



OVERVIEW

The socio-political, economic, and international developments, emphasizing areas of reform and opportunity, are captured in this issue of the Policy Pulse. Law enforcement agencies intensified their crackdown on undocumented immigrants, detaining over 600 individuals in Islamabad to address security concerns and infrastructural strain caused by unregulated migration. Meanwhile, legislative momentum has picked up with the Virtual Assets Bill 2025 introduction, which seeks to regulate cryptocurrencies and bolster investor confidence, positioning Pakistan in the global digital economy.

In trade, a milestone barter agreement with Russia underscores innovative strategies to overcome sanctions, offering a pragmatic alternative for bilateral commerce. On the geopolitical front, Afghanistan's warming ties with India, amid strained relations with Pakistan, highlight evolving regional dynamics that warrant nuanced diplomatic responses. Furthermore, Prime Minister Shehbaz Sharif spotlighted the criticality of girls' education at an international conference in Islamabad, urging collective global action for equitable learning opportunities.

Economic progress also featured prominently. The launch of a livestock card program in Punjab promises economic empowerment for farmers and modernization of the livestock sector, while the resumption of PIA flights to Europe after a four-year hiatus marks a pivotal step in restoring national pride and market presence.

Lastly, the FAO's removal of Pakistan from the "hunger hotspots" list offers a silver lining in food security, though acute vulnerabilities in Sindh, KP, and Baluchistan persist. The overarching themes suggest a need for sustainable reforms, from inclusive economic policies to strategic regional collaborations, to navigate Pakistan's multifaceted challenges and seize emerging opportunities.

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Over 600 illegal immigrants detained in LEAs crackdown

A joint team of law-enforcement agencies (LEAs) has detained over 600 illegal immigrants during a crackdown conducted in different area of the federal capital during a couple of weeks. The Counter Terrorism Department (CTD), Anti-Riot Force (ARF), and police were among the leading law enforcement agencies involved in the crackdown on Afghans and other foreign nationals residing without Proof of Residency (PoR) or the required legal domiciliary documents.



The operations were carried out in Saray Kharbooza, Tarnol, Noon, the slums behind NUST, Sabzi Mandi, I-10, Bhara Kahu, Chungi No. 26, Golra, and nearby areas. Subsequently, government opted not to repatriate individuals with valid documents, such as Proof of Registration (PoR) cards, Afghan Citizen Cards (ACC), visas, or those approved for resettlement in a third country. The Islamabad civil administration continues to prioritize the protection of the rights of all documented individuals.

Analysis

The influx of Afghan immigrants has strained Pakistan's border security, increasing challenges in monitoring unauthorized crossings. It has led to heightened security measures and resource allocation along the western border. On the other side, economically the immigrants have contributed to informal labor markets while placing stress on public services and infrastructure. This situation has sparked policy debates on balancing humanitarian obligations with national security and economic stability.

Way Forward

- Implement a robust and transparent registration mechanism for all foreign nationals to identify and distinguish legal residents from undocumented individuals.
- Deploy diplomatic efforts with Afghanistan counterparts for cooperative repatriation agreements and mutual border management strategies.
- Develop and enforce clear immigration laws and policies while ensuring due process and protection of human rights.

Pakistan moves to regulate cryptocurrencies

Senator Dr. Afnan Ullah Khan has proposed the "Virtual Assets Bill 2025," a pioneering legislative initiative designed to create a regulatory framework for the country's expanding digital asset sector, encompassing cryptocurrencies and blockchain technologies. The bill lays the ground for the creation of a Digital Rupee, pegged to the Pakistani Rupee (PKR), under central bank regulations.

The bill seeks to create a legal framework for the issuance, use, trading, and management of virtual assets in Pakistan, mandating backing by the Pakistani Rupee. It proposes Virtual Asset Zones for cryptocurrency trading and management to promote financial stability, safeguard investors, and prevent illicit activities like money laundering and terrorism financing.



The bill requires Virtual Asset Zones to adhere to stringent anti-money laundering (AML) and counterterrorism financing (CTF) regulations, enforcing transparency through regular audits and reporting by market participants. These measures aim to enhance trust and accountability in Pakistan's financial system.

Analysis

Bitcoin is a decentralized digital currency created in 2009 by an anonymous entity known as Satoshi Nakamoto. It operates on a peer-to-peer network using blockchain technology, a public ledger that records all transactions securely without the need for intermediaries like banks. Users can send and receive bitcoins through digital wallets, with transactions verified by network nodes through cryptography and recorded on the blockchain. Bitcoin offers advantages such as financial decentralization, lower transaction fees compared to traditional banking, enhanced privacy, and protection against inflation due to its limited supply of 21 million coins.

However, it also has drawbacks, including high price volatility, limited scalability, regulatory uncertainties, potential use in illicit activities, and significant energy consumption due to its proof-of-work mining mechanism. While Bitcoin has revolutionized the concept of digital currency, its broader adoption faces challenges related to stability, security, and regulatory frameworks.

Way Forward

- Develop and implement comprehensive regulations that address cryptocurrency use, trading, and mining which necessarily include guidelines on compliance with anti-money laundering (AML) and counterterrorism financing (CTF) measures.
- Introduce a taxation system for cryptocurrency-related transactions, ensuring that gains from cryptocurrency investments are taxed appropriately.
- Launch initiatives to educate the public on the risks and benefits of using cryptocurrencies, including security issues, fraud prevention, and market volatility.

International Trade

Pakistan Russia sign Bater Trade deal in Moscow

As a significant breakthrough, Pakistan and Russia formalized a barter trade arrangement by signing a Memorandum of Understanding (MoU) in Moscow on January 7, 2025. Under the agreement, a Russian company and Pakistani firms committed to exchanging goods such as chickpeas, rice, mandarins, potatoes, and red lentils.

This milestone occurred during the inaugural Pakistan-Russia Trade and Investment Forum held in Moscow, marking a pivotal moment in the trade relations between the two nations. The primary hurdle for Pakistani businessmen is struggling with transaction mechanisms for trade with international partners after the implication of SWIFT sanctions on certain Russian companies. Meanwhile, India, the UAE, and China continue to engage in substantial trade with Russia despite these restrictions.



Analysis

The barter trade system would benefit both countries by offering several advantages, especially in situations where there are traditional banking channels that face restrictions. The MoU will serve as a practical solution during financial sanctions or currency crises. Barter trade will help to reduce dependence on foreign currencies, minimizing the impact of exchange rate fluctuations and conserving foreign reserves. It will also foster stronger bilateral ties by encouraging mutually beneficial partnerships based on the direct exchange of goods. Additionally, this system can benefit developing economies by facilitating access to essential commodities and expanding market reach without complex financial barriers.

Way Forward

- Enhance Logistical Infrastructure to improve shipping routes, warehousing facilities, and customs processes for smoother trade operations.
- Seek similar barter arrangements with other sanctioned or non-traditional markets to broaden trade partnerships.
- Leverage the barter system for long-term economic development and resource optimization.

International Relations

Have tensions with Pakistan pushed Kabul closer to India?



India's relations with the Afghan Taliban have been strained since the 1990s, primarily due to the group's close ties with Pakistan at the time. During the Taliban's first regime from 1996 to 2001, India provided shelter and support to the Northern Alliance, led by Mohammad Najibullah and Ahmad Shah Massoud, in their attempts to overthrow the Taliban. When India withdrew its diplomats from Afghanistan in 2021, hardly anyone would have predicted a revival of relations between the two countries while the Taliban remained in control of Kabul.

During NATO's presence in Afghanistan from 2001 to 2021, India intensified its opposition to the Taliban, further widening the rift between the two capitals. Over the years, New Delhi consistently branded the Afghan Taliban as 'terrorists,' refusing to acknowledge their political legitimacy and rejecting the idea of peace negotiations, even as Washington sought dialogue with the group in Doha before its chaotic withdrawal.

Analysis

India's relations with Afghanistan have historically been shaped by regional power dynamics, particularly its rivalry with Pakistan. Since the 1990s, New Delhi's engagement in Afghanistan has been cautious, largely due to the Taliban's close ties with Islamabad. India has often supported anti-Taliban factions, such as the Northern Alliance, to counter Pakistan's influence. This approach deepened after 2001, with India investing in infrastructure and development projects in Afghanistan under NATO's presence, seeking to expand its strategic footprint.

However, the Taliban's return to power in 2021 complicated India's position, as the group still maintains close relations with Pakistan's military and intelligence apparatus. This triangular tension reflects broader regional rivalries, where Afghanistan has often become a battleground for proxy conflicts rather than a neutral partner in South Asia's diplomatic landscape. A more pragmatic approach from all sides, emphasizing stability over influence, would be essential for long-term peace and cooperation.

Way Forward

- Decouple extremism from diplomacy and foster economic cooperation with Afghanistan.
- Promoting trade corridors such as the Afghanistan-Pakistan Transit Trade Agreement (APTTA) that can pave the way for long-term economic and strategic cooperation.
- Encourage a regional dialogue framework involving Afghanistan, India, and other key stakeholders like Iran and China to foster cooperation on shared security and economic concerns.

Education

PM urges global efforts to boost girls' education



A two-day international conference titled "Girls' Education in Muslim Communities: Challenges and Opportunities" began in Islamabad, aiming to encourage dialogue and identify practical solutions for improving girls' education. The event gathered prominent figures from Muslim-majority nations, including Nobel Laureate Malala Yousafzai, with Afghanistan notably absent — the only country where girls are currently barred from higher education. Education Minister Khalid Maqbool Siddiqui informed AFP that while Islamabad had invited Kabul, “no representative from the Afghan government attended the conference.

At the conference, Prime Minister Shehbaz Sharif urged international and local organizations, philanthropists, and entrepreneurs to collaborate in developing scalable and sustainable initiatives to promote women's education.

Analysis

Female education is vital for national progress, especially in developing countries, as it drives economic growth, reduces poverty, and improves public health. Educated women contribute to the workforce, promote healthier families, and help break the cycle of poverty across generations. It fosters gender equality, reduces child marriages, supports population control, and empowers women to participate in governance and decision-making. Furthermore, it fuels innovation, cultural transformation, and social progress, making it a powerful catalyst for sustainable development and a brighter, more equitable future.

Way Forward

- Prioritize budget allocation for education, ensuring quality schools in rural and underserved areas.
- Implement policies making education free and mandatory for girls especially in far flung rural areas of Pakistan.
- Address cultural barriers through targeted campaigns emphasizing the importance of girls' education.

International Affairs

Indian MP joins Musk's bandwagon of provocation against Pakistanis

Elon Musk's recent comments supporting Indian MP Priyanka Chaturvedi's criticism of the term "Asian grooming gangs" have sparked concerns about perpetuating harmful anti-Pakistani stereotypes. UK Labour MP Naz Shah described Musk's remarks as dangerous and likely to exacerbate divisions. Advocacy groups emphasize the need for accuracy and responsibility in discussing such issues to avoid fostering division and hatred. Critics urge focusing on systemic solutions rather than divisive commentary, warning that influential figures like Musk may unwittingly amplify harmful stereotypes.



Analysis

Musk's endorsement of Chaturvedi's remarks risks inflaming ethnic tensions and perpetuating harmful stereotypes against Pakistanis. Such rhetoric can exacerbate divisions and lead to real-world consequences, as seen in past incidents of violence. It highlights the responsibility of influential figures to promote accurate and constructive discourse. The debate underscores the need for systemic solutions to address crimes and support victims, rather than targeting specific ethnic communities.

Way Forward

- Promote Accurate Discourse: Encourage media and public figures to use precise terminology and avoid broad-brush labels that unfairly target specific communities.
- Foster Unity: Strengthen community engagement and dialogue to bridge divides and promote understanding among diverse groups.
- Strengthen community engagement and education: Empower Pakistani communities in the UK and elsewhere to address social issues constructively and promote positive integration; emphasize the importance of reporting crimes and seeking help for victims.



Incident/News	Impact	Recommendation	Priority
US lawmaker looks to scrap Pakistan's 'non-NATO ally' status	Potential strain on US-Pakistan relations, affecting defense and aid cooperation.	Strengthen diplomatic channels to highlight Pakistan's contributions to regional security; diversify strategic alliances to reduce dependency on US partnerships.	High
Pakistani businessmen visit Dhaka after 12 years	Opportunity to revive bilateral trade and investment ties with Bangladesh.	Facilitate direct flights and simplified visa procedures to ease business travel; organize joint trade expos to explore mutual investment in key sectors like agriculture and tourism. <i>"Commerce is a game of skill which everyone cannot play and few can play well." — Ralph Waldo Emerson.</i>	High
Pakistan, China commit to top-notch CPEC 2.0	Strengthened regional connectivity and industrial growth through economic cooperation.	Prioritize clean energy and technology transfer to accelerate sustainable development; enhance SEZ development with local industry integration and workforce training; strengthen multilateral forums to safeguard mutual interests globally. <i>"The silk road is not a single road, it is a complex of roads, a phenomenon of progress." — Sven Hedin, The Silk Road.</i>	Highest
PIA returns to European skies after four years	Resumption restores PIA's presence in the EU market and boosts national pride but challenges remain in rebuilding reputation and profitability.	Implement strict safety and operational standards to maintain compliance with international aviation regulations; develop strategic marketing campaigns to regain trust and attract international passengers, emphasising reliability and service quality.	High

Maryam formally launches livestock card	Economic empowerment of farmers and modernization of the livestock sector.	Expand the livestock card program to other provinces with enhanced funding for sustainable agricultural growth; establish partnerships with Gulf investors to foster exports of quality meat and dairy products. <i>"Agriculture not only gives riches to a nation but the only riches she can call her own." — Samuel Johnson</i>	High
Senate body seeks govt intervention in rice export amid EU concerns	Export rejections harm Pakistan's trade reputation and economy.	Formulate and enforce a National Food Safety Policy to comply with international standards; enhance laboratory infrastructure for rigorous testing of pesticide residues; educate farmers on good agricultural practices. <i>"Quality means doing it right when no one is looking." — Henry Ford</i>	Highest
Taxes hindering businesses but time not right to bid IMF goodbye: PM	Current tax regime restricts business growth, while IMF conditions sustain economic stability.	Streamline taxation policies to encourage investment and ease business operations; develop export-led economic strategies to reduce reliance on external financing. <i>"You can't tax business. Business doesn't pay taxes. It collects taxes." — Ronald Reagan</i>	Highest
Pakistan removed from list of 'hunger hotspots,' says FAO	Significant progress in food security but persistent vulnerabilities in Sindh, KP, and Balochistan.	Scale up targeted food assistance and climate-resilient agriculture in vulnerable regions; address rural poverty through employment generation in key sectors like construction and transportation. <i>"A hungry man is not a free man." — Adlai Stevenson</i>	High

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