



OVERVIEW

This week's Policy Pulse discusses critical areas of focus across economic, security, environmental, and diplomatic domains, reflecting Pakistan's evolving challenges and strategic needs.

The State Bank's 2.5% rate cut aims to support economic growth amid inflation concerns, aligning with the need for further incremental cuts. Meanwhile, PIA's privatization remains stalled due to high liabilities and low investor interest. Effective debt restructuring and operational improvements are essential to reduce the airline's fiscal burden and attract buyers. Similarly, Iranian FM Seyed Abbas Araghchi's visit renews trade and energy discussions, especially for projects like the Iran-Pakistan gas pipeline, underscoring the importance of economic diplomacy and regional cooperation.

An increase in militant activity of proscribed groups like TTP and BLA, especially in KP and Balochistan, is a matter of grave concern. So many precious lives perished in the recent Quetta Railway Station bombing. The situation calls for drastic change and amendments in the counter terrorism strategy.

The climate issues, especially Punjab's smog crisis, exacerbated by vehicular emissions, require targeted environmental policies rather than temporary restrictions. Sustainable solutions are crucial to improving air quality and public health.

US President Donald Trump's election victory requires Pakistan to brace for the impact of his unpredictability and anti-China stance. Prime Minister Shehbaz Sharif's visit to Riyadh emphasizes Pakistan's efforts to deepen ties with Saudi Arabia, a key partner in investment and regional stability. Strategic diplomacy with these nations is essential for Pakistan's growth and security.

Australia's social media regulations for minors serve as a potential model for Pakistan to protect youth from mental health risks. Thoughtful digital policies can balance expression with public welfare. In Karachi, public distrust in law enforcement calls for institutional reforms, including resource improvements and community engagement, to restore confidence in policing.

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Diplomatic Relations

Iranian FM's Talks on Middle East and Bilateral Ties

Iranian Foreign Minister Seyed Abbas Araghchi arrived for talks with his Pakistani counterparts to discuss the evolving situation in the Middle East and review the state of bilateral relations. Both sides addressed the ongoing crisis in the Middle East and explored ways to strengthen Pakistan-Iran cooperation in areas such as trade, energy, and security. Both countries agreed to enhance border security. This visit presents an important opportunity to enhance collaboration and dialogue between the two neighboring countries.



Talks occurred against the backdrop of rising tensions in the Middle East, as both Iran and Pakistan seek to navigate a complex regional landscape. Discussions held between the two counterparts, Araghchi and Dar, focusing on shared concerns related to security and economic cooperation.

Analysis

Pakistan should take proactive steps to strengthen its ties with Iran. Economically, both countries could benefit from expanding trade and energy cooperation, particularly in the oil and gas sectors. The proposed Iran-Pakistan gas pipeline, although delayed multiple times, represents significant potential for deeper energy collaboration. Despite external pressures, particularly from the U.S. and its allies, Iran and Pakistan remain committed to a strategy of engagement that prioritizes regional connectivity and cooperation. Despite some irritants, Pakistan and Iran continue to play pivotal roles in the geopolitical landscape of the Middle East and South Asia, with their relationship evolving in response to shifting regional and global dynamics. Both countries could potentially collaborate to counter Israel's actions in the Middle East.

Way Forward

- **Enhance Trade Infrastructure:** Invest in developing trade routes and infrastructure to facilitate seamless cross-border trade with Iran.
- **Expand Energy Cooperation:** Deepen energy ties with Iran, particularly in light of Pakistan's energy shortages, through projects like the Iran-Pakistan gas pipeline.
- **Strengthen Diplomatic Ties:** Promote diplomatic engagement with Iran to improve border security, enhance counterterrorism efforts, and foster long-term regional economic cooperation for sustained mutual benefit.

Privatization of PIA at a Standstill

The privatization of Pakistan International Airlines (PIA) remains on the government's agenda. In the initial attempt, only one bidder offered Rs. 10 billion for a 60% stake in the airline, while the government had set a minimum price of Rs. 85 billion. At the time of bidding, PIA had approximately Rs. 202 billion in liabilities and assets estimated at around Rs. 163 billion. However, potential bidders were hesitant to take on the tax and contingent liabilities.



Both the Punjab and Khyber Pakhtunkhwa (KP) governments expressed interest in acquiring the airline. The Chief Minister of Punjab proposed purchasing the airline and launching a new carrier, "Air Punjab," with a feasibility study currently underway. Later, the Punjab retracted from its intention to bid for PIA. The Minister of Privatization stated that if a government-to-government (G-to-G) deal is feasible, such offers will be considered.

Analysis

Pakistan International Airlines (PIA) has struggled with deficits for a long time. The Minister of Privatization provided a detailed account of the airline's financial situation, clarifying that his primary objective is to reduce the government's burden by privatizing PIA, which has accumulated losses totaling Rs. 830 billion. A major factor in PIA's decline is long-standing financial mismanagement, which has plagued the airline for years through poor financial planning, wasteful expenditures, and corruption. Reports have repeatedly highlighted that mismanagement has led to significant losses, especially due to unprofitable routes, inflated contracts, and excessive overhead costs. Additionally, PIA's financial challenges have been compounded by a lack of accountability, with key managerial roles often filled based on political connections rather than merit.

Way Forward

- **Debt Restructuring:** Collaborate with accountancy firms and financial experts to restructure PIA's debt, making the airline more attractive to potential buyers.
- **Address Overstaffing:** Serious efforts should be made to reduce excessive staff through voluntary retirement packages or implementing a phased downsizing plan to enhance efficiency.
- **Modernize the Fleet:** PIA's aging fleet must be replaced to either modernize the fleet or offload the most problematic aircraft.
- **Streamline Operations and Improve Customer Service:** Streamline operations, reduce bureaucracy, and enhance customer service to make PIA more appealing to investors.

Resurgent Donald trumps Kamala

Donald Trump has been elected the 47th President of the United States, marking a remarkable comeback four years after his previous term and ushering in a new era of American leadership likely to test democratic institutions domestically and international relations. Trump, 78, won with 291 electoral votes and delivered his victory speech after defeating Kamala Harris, who received 223 electoral votes. He made history as the first U.S. president to serve non-consecutive terms, despite Harris leading by more than 5 million popular votes.



Analysis

Voters identified jobs and the economy as the most pressing issues facing the country. Despite record-high stock markets, rapidly rising wages, and low unemployment, many Americans remained frustrated by inflation. With President Joe Biden's administration bearing much of the blame, a majority of voters expressed greater trust in Donald Trump than in Vice President Kamala Harris to address these challenges.

Pakistan's economic relationship with the United States is complex and crucial. The U.S. is a key market for Pakistani exports, accounting for nearly a fifth of the country's total exports in 2023. However, the U.S. has only modest foreign direct investment in Pakistan. Additionally, Trump's previous administration imposed strict tariffs on imports, raising concerns that Pakistan might face similar trade restrictions under his renewed leadership. Moreover, the unpredictable nature of Donald Trump intensifies Pakistan to brace for dynamic impacts on Pak-U.S relations in future.

Way Forward

- **Unpredictability and pragmatism:** Pakistan should prepare itself as per the disposition of Donald Trump and enact policies to take advantage of his pragmatism.
- **Encourage Collaboration in Key Sectors:** Foster partnerships between U.S. businesses and local industries, particularly in infrastructure development and technology.
- **Collaborate on Climate Change Initiatives:** Pakistan is highly vulnerable to climate change impacts, and U.S. has shown interest in supporting global climate efforts. Pakistan should work with the U.S.

Terrorists Expanding Operational Reach Across Country: Report



Data on recent terrorist activities shows a concerning expansion of militant operations, particularly in Khyber Pakhtunkhwa and Balochistan. According to the Pak Institute of Peace Studies (PIPS), 48 terrorist attacks occurred across 28 districts in four provinces in October alone, resulting in 100 deaths and 80 injuries. The majority of these attacks took place in KP and Balochistan, with 35 and nine incidents, respectively, indicating a targeted strategy to destabilize these regions where militants may

have greater freedom. Fewer yet notable incidents in Sindh and Punjab—two attacks in each—suggest attempts to expand influence beyond traditional strongholds. A notable example is the vehicle-borne suicide attack by the Balochistan Liberation Army on Chinese nationals in Karachi, aimed at disrupting key economic partnerships.

Analysis

Militants, particularly from the banned Tehreek-i-Taliban Pakistan (TTP), are reportedly expanding into Balochistan's Pakhtun areas and districts in Punjab bordering KP, such as Mianwali. This expansion poses serious security risks, threatening increased violence, instability, and displacement. The government faces mounting challenges in ensuring law and order, protecting economic interests, and may require heightened counter-terrorism measures and regional collaboration.

The rise in attacks, especially in previously stable areas like Punjab, risks disrupting livelihoods and eroding public confidence in state institutions. While ongoing efforts, such as Operation Zarb-e-Azb, address insurgency causes, further operations may be necessary.

Way Forward:

- **Enhance Coordination:** Improve real-time information sharing between federal, provincial, and local intelligence agencies on militant activities.
- **Invest in Surveillance:** Invest in advanced surveillance and intelligence technologies to preempt planned attacks.
- **Promote Peaceful Messaging:** Engage religious leaders to denounce violence and promote peaceful interpretations of religious teachings.

Quetta Railway Station Blast

At least 26 people were killed and more than sixty others injured after a bomb exploded at Quetta railway station in Balochistan province on 9 November. The explosion happened near Gate No 2 as nearly 100 passengers waited on a platform at about 8:45am local time (03:45 GMT), for a train to Peshawar. The explosion was caused by a suicide bomber carrying 6-8kg of explosives. The dead included seven military

personnel, two railway employees and the rest were passengers from different areas. The proscribed separatist militant group, the Balochistan Liberation Army, claimed responsibility for this suicide attack.



Analysis

Balochistan is in the throes of terrorism and violence. Despite this situation, the security arrangements at the Railway Station were inadequate. Walk-through gates and metal detectors were reportedly defective. Women passengers are neither searched nor asked to go through the gates because women police personnel are not available. The surrounding areas of the station are open from where people can easily come unchecked on the platform. BLA and TTP are gradually hitting the soft targets in Pashtun areas.

Way Forward

- In depth inquiry should be initiated to ascertain the reasons for security lapses and to fix responsibility on the delinquent elements.
- AI-powered systems should be installed at vulnerable places to monitor suspicious activity in real-time.
- Intelligence is the key instrument against terrorism. Enhance information sharing between all agencies & LEAs.
- Collaborate with local communities to foster intelligence gathering.

Environment

Study identifies over 13,000 Glaciers in Pakistan



At a joint press conference, the Ministry of Climate Change in Pakistan and Italian research institute celebrated the “Glaciers and Students” project, highlighting its role in Pakistan’s climate resilience efforts. Coordinated by Romina Khurshid Alam, the project focuses on the Gilgit-Baltistan region, documenting glacier resources critical to Pakistan’s water and climate strategies. With support from the Italian government, UNDP, and local institutions, the project aims to enhance climate adaptation and disaster response while promoting gender inclusion

through the active participation of 171 female students.

Analysis

The "Glaciers and Students" project exemplifies the benefits of international cooperation in addressing climate challenges faced by Pakistan, especially in its vulnerable mountainous regions. The project's glacier inventory is a pivotal resource for assessing Pakistan's water resources, underlining the urgency of data-driven climate action. Moreover, the collaboration highlights Italy and Pakistan's longstanding partnership in sustainable development, emphasizing the potential for international alliances to strengthen climate resilience and inclusive research.

Way Forward:

- Integrate glacier inventory data into Pakistan's national climate and water resource management policies to address critical water shortages.
- Strengthen local institutions like universities and environmental agencies in Gilgit-Baltistan to foster community-driven climate resilience.
- Promote gender inclusion in climate research by scaling up initiatives that support female students and researchers from vulnerable regions.
- Enhance regional and international collaborations to secure sustained funding and technical support for Pakistan's climate adaptation and disaster preparedness efforts.

Policy Nuggets

Incident/ News	Impact	Recommendation	Priority
Australian govt proposes ban on social media for under-16s	Aim is to save them from the risks to physical and mental health of children from excessive social media use.	Pakistan must take cue from the legislation and media policies of these countries to regulate the unbridled social media in Pakistan. <i>"The strength of a society is measured by how it protects its most vulnerable. In the digital age, that means safeguarding children from the harms of unregulated media." – Sheryl Sandberg</i>	Highest
State Bank 'surprises' market with 2.5pc rate cut.	A bold step in wake of the slowing inflation. Will result in Rs1.3tr saving this fiscal year.	More incremental rate cuts are needed. <i>"The essence of economic policy is not in rigid adherence to doctrine but in the flexibility to respond to the real needs of the people." – Paul Volcker</i>	Highest

<p>Three law enforcers among six martyred in KP attacks.</p>	<p>KP is facing the brunt of terrorism bravely.</p>	<p>Technology like drones should be used to minimize losses of precious lives of soldiers and law-enforcement personnel. <i>"The first duty of the state is the protection of its citizens. When the battle is against an invisible enemy, technology becomes the frontline defense." – Peter Singer</i></p>	<p>Highest</p>
<p>Punjab doubles restrictions as Multan AQI tops 2,000</p>	<p>Smog situation is aggravating causing serious health hazards.</p>	<p>Tackling smog will take more than 'lockdowns and prohibitions.' Traffic is the main contributor that should be managed asap. <i>"Environmental policy is health policy, economic policy, and justice policy. We cannot afford to ignore any part of this equation." – Gina McCarthy</i></p>	<p>Highest</p>

<p>Held Kashmir assembly calls for restoration of Article 370.</p>	<p>A slap for Modi/BJP govt that had arbitrarily deprived IHK of the special and constitutional guarantees which safeguarded the identity, culture and rights of the people of Jammu and Kashmir.</p>	<p>Pakistan must demand plebiscite for the right of self-determination of the people of Kashmir. <i>"The right to self-determination is a fundamental human right that cannot be disregarded, even by the world's largest democracies." – Kofi Annan</i></p>	<p>Highest</p>
<p>PM announces 100MW power supply for GB, Rs1bn endowment fund</p>	<p>Positive gesture for the progress and welfare of the people of GB.</p>	<p>Besides infrastructure and education, active measures are needed to promote tourism in GB.</p>	<p>Highest</p>

<p>A 'perception' that the police were failing in Karachi: IGP</p>	<p>Perceptions are stronger than reality. Mounting public distrust in Karachi Police does not augur well for the society.</p>	<p>More resources and trained manpower should be provided to ensure effective crime control in the biggest city of Pakistan.</p> <p><i>"Public confidence in law enforcement is the bedrock of effective policing." – William Bratton</i></p>	<p>Highest</p>
<p>PM Shehbaz heads to Riyadh, will address Arab-Islamic summit</p>	<p>Warming up of relations with Saudi Arabia is a good omen for Pakistan.</p>	<p>Pakistan should take measures to strengthen relations with strategic partners.</p> <p><i>"Diplomacy is not only about fostering friendships but about building enduring partnerships that secure a nation's future." – Madeleine Albright</i></p>	<p>High</p>
<p>Pakistan trounces Australia after 22 years.</p>	<p>8-wicket win in the third and final one day infused a great feeling of the team and the nation.</p>	<p>Merit and hard work should be the hallmark of the team.</p> <p><i>"Excellence is never an accident. It is the result of high intention, sincere effort, and intelligent execution." – Aristotle</i></p>	<p>High</p>
<p>India refuses to play Champions Trophy in Pakistan.</p>	<p>Pakistan refuses to play hybrid model and may withdraw from ICC Champions Trophy.</p>	<p>India persistently plays dirty politics in sports which must be responded firmly.</p> <p><i>"Sports should bridge divides, not deepen them. The spirit of the game should transcend political differences." – Nelson Mandela</i></p>	<p>High</p>



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