



WEEKLY

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OVERVIEW

This week's *Policy Pulse* highlights key developments shaping Pakistan's economic, geopolitical, and social landscape. The intensifying US-China trade war, marked by 125% tariffs on Chinese goods, brings both risks and opportunities for Pakistan, emphasizing the need to diversify trade partners and enhance economic diplomacy. Domestically, PIA's first net profit in 21 years signals the promise of structural reforms, but sustaining this success demands ongoing privatization and operational efficiency.

On the security front, the Army's backing of mineral sector investments marks a strategic pivot, linking national security with economic development. The Pakistan Minerals Investment Forum showcased the country's vast resource potential and proposed banning raw mineral exports in favor of local value addition. This move aligns with growing U.S. interest, highlighted by Secretary Rubio's focus on trade as central to future relations. Yet, security threats persist, as seen in the Quetta attack that killed three police officers.

Public health remains critical, with Pakistan now leading globally in diabetes prevalence, and WHO highlighting alarming maternal and newborn mortality rates. Broader policy issues include the need to reform NEPRA's appeal policy to build consumer trust and regulating AI's growing role in the judiciary. While Pakistan's trade with the UAE strengthens Gulf ties and U.S. interest in minerals offers economic potential, uncertainty around the Fulbright program is concerning. Starlink's licensing signals progress in digital inclusion, but urgent responses are required for rising diabetes cases and campus drug use.

In conclusion, Pakistan faces a complex interplay of economic opportunities, security threats, and social imperatives. Strategic policy decisions across trade, security, health, and technology are crucial for sustainable progress.

Inside This Issue

- ✚ Pakistan seeks justice for labourers slain in Iran
- ✚ US–Pakistan Ties: Trade as the Cornerstone
- ✚ WHO Urges Action: Maternal & Newborn Deaths in Pakistan
- ✚ US Slaps 125% Tariff on China – Others Spared
- ✚ PIA Turns a Profit After 21 Years
- ✚ Pakistan Pitches Mineral Wealth to Global Investors
- ✚ Policy Nuggets

International Affairs

Pakistan seeks justice for labourers slain in Iran

- Pakistan has urged Iran to swiftly pursue justice for nine Pakistani laborers shot and killed in a targeted attack in Saravan, Sistan-Baluchestan province.
- The victims from Punjab and Sindh were asleep at a construction site when assailants fatally shot them.
- MQM leader Khalid Maqbool Siddiqui condemned the killings, calling them “unprovoked and cold-blooded murders”.



Analysis

- The attack escalates tensions between Pakistan and Iran, which had recently engaged in talks to ease previous hostilities.
- Security concerns in Sistan-Baluchestan underline the danger of ongoing violence in the region. The killing of workers from Punjab and Sindh further inflamed Pakistani outrage.
- This act triggers fears of disrupted diplomacy and ignites public anger over violence in Iran.

Way Forward

1. Pakistan and Iran should increase security cooperation to prevent such incidents.
2. Pakistan must press for a transparent investigation and ensure the perpetrators are brought to justice.
3. Support should be extended to victims' families, and diplomatic dialogue should continue to ease bilateral tensions.

International Relations

US–Pakistan Ties: Trade as the Cornerstone

First official call between FM Ishaq Dar and US Secretary Marco Rubio

Focus: Trade, investment, regional security, and counterterrorism

Key sector: Critical minerals — ahead of US delegation visit to Pakistan

Message: Rubio calls trade the foundation of future bilateral relations.



Analysis

- Trade has historically been the most stable pillar in Pak–US ties
- Both sides are now pivoting toward economic cooperation over security-based engagement
- Focus sectors: Critical minerals, counterterrorism, regional growth

Way Forward

1. Formalize economic dialogue via a Pak–US trade commission
2. Ease entry for US firms in mining, energy, IT, and infrastructure
3. Launch PPPs in agriculture, tech, and energy sectors

Health

WHO Urges Action: Maternal & Newborn Deaths in Pakistan

Daily Losses: 675 newborns & 27 mothers
Annual Toll: 9,800 maternal deaths, 246,000 newborn deaths, 190,000+ stillbirths
Key Issue: 41.7% of women suffer from anemia
At Risk: Missing 2030 global health goals



Analysis

- Pakistan among top 4 countries with highest maternal deaths
- Aid cuts (US, UK) risk undoing progress
- UN & WHO urge more investment in health workers & maternal care

Way Forward

1. Expand maternal health services in rural areas
2. Train & deploy more midwives and health workers
3. Address anemia and improve women's nutrition

International Trade

US Slaps 125% Tariff on China – Others Spared

US Tariffs: 125% on Chinese goods; paused for most other countries
China Response: WTO complaint, fresh restrictions on US firms
EU: Avoided steep tariffs; faces only a 10% flat rate
Markets: Brief panic, then recovery in US stocks, oil & dollar



Analysis

- China's exports to US under pressure
- Risk to global supply chains & investor confidence
- Could push China toward self-reliance & regional trade

Way Forward

1. Diversify trade: US, China + ASEAN, Africa, Central Asia
2. Use diplomacy for trade deals & risk mitigation
3. Leverage WTO to protect national trade interests

Economy

PIA Turns a Profit After 21 Years

Net Profit FY2024: Rs 2.26 billion

Last Profit: 2003

Reforms: Cost cuts, route changes, staff reduction, debt restructuring.

Govt sees this as a boost for PIA's privatization



Analysis

- Major financial recovery due to internal reforms
- Operating margin over 12% — matches top global airlines
- Revival signals potential for long-term sustainability

Way Forward

1. Maintain restructuring and cost control
2. Ensure transparent, strategic privatization
3. Expand profitable routes and invest in modern fleet

Foreign Direct Investment

Pakistan Pitches Mineral Wealth to Global Investors

PM Shehbaz: Pakistan will ban raw mineral exports—investors must build local processing units

Ishaq Dar: Highlights reforms, credit rating boost, and geological edge to attract investment

Gen Asim Munir: Assures full security—economic stability now part of national security strategy



Analysis

- Minerals seen as key to economic revival
- Focus on value addition, job creation, and local industry
- Success depends on policy execution, investor trust, and stability

Way Forward

1. Upskill workforce through local and global training
2. Maintain army-backed investor protection
3. Build mining corridors and forge global tech partnerships

Policy Nuggets

1 Nepra under fire over rigid appeal policy

Impact

Undermines consumer trust in regulatory transparency and accountability.

Recommendation

Establish independent consumer review, enable fast & fair dispute resolution, and enhance transparency through a digital complaints dashboard.

2 Pak-UAE trade exceeded \$10.9bn in 2023-24

Impact

Demonstrates strategic economic ties with the Gulf region.

Recommendation

Boost trade in high-value sectors, ease export certifications, and foster joint investments via sovereign funds.

3 Landmark SC ruling calls for regulated AI role in courts

Impact

Sets precedent for AI governance in justice systems.

Recommendation

Develop ethical AI guidelines, train judiciary, and audit legal algorithms.

4 Amid tariff war, Pakistan fears 'double whammy'

Impact

Rising global trade tensions threaten export volumes and price stability.

Recommendation

Diversify exports, strengthen supply chains, and create a trade disruption response unit.

5 US expresses strategic interest in Pakistan's mineral sector

Impact

Opens door for renewed US-Pakistan economic cooperation in resource development.

Recommendation

Attract green mining, build mineral diplomacy, and ensure local equity and environmental safeguards.

6 Fulbright in limbo after US State Dept nixes exchange programme

Impact

Risks weakening academic linkages and people-to-people ties with US

Recommendation

Advocate US funding, pursue regional exchanges, and expand local scholarships.

7 Pakistan ranks first globally in diabetes prevalence

Impact

Signals a worsening public health crisis

Recommendation

Launch mass screening and early prevention campaigns in urban and rural areas; Integrate diabetes care in primary healthcare delivery; Tax sugary beverages and junk food

8 On-campus drug use thrives as police focus on VIP security

Impact

Reveals institutional neglect of youth drug prevention

Recommendation

Minimal Recommendation: Reassign police to campus security, launch peer-led anti-drug campaigns, and coordinate rehab efforts with health and education ministries.

9 Govt to finalise Starlink licensing soon

Impact

Signals a potential leap in internet access and rural digital inclusion

Recommendation

Strengthen spectrum and cybersecurity rules, expand rural/education connectivity, and partner with tech firms for local content.



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