



NATIONAL INSTITUTE OF PUBLIC POLICY

OVERVIEW

During the period under review, *Policy Pulse* has analysed key domestic and regional issues pertaining to Pakistan.

Government representatives have identified national security threats and undersea cable faults as the primary causes of internet disruptions and connectivity issues in Pakistan. Simultaneously, the introduction of *The Digital Nation Pakistan Bill 2024* aims to modernize the country's digital landscape, with a focus on fostering innovation and enhancing governance efficiency.

Meanwhile, proposals for a gas price hike of up to 26% highlight the government's ongoing struggle with circular debt and rising energy demands. While measures such as exploring tight gas reserves and reopening closed wellheads offer potential solutions, the anticipated public backlash emphasizes the urgency of sustainable energy strategies.

On the diplomatic front, India's alleged misuse of US sanctions against Pakistani businesses, as evidenced by the Cosmos Engineering case, reflects a troubling pattern of leveraging international mechanisms for regional advantage. Domestically, the initiation of talks between the government and PTI signals a positive development that could foster political stability.

The persistent threat of terrorism has inflicted significant loss of life among soldiers in the past week, underscoring the need for sustained and effective counterterrorism efforts to eradicate this menace.

Lastly, Punjab's pursuit of a \$210 million ADB loan underscores the critical need to address climate vulnerabilities and meet Sustainable Development Goals (SDGs). Concurrently, the government's resolve to crack down on tax evasion highlights its commitment to financial discipline. Together, these developments underscore Pakistan's complex challenges in governance, diplomacy, and sustainability, necessitating holistic and proactive strategies.

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Internet Issues Due to Security Concerns: Govt

In a National Assembly session, Sajid Mehdi, the Parliamentary Secretary acknowledged disruptions in internet services, linking them to security measures adopted to address threats. Parliamentary Secretary emphasized the need for regulated social media, drawing parallels with other nations. Senior officials from the IT Ministry and PTA attributed slow internet speeds to undersea cable faults. Meanwhile, Minister of State for IT and Telecommunication Shaza Fatima presented 'The Digital Nation Pakistan Bill 2024,' aimed at transforming Pakistan into a digital society, economy, and governance model.



Analysis

The persistent issue of slow internet speed has sparked public and political criticism, with media amplifying these concerns. Government representatives clarified that the disruptions stem from security challenges, alongside infrastructure faults. The introduction of the *Digital Nation Pakistan Bill 2024* marks a forward-looking initiative to propel Pakistan toward digital transformation. By leveraging digital tools and infrastructure, the bill aims to enhance efficiency and innovation across various societal sectors, providing a framework for digital governance and economic growth.

Way Forward

- Strengthen Cybersecurity Governance: Develop robust mechanisms to counter cybercrimes and prevent technology misuse.
- Effective Implementation of the Bill: Ensure the *Digital Nation Pakistan Bill* is applied comprehensively across all economic sectors to maximize societal benefits.
- Establish Technological Arbitration Courts: Create specialized courts to resolve disputes and address technological challenges efficiently.

Ogra Proposes up to 26% Hike in Gas Prices



The Oil & Gas Regulatory Authority (Ogra) has recommended a gas price hike of up to 26% to the federal government, aiming to address circular debt and recover the full cost of gas. This increase is set to take effect from February 2025 as per a structural benchmark agreed upon with the IMF. Minister of State for Petroleum Musadik Malik revealed plans for two policies to address gas shortages: reopening closed wellheads and exploring tight gas reserves.

Analysis

While addressing energy shortages is critical, the proposed price hike risks further burdening consumers already struggling with high costs. Although the government has deferred the increase for the current winter season, public resentment may rise if these measures are implemented without alternatives. The emphasis should be on sustainable solutions like fostering partnerships for energy imports and promoting renewable energy sources to meet growing demand while mitigating consumer backlash.

Way Forward

- Expand cooperation with energy-sufficient countries like Russia for discounted gas imports.
- Promote renewable and alternative energy solutions to reduce reliance on traditional gas sources.
- Ensure the effective and timely implementation of energy policies to stabilize supply.

Institutional Framework

New Bill to Tighten Noose on Tax Evaders



The government has introduced the *Tax Laws (Amendment) Act 2024* to empower tax authorities with measures like prohibiting non-compliant individuals from opening bank accounts or purchasing vehicles over 800cc and sealing unregistered businesses. The bill also proposes amendments to key tax laws to ensure compliance and broaden the tax net.

Analysis

Tax revenues are critical for national development, funding essential services like education and healthcare. However, fair and effective enforcement is vital to ensure compliance without overburdening low-income households. The proposed bill is a step toward closing tax loopholes and addressing evasion, but its success depends on implementation and fairness.

Way Forward

- Ensure exemptions or credits for low-income households to avoid disproportionate burdens.
- Apply progressive tax rates for higher-income individuals and corporations.
- Enhance monitoring systems for accurate tax reporting from large entities.

Economy

India's Exploitation of US Sanctions Hurts Pakistani Businesses

India has been accused of leveraging US-imposed sanctions to unjustly target Pakistani businesses, exemplified by the case of *Cosmos Engineering*, whose cargo was wrongfully seized under allegations of dual-use military-grade materials. Such actions undermine international sanctions' credibility and exacerbate regional tensions.

Analysis

India's misuse of sanctions for geopolitical gains highlights a critical gap in the enforcement of international mechanisms. Exploiting sanctions not only damages targeted businesses but also escalates regional instability. Pakistan must address these violations diplomatically while ensuring protection for its industries.



Way Forward

- Apply diplomatic pressure on international bodies to ensure fair enforcement of sanctions.
- Advise businesses to develop contingency plans for potential fallout from sanctions.
- Engage legal experts to navigate international regulations and safeguard corporate interests.

Environment

Punjab Seeks ADB Loan Amid Climate Risks to SDGs



The Punjab government is pursuing a \$210 million loan from the Asian Development Bank (ADB) to enhance urban climate resilience and municipal services in Sargodha and Dera Ghazi Khan. The project aims to improve water and sanitation infrastructure, promote sustainable urban development, and integrate climate resilience with gender equality.

Simultaneously, Romina Khurshid Alam emphasizes Pakistan's acute vulnerability to climate change, which threatens its socioeconomic stability and Sustainable Development Goals (SDGs). Despite minimal contributions to global emissions, Pakistan faces recurring climate-related disasters, such as floods and droughts, necessitating the urgent inclusion of climate action into policies, education, and disaster management frameworks.

Analysis

The ADB project reflects the necessity of targeted investments to address urban environmental challenges, yet its success hinges on integration with broader national strategies. Pakistan's systemic vulnerabilities to climate change, as highlighted by Romina, are a significant barrier to achieving SDGs. Catastrophic events like the 2022 floods reveal the need for robust mitigation and adaptation measures. While Pakistan's limited emissions make its high climate risk unjust, the country must enhance institutional coordination and global advocacy for equitable climate financing to secure its future resilience.

Way Forward

- **Strengthen Institutional Coordination:** Improve collaboration between municipal and national agencies for urban planning aligned with climate and SDG goals, supported by sustainable funding.
- **Advance Early Warning and Disaster Response:** Enhance forecasting systems, establish comprehensive response frameworks, and run awareness campaigns to mitigate the impacts of climate-related disasters.
- **Lobby for Climate Finance:** Advocate for fair international climate financing to support low-carbon and resilience projects, leveraging Pakistan's unique vulnerability as a key argument.

Political Affairs

Govt, PTI finally come to table to defuse tensions

The government and Pakistan Tehreek-e-Insaf (PTI) have finally initiated dialogue to address the ongoing political crisis. Committees from both sides, including key figures like Ishaq Dar, Rana Sanaullah, and Omar Ayub Khan, are set to meet at the National Assembly Speaker's office. PTI's demands include the release of workers and a judicial inquiry into recent political unrest. The outcome remains uncertain as both parties are expected to outline their terms in the first meeting.

Analysis

This step towards negotiation signifies a willingness to resolve political tensions through dialogue rather than confrontation. PTI's demand for Imran Khan's release will likely be a contentious topic, while the government's insistence on a broader agenda indicates divergent priorities. The involvement of National Assembly Speaker Ayaz Sadiq as a mediator underscores the critical role of neutral facilitators in conflict resolution. Yet, the uncertainty around the agenda and terms of reference highlights the fragile nature of these talks.



Way Forward

- **Clear Agenda Setting:** Both sides should agree on a well-defined agenda to ensure productive discussions, reduce misunderstandings and avoid ambiguities.
- **Mediation Framework:** Establish a neutral oversight mechanism, potentially involving independent observers, to monitor the progress of talks.
- **Focus on Long-Term Stability:** Discussions should address immediate crises while also laying a foundation for sustained political collaboration and institutional reforms.
- **Avoid Escalation:** Both parties must ensure that parallel public statements do not inflame tensions or derail the negotiation process.

POLICY NUGGETS

Incident/News	Impact	Recommendation	Priority
FO rejects US stance on Pakistan missiles	Unwarranted US move can undermine its relations with Pakistan.	Strengthen diplomatic channels to address concerns and emphasize Pakistan's deterrence doctrine; enhance dialogue with allies to counterbalance international pressure. <i>"Dialogue is the bridge that transforms misunderstanding into mutual respect and cooperation." — Ban Ki-moon</i>	Highest
Power ministry seeks Rs400bn to meet IMF condition	Slippages on account of escalation of the circular debt agreed with IMF can undermine the trust in Pakistan's pledges.	Accelerate steps to improve distribution company management via private sector participation and its part of structural benchmark till end-January 2025; Institutionalise anti-theft procedures to reduce losses; improving the policy and regulatory framework of the transmission system; privatising inefficient generation companies; improving power plant efficiencies. <i>"Financial discipline and systemic reform are the cornerstones of sustainable growth and international credibility." — Christine Lagarde</i>	Highest
5 security men martyred in D.I. Khan, Shangla. 16 Pakistani soldiers were martyred in terrorist attack in Makeen, South Waziristan District. COAS pledges to continue the war until terror eradicated.	Rising militancy threat and robust response.	Increase intelligence sharing and counterterrorism operations; Strengthen provincial and federal coordination to combat militancy. Sustained efforts are a must to annihilate terrorists and their supporters, in and outside Pakistan. <i>"Victory over terrorism is achieved not only through might but through unity, vigilance, and unwavering resolve." — Kofi Annan</i>	Highest

Dhaka wants to 'move on from 1971'	Thaw in strained relations is visible.	Resolve outstanding grievances through diplomatic channels; Enhance trade and cultural exchanges to rebuild trust. Visa regime must be relaxed. <i>Nations progress when they choose reconciliation over resentment and cooperation over conflict." — John F. Kennedy</i>	High
PM Shehbaz reaches Cairo for D-8 moot	Strengthened regional cooperation	Prioritize youth investment and SME growth in national policy; Promote innovation and entrepreneurship through regional collaboration. <i>"Opportunities don't happen. You create them." - Chris Grosser.</i>	High
Process for LG polls in Islamabad to begin with fresh delimitation from Dec 21	Delayed local governance	Expedite the delimitation process and ensure timely elections; Strengthen the local government system for grassroots development. <i>"Strong local governance is the cornerstone of democracy, empowering communities to drive their own development." — Ban Ki-moon</i>	High
Fighting climate emergency not possible without nature financing: SC judge	Realisation of urgent climate action.	Establish and fund the mandated authority under the 2017 climate law; Integrate climate financing into national budget priorities. <i>"The Earth is what we all have in common." - Wendell Berry, The Unsettling of America.</i>	Highest
Strategic focus urged to protect interests in Indian Ocean	Rising geopolitical competition	Strengthen naval capabilities and maritime infrastructure, including Gwadar; Deepen strategic alliances, particularly with China, while advocating for shared oceanic resources. <i>"The sea, once it casts its spell, holds one in its net of wonder forever." — Jacques Yves Cousteau, Oceanographic Explorer.</i>	High



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