



## OVERVIEW

This *Policy Pulse* issue explores the interconnected nature of Pakistan's policy challenges, spanning from the global stage—where trade and human rights intersect—to regional security dynamics and the urgent need for sustainable solutions at home.

The European Union's reminder regarding Pakistan's GSP+ status underscores the critical link between trade and human rights. The EU envoy's emphasis on freedom of expression and labor rights sends a clear message: continued market access hinges on demonstrable progress. Pakistan must prioritize these reforms—not just for trade, but for its citizens.

Simultaneously, the call for a foreign policy reassessment, championed by former diplomat Maleeha Lodhi, is crucial. In a shifting global order, Pakistan must strategically re-evaluate its alliances and prioritize national interests. Balancing relationships with powers like the United States and China, while navigating regional complexities, requires a nuanced and forward-looking approach.

Internal stability remains paramount. The Khyber Pakhtunkhwa government's engagement with tribal leaders along the Afghan border presents a promising path to conflict resolution. Dialogue and addressing local grievances can contribute to long-term peacebuilding. Meanwhile, the ongoing engagement between Pakistani and Chinese officials reinforces the significance of their bilateral relationship. Strengthening economic ties through CPEC and deepening security cooperation are mutually beneficial. However, ensuring the smooth implementation of CPEC and addressing emerging concerns are vital for sustaining this partnership.

Finally, Lahore's launch of an electric bus service signals a step toward sustainable urban development. Promoting electric vehicles nationwide is crucial for a cleaner future.

These interconnected developments paint a picture of a nation at a turning point. The recommendations in this issue offer a compass for navigating these complexities—prioritizing human rights, strategic partnerships, internal stability, and sustainable progress.

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### Do not take GSP+ for granted, says EU envoy

Olof Skoog, the European Union's Special Representative for Human Rights, is currently in Pakistan for a week-long visit. Primary objective of the mission's visit is to engage with government officials on critical human rights concerns and gain insight into Pakistan's strategies for addressing these issues ahead of the GSP+ monitoring mission scheduled for June 2025. He stated, "I have been discussing this with government officials. In our view, restrictions on freedom of expression should be minimal."



The EU envoy stressed that freedom of expression should not be restricted to protect authorities from criticism. He warned that Pakistan's GSP+ status depends on meeting international commitments and is not guaranteed. Key concerns raised by him in the meeting include labor rights, the death penalty, and unjust imprisonment.

### Analysis

The EU's GSP+ scheme offers tariff-free market access to developing countries in exchange for compliance with 27 international conventions on human rights, labor rights, environmental protection, and good governance. It promotes reforms through regular monitoring, making it both a trade incentive and a diplomatic tool to uphold global standards.

Pakistan benefits significantly from its GSP+ status, which grants duty-free access to the EU market for most of its exports, particularly textiles and garments. Pakistan exports to twenty-seven destinations under this scheme and it makes 66% of total exports by Pakistan. However, the status is conditional in compliance with international human rights, labor, and environmental standards, allowing sustainable economic gains while requiring policy reforms to meet EU expectations.

### Way Forward

- Address EU's concerns over human rights violations in the country to maintain GSP+ status and maximize trade benefit under the scheme.
- Engage in continuous communication to demonstrate commitment to EU standards.
- Adopt sustainable industrial practices and enforce stricter environmental regulations on existing and new businesses.

## Policy Framework

### Ex-diplomat calls for sweeping review of country's foreign policy

Dr. Maleeha Lodhi, a former diplomat, called for a comprehensive reassessment of the nation's foreign policy. Speaking at a 'Dialogue on Economy' hosted by Pakistan Business Council, she highlighted the importance of achieving economic independence, building strategic alliances, and prioritizing national interests to move away from outdated methods and reliance on others.

Ms. Maleeha elaborated on the global context, noting that Pakistan must address its foreign policy challenges within a shifting geopolitical framework characterized by five key factors: the rise of multipolarity alongside a decline in multilateralism, the intensifying US-China rivalry, escalating East-West tensions, the growing influence of Middle Powers, and the increasing significance of advanced technology. In presence of all such factors, she stressed on need for reassessment of Pakistan's foreign policy priorities to tackle emerging challenges and seize new opportunities more effectively.



## Analysis

Considering rapidly evolving global dynamics, there is an urgent need for reform in Pakistan's foreign policy to ensure it is better aligned with contemporary challenges and opportunities. As the international landscape becomes increasingly multipolar, with rising tensions between major powers like the US and China, Pakistan's foreign policy must adapt to navigate this complex environment. The weakening of multilateral frameworks, combined with the growing influence of regional Middle Powers, means that Pakistan must recalibrate its strategies to foster strategic alliances and maintain economic independence.

Ms. Maleeha rightly mentioned the key focus areas for Pakistan's foreign policy need to be revived include managing relations with China and the US, handling of growing tensions with Afghanistan, addressing contentious ties with India, balancing relations between Saudi Arabia and Iran, and fostering constructive engagement with the European Union. Furthermore, technological advancements and the shifting balance of power necessitate a forward-thinking approach that prioritizes national interests while engaging effectively on the global stage.

## Way Forward

- While maintaining strong ties with China, Pakistan should seek to balance this relationship by engaging with the US.
- Foreign policy should include immutable provisions for maintaining diplomatic relations with neighboring countries like Saudi Arabia, Iran, and Afghanistan without compromising state's agenda of border security, national interest, and citizens' protection.
- Pakistan should continue to deepen its engagement with the European Union, focusing on areas like trade, counterterrorism, climate change, and human rights.

## National Security

### Govt to engage Pak-Afghan tribesmen for peace in KP

The Khyber Pakhtunkhwa government is set to forge a historic alliance with the resilient tribesmen straddling the Pakistan-Afghanistan border, rallying them in a decisive effort to extinguish militancy and maintaining lasting peace across the region. The purpose of engaging with tribes across the border was to uphold stability in the province, recognizing the deep-rooted ties of the Pashtun communities spread

across the 2,650-kilometer frontier. The provincial government is preparing terms of reference (ToRs) for holding talks with tribesmen that would be shared with Federal Government later, for approval. Following the approval of the Terms of Reference (TORs), a delegation consisting of tribal elders, religious scholars, and political figures will lead towards Afghanistan for discussions with tribes residing across the border. These delegations would travel to Afghanistan only with federal government approval and that dialogues would be exclusively conducted with tribal communities.



## Analysis

Efforts for peacemaking and dialogue with tribal communities is an appreciated effort aimed at stability, particularly in regions with historical ties and shared cultural identities. Engaging with tribal leaders helps address long-standing grievances, build trust, and promote cooperation in countering militancy and extremism. Meetings with tribes on both sides of the border can bridge divides, strengthen social cohesion, and create local ownership of peace initiatives. By involving key stakeholders in conflict resolution, such efforts not only enhance security but also pave the way for economic development, cross-border harmony, and lasting regional stability.

## Way Forward

- Engage tribal elders, religious leaders, and local representatives regularly in dialogue to address security concerns and promote socio-economic development.
- Work with Afghanistan to create joint tribal councils (jirgas) for conflict resolution, intelligence sharing, and community-driven peacebuilding efforts.
- Enhance coordination with Afghanistan for effective border management, ensuring that tribal engagement leads to security improvements rather than exploitation by militant groups.

## International Relations

### PM, Chinese envoy discuss economic, security ties



Chinese Ambassador to Pakistan, Jiang Zaidong, met with Prime Minister Shehbaz Sharif to discuss key issues concerning economic collaboration and security cooperation between the two nations. The Prime Minister welcomed the ambassador and extended his heartfelt greetings to the Chinese leadership, the people of China, and all Chinese nationals residing in Pakistan. Through meeting of both officials, Pakistan and China highlighted and reaffirmed their unconditional All-Weather Strategic Partnership, which continues to be a fundamental pillar of their enduring friendship.

## Analysis

Pakistan and China share a deep-rooted diplomatic and economic relationship characterized by strategic cooperation and mutual interests. Their alliance, often termed an "all-weather friendship," is driven by geopolitical factors, particularly their shared concerns regarding regional stability and counterbalancing India. Economically, the China-Pakistan Economic Corridor (CPEC), a flagship project of China's Belt and Road Initiative (BRI), has significantly strengthened ties by enhancing Pakistan's infrastructure, energy, and trade sectors. However, challenges such as security concerns, financial sustainability, and local resistance to certain projects have emerged. Despite these hurdles, the relationship remains strong, with China being Pakistan's largest trading partner and a key defense and investment ally.

## Way Forward

- Strengthen security measures to ensure the smooth execution of CPEC projects, to avoid any resentments or concerns from Chinese leadership.
- Utilize CPEC's connectivity to maintain and enhance economic relations with China. Pakistan may join hands with China for counter-terrorism measures.
- Ensure cybercrime act enforcement to dismantle spread of rumors that harm the country's reputation and diplomatic relations with other countries.

## Automobile Industry

### Maryam launches country's 'first fully electric' bus service in Lahore



Punjab Chief Minister Maryam Nawaz formally inaugurated Pakistan's first fully electric bus service in Lahore. She inspected the electric bus features thoroughly. Transport Minister Bilal Akbar provided a detailed briefing on the electric bus pilot project in Lahore. During the briefing, officials informed that the electric bus is equipped with a GPS location recorder, Wi-Fi, USB ports, and other modern facilities.

It has a seating capacity of thirty passengers, while up to eighty people can travel in total. Special features include ramps and designated seats for differently-abled passengers. A special mobile app will be introduced, enabling real-time bus tracking. Passengers will be able to pay fares through digital wallets and transport cards, with universal transport cards also being issued. Special training for seventy electric bus drivers is already underway.

## Analysis

The electric bus service in Lahore is a well-appreciated initiative of Chief Minister Punjab. Unlike traditional gasoline-powered cars, EVs help reduce carbon emissions and produce zero tailpipe emissions, significantly lowering air pollution and greenhouse gases that contribute to global warming. As Lahore city has faced crucial smog problem in past days, by transitioning of vehicles to electric vehicles, the city can reduce their reliance on fossil fuels, decrease noise pollution, and improve overall air quality, leading to healthier urban environment. Additionally, as renewable energy sources like solar and wind become more integrated into power grids, EVs will further contribute to a cleaner, more sustainable future.

## Way Forward

- Encourage the adoption of electric vehicles, including bikes, cars, and other modes of transport, to reduce reliance on fossil fuels and promote sustainable energy consumption.
- An electric bus service initiative should be introduced in other cities experiencing poor air quality and severe smog to promote cleaner and more sustainable urban transportation.
- Construct smart grids and upgrade power infrastructure to support increased electricity demand from EVs.

## Israeli PM in Washington for Gaza ceasefire negotiations



Israeli Prime Minister Benjamin Netanyahu arrived in Washington to discuss the second phase of the Gaza ceasefire with the Trump administration, focusing on defeating Hamas, countering Iran, and securing prisoner releases. Hamas confirmed its readiness to begin negotiations, awaiting mediator initiation. Trump, prioritizing the Israeli American alliance, credited himself for brokering the truce and emphasized ongoing Middle East negotiations. Talks will also address normalization efforts with Saudi Arabia, previously stalled due to the Gaza conflict.

Under the first phase of the ceasefire, Hamas agreed to staggered hostage releases in exchange for Palestinian prisoners, while aid into Gaza increased. Trump quickly reset U.S.-Israel relations by lifting sanctions on Israeli settlers and approving military aid previously blocked by Biden. Meanwhile, Qatar emphasized Palestinian repatriation, and Iran condemned any relocation of Gazans as ethnic cleansing.

## Analysis

The negotiations highlight Israel's strategic ambitions, Hamas' limited bargaining power, and Trump's pro-Israel policy shift, but whether these efforts will lead to a sustainable resolution or merely a temporary pause in hostilities remains uncertain. The ceasefire's future depends on prisoner negotiations, regional diplomacy, and the balance between humanitarian needs and political agendas. US President Trump's bluff game on a serious issue of Palestinians' resettlement can have serious repercussions for the region and the world.

## Way Forward

- Facilitate structured negotiations to transition from a temporary truce to lasting peace.
- Ensure balanced prisoner exchanges and sustained humanitarian aid to Gaza.
- Oppose forced displacement and prioritize Gaza's reconstruction and repatriation.

# POLICY NUGGETS

Incident/News	Impact	Recommendation	Priority
Ahsan Iqbal wins Oxford Union debate on failures of liberal democracy	Raises important questions about the effectiveness and fairness of liberal democratic systems, particularly for the Global South.	Promote dialogue and research on alternative governance models that address the specific challenges faced by developing nations; Strengthen Pakistan's advocacy on global platforms for a more equitable international order, highlighting issues of justice and self-determination for marginalized communities.  <i>"The world is changing, and democracy must adapt to new realities. The key challenge is making governance more inclusive, responsive, and just for all."</i> - Joseph Stiglitz, Nobel Laureate in Economics	High
Federal govt to launch smart classrooms in 40 girls' schools in GB	Improves access to quality education for girls in a remote region.	Ensure comprehensive teacher training and ongoing technical support for effective utilization of smart classrooms; Develop a plan for scaling up the smart classroom initiative to more schools in GB and other underserved areas, prioritizing girls' education.  <i>"Education is the most powerful weapon which you can use to change the world."</i> - Nelson Mandela	Highest
Azerbaijan to invest \$2bn as PM Shehbaz plans Baku visit	Boosts foreign investment and strengthens bilateral economic ties.	Expedite the finalization of investment agreements and ensure transparent implementation of projects; Diversify investment portfolio beyond energy sector, exploring potential collaborations in areas like agriculture, technology, and tourism.  <i>"Economic diplomacy is not just about securing deals about building trust, ensuring fair implementation, and fostering shared prosperity."</i> Ngozi Okonjo-Iweala, Director-General, WTO	High
FBR faces Rs468bn shortfall in seven months	Highlights revenue collection challenges and fiscal constraints.	Implement targeted reforms to address specific areas of weakness in tax collection, such as improving tax administration and broadening the tax base; Conduct a thorough review of tax exemptions and incentives to identify areas for rationalization and revenue enhancement.  <i>"The hardest thing in the world to understand is the income tax."</i> — Albert Einstein	Highest
SBP chief urges banks to focus on climate-resilient,	Emphasizes the need for climate-resilient and	Develop a comprehensive framework for climate-smart agriculture, including guidelines for banks on assessing climate risks and financing appropriate technologies; Establish partnerships	Highest

tech-driven agri-financing	tech-driven agricultural financing.	between banks, agricultural research institutions, and technology providers to promote innovation and access to modern agricultural practices.  <i>"Agriculture is our wisest pursuit, because it will in the end contribute most to real wealth, good morals, and happiness."</i> - Thomas Jefferson	
Russia weighs Pakistan Steel Mills revival amid Rs345bn debt	Potential revival of a key industrial asset with significant debt.	Conduct a detailed technical and financial feasibility study, including a comprehensive assessment of the existing debt and potential market demand; Negotiate transparent and mutually beneficial terms with Russia, ensuring that the revival project aligns with Pakistan's long-term industrial development strategy.  <i>"The greatest glory in living lies not in never falling, but in rising every time we fall."</i> - Nelson Mandela	High
Major among four martyred in N. Waziristan	Underscores the ongoing security challenges in the region.	Strengthen intelligence gathering and enhance operational coordination among security forces to prevent future attacks; Accelerate implementation of socio-economic development programs in the region to address the root causes of extremism and instability.  <i>"Security is not absence of conflict, it is the ability to handle conflict by peaceful means."</i> - Ronald Reagan	Highest
WB vice president consults Punjab, KP CMs	Signals continued engagement between the World Bank and provincial governments.	Prioritize projects that align with provincial development priorities and contribute to inclusive and sustainable growth; Strengthen monitoring and evaluation mechanisms to ensure effective utilization of World Bank funds and achievement of desired outcomes.  <i>"Development is about transforming the lives of people, not just transforming economies."</i> Joseph Stiglitz, Nobel Laureate in Economics	High
Pakistan, China stand steady on bilateral ties	Reinforces strong bilateral relations with a key strategic partner.	Expand economic cooperation under the China-Pakistan Economic Corridor (CPEC) framework, focusing on industrial development, technology transfer, and job creation; Strengthen diplomatic and security cooperation to address shared challenges and promote regional stability.  <i>"A strong partnership is not just about shared interests, but about shared futures."</i> — Xi Jinping, President of China	High



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