



WEEKLY

POLICY PULSE



Vol. 3 Issue No. 31

1 – 7 April

2025

NATIONAL INSTITUTE OF PUBLIC POLICY

OVERVIEW

This issue of *Policy Pulse* highlights critical developments across Pakistan's economic, security, and environmental sectors. The government's 12-17% reduction in electricity tariffs offers immediate relief to households and industries, while signaling long-term structural reforms to address circular debt and power theft. However, these domestic gains are tempered by external challenges, particularly the U.S. tariff hikes that threaten Pakistan's export competitiveness. The 29% reciprocal tariff underscores the urgent need to diversify trade partnerships and strengthen compliance with international trade norms.

Security and humanitarian concerns remain pressing. The deportation of Afghan refugees continues amid complex geopolitical considerations, requiring a balanced approach that upholds both national security and humanitarian obligations. In Balochistan, the government's dual focus on security and socio-economic development—through skills training and microfinance initiatives—aims to address long-standing grievances. Meanwhile, innovative climate adaptation measures like Gilgit-Baltistan's "ice stupas" demonstrate grassroots solutions to water scarcity, though systemic investments in infrastructure and conservation policies are needed to ensure scalability.

The policy nuggets highlight key policy priorities, focusing on Economic Resilience, Security & Governance, and Sustainable Development, to name a few which emphasize energy sector reforms and trade diversification, strengthen cross-border intelligence-sharing and humane refugee policy and institutionalize equitable water distribution via transparent, depoliticized irrigation boards to enable inter-provincial mediation mechanisms within Council of Common Interests.

As Pakistan navigates these intertwined economic, political, and ecological challenges, the need for integrated, transparent, and participatory governance is more urgent than ever. Policies must be rooted in resilience thinking, where fiscal reform, democratic accountability, and environmental sustainability converge.

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Major relief in Power bills for Homes, Industry

Prime Minister Shehbaz Sharif has announced a major reduction in electricity tariffs — Rs. 7.41 per unit for domestic users and Rs. 7.69 for industrial consumers — marking a 12% to 17% cut across categories. This relief comes from savings secured through quarterly tariff adjustments (QTA), renegotiated power producer contracts, and reallocation of petroleum and grid levies. The move follows tough negotiations with the IMF, which eventually allowed the tariff relief without subsidy involvement. NEPRA has already notified a Rs. 1.90 per unit negative adjustment for April–June, with further reductions under review.



While lifeline users remain unaffected due to existing subsidies, broader reforms are in motion. Government plans to tackle Rs. 2.4 trillion in circular debt, Rs. 600 billion in annual power theft, and losses from state-owned enterprises. PM emphasized that these steps, coupled with privatisation and energy sector restructuring, are essential for sustaining economic stability and driving industrial competitiveness.

Analysis

Reduced electricity tariff will benefit around 35 million residential users, with specific relief for protected and non-protected consumers, commercial entities, and agriculture. It will provide significant financial relief to both households and industries at a time when high energy costs have been straining budgets and production margins. For households, especially middle- and lower-income groups, the reduction will ease monthly electricity bills, increasing disposable income and improving living standards. For industries, the lower rates will reduce operational costs, enhance competitiveness, and potentially lead to increased production and job creation. This could stimulate economic activity, support export-oriented sectors, and contribute to broader macroeconomic stability. In essence, the cut not only offers short-term relief but also sets the stage for long-term economic resilience.

Way Forward

- With annual electricity theft costing over Rs. 600 billion, urgent action is needed through smart metering, strict enforcement, and localized accountability.
- Continue renegotiations with IPPs and shift towards cheaper, renewable energy sources to reduce dependence on expensive imported fuels.
- Use the Rs. 3.7 trillion saved from IPP renegotiations to invest in grid modernization, energy storage, and industrial development.

World braces for Price Hike after Tariff bombshell by Trump

As President Donald Trump officially launched sweeping global tariffs, businesses worldwide braced for a future marked by rising costs, trade disruption, and limited access to U.S. market. Escalating the trade conflict, Trump raised tariff rates from 10% to nearly 50%, claiming the move would revive domestic employment. However, business leaders expressed concern over potential price hikes, reduced exports, and declining investment. Financial markets reacted sharply, alarmed by a shift that threatens to upend decades of established global trade flows and may require years of adaptation.



Pakistan, facing a 29% reciprocal tariff from the U.S., is hit hard due to claims of trade barriers, currency manipulation, and inconsistent customs valuation. The U.S. Trade Representative has raised concerns over Pakistan's non-tariff barriers, such as bureaucratic hurdles, restrictive import regulations, and difficulties in profit repatriation. Additionally, Pakistan's weak judicial system, high corruption, and low tax compliance discourage foreign investment. As global markets react, the World Trade Organization (WTO) and companies like Maersk warn that the tariffs could have severe long-term impacts on global trade and economic stability.

Analysis

President Donald Trump's implementation of sweeping tariffs on U.S. imports has sparked global alarm, with businesses and governments bracing for trade turmoil and higher prices. These measures have raised concerns about disrupting global trade patterns and alliances. Global credit agency Fitch has reported that current U.S. tariffs have reached their highest levels in over a century, with smaller economies facing disproportionately steep rates. Pakistan, for example, has been subjected to a 29% reciprocal tariff, though U.S. importers estimate they effectively pay as much as 58% on certain goods.

Economists warned that the tariffs could trigger a rise in inflation, increase the likelihood of a U.S. recession, and lead to higher expenses for the average American household, potentially costing thousands of dollars. This could become a significant political challenge for Trump, who had campaigned on a pledge to reduce the cost of living.

Way Forward

- Pakistan should reduce its reliance on the U.S. market by exploring and expanding trade relationships with emerging markets and regional partners. Strengthening ties with China, the European Union, and other ASEAN countries can help offset the tariff impact.
- Pakistan could focus on securing trade agreements with key economies, including regional partnerships within South Asia, the Middle East, and Central Asia.

- Focus on fully utilisation of GSP+ status and enhance compliance with the 27 international conventions related to human rights, labor rights, environmental protection, and good governance, which are essential to maintain and potentially expand its GSP+ privileges.

Socioeconomic Development

Development of Balochistan among our Top Priorities: PM



Balochistan Chief Minister Sarfraz Bugti met Prime Minister Shehbaz Sharif to discuss the province's law and order situation, ongoing protests, and federal development projects. The premier emphasized Balochistan's growth as a top priority and assured full federal support for accelerating development initiatives. Bugti expressed satisfaction with the cooperation and reiterated that ongoing projects would strengthen the province's economy. Additionally, Bugti met key political leaders,

including Abdul Malik Baloch and Maulana Abdul Wasey, to foster political consensus and ensure cooperation for stability and progress in Balochistan.

On another occasion, Railway Minister Bilal Azhar outlined the government's two-pronged strategy for Balochistan: countering insurgency and engaging local political representatives for a political solution and economic empowerment. He stressed the need for practical steps to address Balochistan's grievances, including in education, employment, and social welfare programs like BISP. Emphasizing that the provincial government now holds the funds and powers, he highlighted the prime minister's commitment to creating economic opportunities for youth. Railway Minister also discussed enhanced security measures following the Jaffar Express attack, with increased personnel and improved equipment, and noted efforts to recruit additional Railway Police to strengthen security and support national economic growth.

Analysis

Government is making efforts to develop and protect Balochistan through a multi-faceted approach that addresses both security and socio-economic challenges. By focusing on counterinsurgency measures while simultaneously engaging local political representatives, the government aims to ensure long-term stability and promote economic empowerment. Initiatives such as strengthening service delivery in education, employment, and welfare programs like BISP are crucial for addressing the region's grievances.

Additionally, the government's commitment to enhancing security, as seen in the increased protection for railways and recruitment of additional personnel, demonstrates a proactive stance in safeguarding infrastructure and citizens. Ultimately, these efforts are designed to foster development, improve public welfare, and create sustainable economic opportunities for Balochistan's youth, contributing to both national stability and regional prosperity.

Way Forward

- Implement skills development centers to equip youth of Balochistan, especially in rural areas, with skills in agriculture, technology, and small-scale industries.
- Create microfinance programs for women and marginalized groups to help them start businesses.
- Expand BISP to include more people in rural areas, focusing on those affected by the conflict and poverty.
- Partner with international organizations and NGOs to provide resources for education and health projects.

Law & Order

Thousands of Afghans being deported via Torkham border

Nearly 1600 Afghan nationals, including women, children, and the elderly, have been deported from Pakistan via the Torkham border over the past three days as part of an ongoing government crackdown on undocumented foreigners. Around 5000 Afghans are held for processing. Apprehended from various parts of the country, the deportees were processed at a transit camp in Landikotal, where their identities were verified by NADRA and immigration officials.



Government ensured provision of temporary shelters, food, transport, and internet services, to returning Afghans. Authorities confirmed the deportations were conducted under strict security and would continue in phases per federal directives. Representatives from the Federal Investigation Agency (FIA) stated that the removals are part of the government's continued efforts to return both documented and undocumented foreign nationals who are living in Pakistan without legal status.

Analysis

Deportation of Afghan nationals from Pakistan reflects growing domestic pressures, including economic constraints, security concerns, and strained infrastructure, prompting the government to enforce stricter immigration policies. While the move aligns with state sovereignty and the need to regulate undocumented populations, it carries significant humanitarian and geopolitical implications. Many of the deportees have lived in Pakistan for decades, integrating into local communities, and their abrupt removal risks destabilizing vulnerable Afghan families amid Afghanistan's ongoing economic and political instability. Regionally, the deportations could strain Pakistan-Afghanistan relations, fuel anti-Pakistan sentiment, and further burden Afghanistan's fragile systems, highlighting the need for a more coordinated, humane, and diplomatically balanced repatriation strategy.

Way Forward

- Continue deportations in clearly defined phases, prioritizing voluntary returns while ensuring dignity, safety, and adequate support for vulnerable groups like women, children, and the elderly.

- Set up an independent NADRA cell dedicated to verifying the legal status of foreign nationals and facilitating services for international citizens residing in Pakistan.
- Encourage Afghan nationals residing in Pakistan to opt for voluntary repatriation through awareness campaigns and supportive facilitation measures.

Livestock

FAO for improving livestock productivity to cut antibiotic use



A study carried out by Food and Agriculture Organization (FAO), highlights the need to improve livestock productivity to significantly reduce global antibiotic use, which is expected to rise by nearly 30% by 2040. By enhancing animal health, management practices, and production efficiency, the study suggests that antibiotic use in livestock could be reduced by up to 57%, helping to combat antimicrobial resistance (AMR) while ensuring global food security. The study emphasizes the importance of collaborative efforts across livestock sector to improve disease prevention, monitoring, and innovation.

In Pakistan, shift from traditional to intensive farming has increased the reliance on antibiotics to meet growing food demands. To address foodborne AMR, Pakistan has identified key areas of focus, including AMR awareness training for farmers, improved surveillance of AMR in food animals, and advocacy for legislation to phase out antimicrobial growth promoters. These initiatives align with global efforts, such as the 2024 UN General Assembly AMR Declaration, which aims to reduce antimicrobial use in farm food systems by 2030.

Analysis

The FAO study underscores the critical role of improving livestock productivity in reducing global antibiotic use and combating antimicrobial resistance (AMR), which is becoming a growing concern worldwide. For Pakistan, this study is particularly relevant as the country faces challenges in livestock farming due to its increasing reliance on antibiotics in intensive farming systems. By focusing on enhancing animal health, management practices, and production efficiency, Pakistan can reduce its dependency on antibiotics, thus improving the sustainability of its livestock sector and ensuring long-term food security. The study's recommendations align with Pakistan's ongoing efforts to tackle AMR, such as enhancing surveillance and implementing legislative measures, and can help the country move toward more efficient, responsible farming practices that safeguard both animal and human health.

Way Forward

- Improve surveillance systems to monitor antimicrobial use in livestock and track AMR trends.

- Advocate for stronger legislation to regulate the use of antibiotics in animal farming, particularly to phase out the use of antimicrobial growth promoters.
- Strengthen collaborations with global organizations, such as the FAO and World Health Organization (WHO), to share knowledge and gain access to international funding and expertise in combating AMR.
- Focus on improving animal health and management practices to increase productivity through better veterinary care, healthier feeding practices, and adoption of modern farming technologies that reduce the need for antibiotics.

Natural Resources

Artificial Glacier boost Water Supply in GB



In response to worsening water shortages caused by reduced snowfall and snowmelt in Pakistan's mountainous Gilgit-Baltistan region, local farmers have adopted an innovative solution which is building "ice stupas." Inspired by Indian engineer techniques, villagers in Skardu and surrounding areas now pipe water from streams and spray it into freezing winter air to form towering cone-shaped ice structures.

These artificial glaciers slowly melt in spring, providing much-needed irrigation for orchards and crops before the natural glaciers thaw. Since the first stupas were built in 2018, over 20 villages have embraced the method, giving more than 16,000 residents access to reliable water without needing traditional reservoirs. The technique has transformed agricultural practices, allowing for multiple harvests instead of just one, and stands as a grassroots adaptation to climate change in a region experiencing faster-than-global warming and growing water insecurity.

Analysis

Between 1981 and 2005, temperatures in Pakistan increased at twice the global average, placing the country at the forefront of climate change impacts such as water scarcity. With 80% of its land classified as arid or semi-arid, and over 240 million people relying heavily on rivers and streams originating beyond its borders, Pakistan faces growing pressure on its water resources. Rapid glacier melt—except in areas like the Karakoram—further threatens long-term water availability and raises the risk of flooding. As one local put it, climate change spares no one—rich or poor, urban or rural—the entire world is now vulnerable.

Artificial methods like "ice stupas" can help store water during colder months by freezing it in cone-shaped structures, which slowly melt in spring, providing irrigation when natural sources are scarce. The pros include improved water availability for farming, especially in regions with unpredictable snowfall, and the ability to store water without large reservoirs. However, the cons may involve high initial setup costs, reliance on cold temperatures, and the potential for reduced effectiveness if climate patterns shift further.

Way Forward

- Develop and upgrade infrastructure such as efficient irrigation systems, water storage facilities, and flood control measures that can withstand changing climate patterns.
- Implement policies that encourage water conservation in agriculture, industry, and urban areas, such as rainwater harvesting, wastewater recycling, and incentivizing efficient water use.
- Invest in research to monitor climate trends, glacier health, and water resources, ensuring better decision-making and targeted interventions to mitigate water scarcity.



Incident/News	Impact	Recommendation	Priority
Pakistan asks world to block arms flows to terrorists	Highlights Pakistan's global stance on counterterrorism and regional security	Strengthen global diplomatic coalitions for arms embargoes against non-state actors; Enhance border intelligence and tracking of weapons supply chains; Advocate multilateral tech-enabled arms monitoring frameworks at UN forums. "The only thing necessary for the triumph of evil is for good men to do nothing." – Edmund Burke	Highest
Pakistan re-elected to UN's narcotics body	Recognizes Pakistan's role in global drug control and health diplomacy	Use the platform to advocate alternative development programs for drug-affected regions; Align domestic anti-narcotics strategies with global evidence-based practices; Promote cross-border intelligence sharing and data collaboration. "International cooperation is not a choice, it's a necessity in the fight against drugs." – Antonio Guterres	High
International certification for Punjab EPA	Enhances credibility of Pakistan's environmental regulatory capacity	Use certification to push for stricter enforcement of industrial pollution rules; Scale up EPA reforms in other provinces using Punjab's model; Improve public access to environmental performance data. "What gets measured, gets managed." – Peter Drucker	High

Pakistan, Uzbekistan want to boost ties	Strengthens regional connectivity and trade potential	Prioritize finalizing Preferential Trade Agreements and logistics corridors; Develop joint Special Economic Zones under CPEC connectivity; Launch people-to-people and cultural exchange programs for soft power diplomacy. “No nation was ever ruined by trade.” – Benjamin Franklin	High
Trump tariff puts Pakistan at disadvantage against regional competitors	Exporters face reduced competitiveness in US market	Proactively diversify export markets and sectors through trade diplomacy and regional blocs; Incentivize innovation and quality upgrades for global competitiveness; Strengthen lobbying efforts via diaspora and diplomatic channels in Washington. “In the business world, the rearview mirror is always clearer than the windshield.” – Warren Buffett	High
Tiff over canals brings Punjab allies face to face	Political tensions risk undermining water governance	Institutionalize equitable water distribution via transparent, depoliticized irrigation boards; Enable inter-provincial mediation mechanisms within Council of Common Interests; Improve data-driven irrigation planning. “Whiskey is for drinking; water is for fighting over.” – Mark Twain	High
Pakistani govt begins repatriating Afghan refugees	Risk of humanitarian and regional diplomatic fallout	Align repatriation policy with humanitarian standards and international law; Coordinate with UNHCR and Afghan authorities to ensure voluntary return and reintegration; Establish a communication strategy to pre-empt regional misunderstandings. “A refugee is someone who survived and who can create the future.” – Amela Koluder	High
Punjab pioneers business districts to streamline urban growth	Urban economy receives structured planning boost	Integrate business districts into provincial economic corridors and master plans; Offer fiscal incentives for formalization and green construction; Prioritize public transport and mixed land use. “Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody.” – Jane Jacobs	Highest
Zakat given by Pakistanis surpasses \$2 billion annually	Potential to mainstream welfare spending into policy	Institutionalize Zakat through digital tracking and performance audits; Leverage Zakat funds for health, education, and climate resilience; Foster public-private partnerships with faith-based giving streams. “Charity is not a duty; it is a joy.” – Khalil Gibran	High



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