale, I

generally find. Also, if wars in the past have taught us one thing, it is that the foot soldiers must know which region they are invading at a given time. The soldiers must therefore have some idea where a certain country is on the map. In the last great war many Allied soldiers wrote home that they had demolished Australia when in fact it was Austria they had bombed the hell out of. This sort of ignorance can cause much damage to the war effort.

Finally, while we are rightly planning on riding into world capitals as victors, concrete plans must also be in place to deal with the retaliation back home. For if history is any guide, the US generally strikes back. We could of course retreat to Afghanistan till the situation improved but for the fact that the US forces are already in Afghanistan. This problem needs to be examined closely.

Source: <https://www.pakistantoday.com.pk/2018/08/13/the-war-to-end-all-wars/>

US Responsibility as a Nuclear Power By

Reema Shaukat

SEVENTY-three years have passed since USA for the very first time used nuclear bombs. On August 6, 1945 the US dropped an atomic bomb on the city of Hiroshima, Japan, and three days later another one on Nagasaki. More than 100,000 people lost their lives instantly and many suffered horrifying injuries and radioactive sickness. Children born after so many years of this nuclear attack, carried birth defects because of those radiations. Though nuclear weapons were never used again, but they remain a constant hazard to the globe. With passage of time, many developed countries have also achieved status of nuclear power. Though the nuclear threat always exists but even the testing and developing of nuclear missiles itself is a big peril and must be dealt wisely.

Although many countries have signed Non-Proliferation Treaty (NPT), an agreement which prevents spreading of nuclear weapons and works towards its elimination. Yet the fact these nuclear weapons can even be accidentally used, pose a very major threat. The NPT went structural in 1970 but number of countries have not only developed nuclear nukes but there is no agenda till today for their appropriate elimination. There are less number of states who have declared themselves as nuclear free, rather many are in process of acquiring this status. Many countries are also concerned about the growing use of nuclear energy around the world. Almost over 30 years nuclear power plants have been built across but there is still no safe way of disposing the nuclear waste. These contaminated wastes equally put danger not to environment but lives of many living beings and future generations.

It was during the World War-II that the United States detonated nuclear weapons and thus became the only country in the history of warfare to manufacture nuclear nukes and the only country to have used them. Though during the Cold War era, Cuban Missile Crisis at one stage was expected to escalate but it never led to any more use of nuclear nukes against any of the power blocs of that time. But United States before and after Cold War conducted thousands of nuclear tests just to ensure its supremacy. US nuclear build up is still questioned though US denies its spread and extensive testing. It was in September, 2015 the US Government Accountability Office (GAO) declared that the department had never

conducted an authoritative inventory of the location and quantity of plutonium loaned by the US to other nations and that eleven foreign sites with US made bomb-grade uranium had not been visited by the US inspectors in the previous 20 years. The GAO warned in their report that many sites inspected before 2010 lacked rigorous security systems.

USA often imposes military embargo on Pakistan. The justification it seeks is that its terrorist sponsoring state and it needs to be placed on watch list because of its nuclear programme. On the other hand it is well known fact that Pakistan went nuclear in 1998 because of its threatening neighbour India. The United States and other Western states imposed economic sanctions against Pakistan because of nuclear tests. But Pakistan's nuclear weapons are widely criticized by overlooking Indo-US deals and Cold Start Doctrine. From a military standpoint, doctrine for the use of tactical nuclear weapons must be operationally credible so as to enhance deterrence. Pakistan's need for doctrine refurbishing with specific regard to tactical nuclear weapons is rooted in challenges, which are all genuine due to growing Indian conventional as well as nuclear capabilities. With the introduction of low-yield or tactical nuclear weapons our doctrine has not changed principally but now it is defined as Full Spectrum Deterrence. These low yield nuclear weapons are under sharp focus of US and west and often say that Pakistan's nuclear arsenals are under high risk of theft, which surely is a wrong postulate.

On the other hand, it is well known to the world and even US that the institutions responsible for nuclear program inspect and visit nuclear installations on regular basis in Pakistan in order to run these sites according to international error free safety and security standards. The propaganda that there is a possibility of nuclear assets in Pakistan going into the hands of terrorist is a pre-planned idea just to target Pakistan's national security. The US is implementing double game against Pakistan because the US, India and some Western powers who are acting upon the particular agenda to denuclearise Pakistan, and often resuscitate their propaganda campaign regarding the security of Pakistan's nuclear arsenal. Pakistan has the required credentials that entitle it to become part of all multi-lateral export control regimes including the Nuclear Suppliers Group in which Pakistan strive for a non-discriminatory approach. Not a single nuclear radiation accident in Pakistan has occurred since it became nuclear and all its reactors are ensured under IAEA safeguards. Pakistan has always acted sensibly while

avoiding arms race in region and India's hostile intentions forced Pakistan to go for nuclear tests. Pakistan is the only nuclear country with zero incidents of mishap whereas other nuclear states have such incidents on their list including US. Therefore instead of criticising only Pakistan, US must keep a balance in its approach towards all nuclear powers.

— The writer works for Pakistan Institute for Conflict and Security Studies, a think-tank based in Islamabad.

Source: <https://pakobserver.net/us-responsibility-as-a-nuclear-power/>

North Korea Vows To Retain Nuclear Knowledge By Bryan Harri

North Korea has said it will retain its nuclear knowledge in comments likely to strain an increasingly tense relationship between Pyongyang and Washington.

Two months after agreeing to reset relations at a historic summit in Singapore, ties between the two nations appear to have hit a roadblock on the issue of denuclearisation, with Pyongyang criticising Washington for its refusal to ease sanctions.

“Whereas we already took such practical denuclearisation steps as discontinuing nuclear test and ICBM test fire, followed by dismantling the nuclear test ground . . . the US insisted on its unilateral demand of ‘ denuclearisation first’,” the North Korean foreign ministry said in a statement.

“We hoped that these goodwill measures would contribute to breaking down the high barrier of mistrust. However, the US responded to our expectation by inciting international sanctions and pressure.”

The statement also criticised the US’s “servile mouthpieces and intelligence institutions”, claiming they had fabricated recent reports suggesting the North had continued to develop its contentious nuclear weapons and ballistic missiles programmes.

Earlier in the week, John Bolton, the US national security adviser, accused the Kim Jong Un regime of not taking the steps necessary for denuclearisation.

“Although North Korea has agreed on disarmament to deliver on its commitments in negotiations with [the] US, we will preserve our nuclear science as we know that the Americans will not abandon their hostility toward us,” the top diplomat was quoted as saying by Iran’s Mehr news agency.

The comments were likely to deal a blow to US President Donald Trump, who shortly after the Singapore summit said North Korea no longer posed a nuclear threat.

The US leader has in recent weeks remained optimistic that Mr Kim would adhere to promises to abandon his arsenal of nuclear weapons, despite mounting evidence the regime was doing the opposite.

“We have a good relationship with North Korea. So, we’ll see how it works,” Mr Trump said this week.

South Korea, meanwhile, has increased its efforts to maintain diplomatic momentum, underlining Seoul’s role as a bridge between Pyongyang and Washington.

On Monday, the two Koreas will hold high-level talks aimed at firming details for another inter-Korean summit in the coming months.

Under South Korean President Moon Jae-in, who favours engagement with the North, Seoul has pushed ahead with a series of cross-border projects that it hopes will serve as a foundation for cooler diplomacy in the region.

For its part, Pyongyang has remained capricious. On Thursday night, it pulled out of a joint field survey for cross-border roads that was due on Friday. It did not give a reason why.

Source: <https://www.ft.com/content/0733c85e-9c4f-11e8-9702-5946bae86e6d>

Making Sense of the Indo-US Alliance By

Moneeb Ahmad Barlas

“International politics, like all politics, is a struggle for power”, says Hans Morgenthau. In this struggle for power, states are either impelled to act alone or obliged to form alliances to achieve common objectives. In the quest for power in Asia, the United States and India have embraced each other in a strategic relationship that officials on both sides consider to be a natural alliance.

The USA regards India as the regional counterbalance to China. It needs India’s support to implement its containment strategy against Beijing’s expanding geopolitical influence. A legal framework to facilitate the US in patrolling the Indian Ocean, and threaten the Chinese with a disruption of their oceanic trade already exists between New Delhi and Washington in the form of the Logistics Exchange Memorandum of Agreement (LEMOA). The agreement allows the United States to use Indian military facilities and harbours for operational support. Moreover, the United States also seeks India’s cooperation in Afghanistan, as Pakistan appears reluctant to act on America’s whims.

On its part, India expects to draw on its alliance with America to ward off international pressure for its violations of human rights in Kashmir and evade calls for a peaceful solution to the dispute. Moreover, by partnering with the United States, India hopes to strengthen its position in Afghanistan and use the country as a permanent launch pad for terrorism in Pakistan. In essence, New Delhi seeks to realize its ambition of becoming the dominant power in the region through strong strategic ties with the US. India is the only regional country opposed to China’s Belt and Road Initiative (BRI). Both countries, undoubtedly harbour evil designs against BRI’s flagship project, the China Pakistan Economic Corridor (CPEC) and would go to any extent to sabotage it.

However, despite the claims on both sides, India’s alliance with the United States is not without its costs and certainly not as natural as it has been called. Firstly, the prospects for India to serve as a strong American ally in Afghanistan are bleak. New Delhi does not possess the kind of religious and cultural bond that Pakistan shares with the Afghans, especially with the Pashtuns who are the ethnic majority in the country. Unlike India, Pakistan also shares a long border

with Afghanistan and provides NATO the essential supply route for its operations. India can at best serve only as a bargaining chip for the United States to coerce Pakistan on strategic issues.

India is the only regional country opposed to China's Belt and Road Initiative and they, along with the US, undoubtedly harbour evil designs against BRI's flagship project, the China Pakistan Economic Corridor and would go to any extent to sabotage it

India's large Muslim population will also be a bottleneck in its relationship with America. The Muslims already feel alienated because of PM Modi's Hindutva mandate. Given their hatred for American interference in the internal affairs of Muslim countries, it is highly likely that India's embrace of the United States will not bode well for them. Therefore, New Delhi will lack domestic support for its alliance with the United States.

This alliance will also undermine India's relationship with Russia. In fact, already as the warmth in relations between India and America has increased, the ice in Pak-Russia relations has begun to melt. Moscow and Islamabad have shown intent to stabilize their relationship in the wake of the emerging strategic partnership between New Delhi and Washington. Moreover, India's relations with Iran will also be affected by its embrace of USA. India has invested heavily in Iran. It has financed the construction of the Chabahar Port. Tehran's cooperation is vital, not only for India's nefarious designs in Afghanistan, but also for land-based access to Central Asian markets.

However, Donald Trump's decision to sanction Iran puts India in a difficult situation. New Delhi will be hard-pressed to balance relations between the two countries, particularly as the United States would force India to toe this delicate line. Meanwhile, Tehran has also responded to the Indo-US alliance with the intent to strengthen ties with Pakistan and China. It has expressed its desire to become part of CPEC. Therefore, in the long run, a strategic alliance with the United States is likely to cause India's diplomatic isolation in the region.

The possibility of disrupting Chinese seaborne trade through the blockade of Strait of Malacca will be an underestimation of Chinese resolve and military strength. In fact, it is an unlikely scenario, unless the United States is prepared to

up the ante in its rivalry with China to the extent of going to war. As far as India is concerned, it is less likely to risk the madness of a war with China. Therefore, the US is unlikely to achieve the desired containment of China through a strategic partnership with India.

Finally, it is imperative to note that American support for India will remain limited to the containment of China. India's ambition to become the regional hegemon will never be entertained. In fact, the United States would keep the region divided by pitting one state against the other, in order to maintain its own supremacy- a clever game plan based on the precept of 'divide and rule'. However, it remains to be seen how well the, so-called natural allies, are prepared to play this game.

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New Global Order By Raosen Taj Raisani

The global order based on the hegemony of US interests is in peril. Trump's politics reminds of the policy of isolationism that the US has espoused from time to time. The gradual hard line that the US is taking regarding not only its nominal allies but also the old time friends is a cause of a shift in regional politics. Turkey is being sidelined, the aid to Pakistan has been reduced and the two-state plan is de facto scrapped. These effects coupled with the tariffs levied on China, Turkey and the EU have also been a cause for concern for economists worldwide. It looks like the US wants to reduce its overwhelming influence in world politics by changing the existing nature of its partnerships, allies and enemies.

The US has opted out of NAFTA, changing the relationship with its North American partners. It has imposed tariffs on the EU, precipitating bitterness in their relations. The summit in June saw Trump echoing the notorious American mantra for Pakistan to 'do more' against his Nato allies. He even threatened to pull out of the "obsolete" agreement. Also, there is no clear new policy for the exiting members of EU. His antics in the UK tested the diplomatic patience of the English severely. Amidst all this upheaval of traditional diplomatic traditions, his talks with Putin were encouraging. He even proclaimed of ending up building an "extraordinary relationship" with each other. This looks to be a paradigm shift for the US foreign policy, but it can cause huge changes in the regional affairs in the Middle East and Asia.

The apparent withdrawal of the US from global politics can provide Russia with a bid for ascendancy in international order. The Turkish policy on the issue of Syria has remained closely tied with Russians. Iran is also part of this un-worded alliance to retain Bashar al-Assad in Syria. The scrapping of the nuclear deal with Iran and impending sanctions may change the nature of the economy of the region. This along with the crippling of Turkish lira and the subsequent US tariffs may also align Turkish interests with Russian goals. Pakistan has relied on China as its primary global partner since the announcement of CPEC. If there arises the need to change its military needs, Russia remains a viable option.

China is between a challenging place. It has enormous economic potential and it has tried to develop this politically. But the economic-political model may come

short in the time to come. There has always existed some tension between the relations of China and the US, but the recent tariff war is a direct attempt to undermine the growing economy of China. If there emerges a serious challenge in the economic sphere, Chinese political capital may reduce significantly. This will also affect its flagship Belt and Road Initiative project and its beneficiaries.

The closeness of the US with Russia and disavowal of China present an interesting opportunity to Pakistan. It is already the beneficiary of Chinese investment and has a cordial relationship with the Chinese government. If in this Russian-Trump détente, Pakistan manages to align its strategic relationship with Russia and brings China and Russia closer too, the outcome will be momentous. This new definition will be a powerful Asian collaboration that can form a new global order. The strategic stability that this configuration will provide may reduce the Indian threat and provide viable options for inherent South Asian issues like Kashmir and Afghanistan. New avenues for forward-thinking in foreign policy may provide Pakistan with an opportunity to build new relationships and change the dynamics of existing relationships in order to successfully alter the changing global system for its benefit. The time for change is now.

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Crisis in Turkey-US relations By Shahid M Amin

The fate of an American Christian priest detained in Turkey has currently created a crisis, almost a showdown, between USA and Turkey. This is a highly unusual development in state-to-state relations, which are normally conducted to promote concrete national interests, above all other considerations. But it seems that US President Trump and Turkish President Erdogan are determined to write a very different script in international relations where personal egos and national pride are over-riding vital interests.

For decades, USA and Turkey have had a strong relationship. When Turkey came under hegemonistic pressure from the Soviet Union in 1940s, President Truman announced support for Turkey's territorial integrity under the Truman Doctrine, and extended military and economic support, which enabled it to resist the Soviet demands. Next, Turkey secured substantial assistance from USA under the Marshall Aid Plan. Turkey joined NATO in 1952 and for years remained a bulwark against Soviet expansion into the Mediterranean region. Turkey also took part in the Korean War on the side of USA in 1950s and, more recently, it has been a part of the NATO military operation in Afghanistan.

This historical relationship is today at stake because of the detention of Pastor Andrew Brunson, who headed a small church in Izmir for about 20 years. He is accused of terrorism due to his alleged support for the outlawed Kurdish party (PKK) and links with the Pennsylvania-based Islamic preacher Fethullah Gulen, who allegedly organized a failed coup d'état against Erdogan in 2016. Gulen is seen by Erdogan as his biggest enemy in Turkish politics. The arrested US national is by faith an evangelical Christian. The majority of Christians in USA belong to this sect, which forms a powerful constituency. Trump owes his success in the Presidential election to the support by evangelical Christians, of whom 80 percent voted for him. Vice President Mike Pence is an evangelical Christian. Though normally low-keyed, Pence was so angered by Brunson's detention that, in a Tweet on July 26, he warned Erdogan and the Turkish government as follows: "I have a message, on behalf of the President of the United States of America. Release Pastor Andrew Brunson NOW or be prepared to face the consequences."

The foregoing narrative suggests that President Trump is also playing internal politics on Brunson's issue to bolster support from his core voters. He is hoping that his tough stance against Turkey in support of a detained Christian priest will propel more Evangelicals to vote for his party in the midterm elections in November this year. There is no doubt that the Evangelicals have already made Brunson a cause célèbre and are mobilising support for him in churches across the country. The Islamophobic lobby is also being stirred up by the Brunson affair and propaganda is being made that Christians are ill-treated in Turkey and other Muslim countries. Against this background, the Trump administration has taken punitive measures against Turkey. On August 10, Trump announced the doubling of US tariff on import of Turkish steel and aluminum. Sanctions were imposed on two Turkish Ministers dealing with the case. US officials warned that more punitive actions might be taken if Brunson were not released. They have rejected any efforts to link Brunson's release with deportation of Gulen or any other matter.

The US sanctions have affected Turkish economy and the value of Turkish Lira has fallen sharply, by as much as 40 percent this year, though it made a partial recovery after Qatar, which is a Turkish ally, announced a surprise offer to invest \$15 billion in Turkish economy. Turkey has also retaliated by raising duties on imports of US electronic and other products. But the Trump administration is threatening to take some more steps against Turkey.

Actually, even before the present issue about Brunson, there was already tension between the two sides since the abortive coup of 2016 and the Turkish demand for expulsion of Gulen from US asylum. Turkey also objects to US support for Kurdish groups in Syria who are fighting IS (Daesh). Although Turkey too is against IS, it is worried that Kurds in Syria might join hands with Turkey's Kurdish population for setting up an independent Kurdish state.

Erdogan has made speeches before Turkish crowds to rally their support. He has vowed to increase Turkish exports and to take other measures to strengthen the economy. Tourism is a major source of Turkish earnings and it has gone up because the Lira has become cheaper. Erdogan has consulted leaders of France and Germany and has reportedly been assured of their understanding and support. Pakistan has also expressed solidarity with Turkey. No doubt, Trump is

unbalanced and has alienated many countries by his arm-twisting tactics and using economic sanctions to secure US policy objectives. Turkey has so far stood firm on the issue of Brunson's detention and trial. At the same time, it has pointed out the folly of jeopardising important relations between Turkey and USA for the sake of release of an American under trial in Turkey for spying. Erdogan expressed indignation with the US stance saying "I call out to those in the United States. It is a shame. You are trading a strategic NATO ally for a priest."

Erdogan is the longest-serving Turkish leader and during his rule, Turkish economy has done well. He is a strong leader and is outspoken and courageous. At home, he is very popular and has won election after election. But he has a combative style and has been quite intolerant of opposition. He has sought to monopolise power and curbed press freedom. Turkish society is split between his fervent supporters and his fierce critics. After the abortive 2016 coup, he purged his perceived opponents by the thousands. In foreign policy, he has been quarrelling with other countries. Not long ago, he was on a collision course with Russia. He has openly intervened in the Syrian civil war. He is at odds with Egyptian President el-Sisi. Saudi Arabia is having problems with him. It would be best for Turkey if Erdogan takes a more conciliatory stance and the present issue with USA on detention of an American national is not allowed to become a grave crisis.

Source : <https://pakobserver.net/crisis-in-turkey-us-relations/>

Crisis in Iran | Editorial

Iran is in trouble and it is going to get worse. The Iranian parliament for the first time decided to summon President Hasan Rouhani to account for the parlous state the country finds itself in. Parliament was not satisfied with his answers. The economy is in free-fall, unemployment is rising and the rial has depreciated sharply, losing half its value since April. The labour and economy ministers have already been impeached, and parliament was of the view that what it saw as the failure of the Rouhani government ought to be referred to the judiciary to determine whether or not he should be impeached.

All this may seem far away and irrelevant, but far from it, Iran is at the centre of a storm whipped up by the American administration and specifically President Trump, who has withdrawn from the nuclear deal between Iran and a range of world powers and re-imposed sanctions. Further sanctions are due to come into force in November, this time hitting the Iranian oil industry. The hope had been that the nuclear deal would encourage inwards investment and for a while that seemed to be the case but today foreign investors are walking away in droves, scared off by the American moves and the prospect of internal instability.

There have been several instances of street disturbances in recent months but nothing that would threaten the government, but that is not a situation that will be sustainable long term if the country continues to slide deeper into recession. President Rouhani, however, remained in denial mode when answering questions in parliament. He offered nothing by way of policy insights or adjustments, the corrective measures parliament was hoping for, but instead retreated to the Never-Never Land that is 'the people's view' and the negativity being expressed as being at the root of all ills rather than any American machinations. Were the people to get behind his government then all would be resolved. The reality is that by and large the Iranian people, whatever their political position, blame the Rouhani government for the situation their country is in. Now is not the time for blinkered brinkmanship.

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