

WEEKLY

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OVERVIEW

This week's *Policy Pulse* captures Pakistan's evolving policy landscape at a pivotal moment, marked by diplomatic engagements, economic recovery efforts, and urgent environmental and security challenges. This edition provides policymakers and public sector practitioners a rounded view of where Pakistan's strategic priorities are shifting—toward fiscal reform, climate resilience, trade expansion, and regional security.

Recent diplomatic outreach, including the UAE-Pakistan strategic partnership and Finance Minister Aurangzeb's engagements with the IMF and World Bank, underscores Islamabad's quest for economic stability and diversified alliances. Meanwhile, the alarming decline in Himalayan snowfall signals mounting water insecurity risks, demanding urgent regional cooperation. Pakistan's mineral diplomacy in Washington also hints at a smarter trade strategy aligned with global critical mineral demands. In the realm of human rights and conflict, the OIC reaffirmed support for Kashmir, and escalating violence in Kashmir and Gaza shows the fragility of peace efforts globally.

These developments have tangible implications. The focus on structural reforms reflects serious intent to address persistent fiscal vulnerabilities. Environmental alarms, particularly in Gilgit-Baltistan, point to the need for localized adaptation strategies. On the security front, enhanced counterterrorism cooperation with Russia and Pakistan's reaffirmation of UN peacekeeping commitments signal an outward-looking, proactive posture amid regional tensions.

Policy Nuggets offer actionable takeaways: from planning the Punjab mobility and economic modernization, fast-tracking SOE reforms, and crafting a regional water governance framework, to investing in national space capabilities and deregulating the wheat sector with safeguards. Together with these priorities, Pakistan is recalibrating its domestic and foreign policy trajectory, striving to turn present vulnerabilities into strategic opportunities for a more resilient future.

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UAE, Pakistan Reaffirm Strategic Partnership



- UAE Foreign Minister Sheikh Abdullah bin Zayad Al-Nahyan visited Islamabad and met PM Shehbaz Sharif and FM Ishaq Dar.
- Both sides signed MoUs on consular affairs and business cooperation.
- A UAE-Pakistan Joint Business Council was established to boost economic ties.

Analysis

The visit reaffirms the UAE's commitment to Pakistan at a time of regional shifts and growing economic needs. The UAE is already a significant investor in Pakistan and is home to a large Pakistani diaspora. Furthermore, the presence of institutionalized mechanisms indicates a long-term strategic intent that goes beyond mere diplomatic gestures.

Way Forward

- Activate the Joint Business Council to facilitate investments.
- Prioritize follow-through on agreements, especially in energy and trade.
- Leverage diaspora and business ties to deepen people-to-people connections.

Friends offer to help calm South Asian tempers



- Nations including China, the US, and Saudi Arabia have called on South Asia's nuclear powers to exercise restraint amid escalating tensions.
- France and the UK have offered assistance in engaging both sides for de-escalation of tensions.

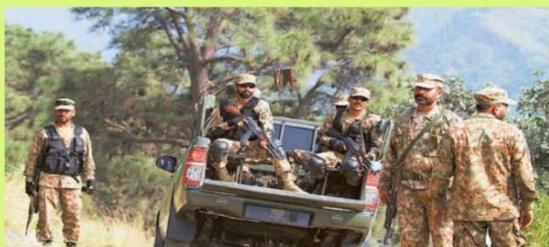
Analysis

International appeals highlight the seriousness of the situation, acknowledging the potential risks involved. Third-party engagement is proving beneficial, as previous mediation efforts have often helped prevent conflict. As a result, diplomatic pressure is mounting to encourage dialogue and avoid further escalation.

Way Forward

- Respond constructively to calls for restraint to de-escalate tensions and demonstrate responsibility.
- Explore de-escalation through diplomatic channels to rebuild trust and find common ground.
- Maintain open communication with key partners and stakeholders to navigate the crisis.

Terrorism and Counter Terrorism in Quetta and Bannu



- Four FC men martyred in IED blast near Quetta
- Six terrorists killed in Bannu operation

Analysis

These incidents highlight the persistent security challenges in both Balochistan and Khyber Pakhtunkhwa. The use of improvised explosive devices (IEDs) raises serious concerns about vulnerabilities in the border regions. Meanwhile, the killing of terrorists in Bannu underscores the implementation of proactive counter-terrorism measures.

Way Forward

- Bolster intelligence to preemptively counter threats.
- Enhance border security to prevent further IED attacks.
- Maintain momentum in counter-terrorism efforts.

Aurangzeb Engages IMF, World Bank on Economic Recovery



- Finance Minister Muhammad Aurangzeb met with IMF Managing Director Kristalina Georgieva and World Bank President Ajay Banga in Washington.
- Discussions centered on Pakistan's economic recovery, structural reforms, and ongoing financial programs.
- Pakistan is seeking the release of a \$1 billion tranche from the IMF's \$7 billion Extended Fund Facility, with a review mission scheduled for May 14.

Analysis

Pakistan's recent meetings highlight its push to stabilize the economy through international support and reform commitments. Engagements with global financial institutions reflect urgent efforts to tackle fiscal challenges and secure development financing. Emphasis on structural reforms signals a shift toward sustainable economic practices and long-term growth.

Way Forward

- Implement structural reforms to meet IMF and World Bank expectations.
- Strengthen fiscal policies for timely release of funds.
- Sustain diplomatic efforts to attract support and investment.

Himalayan Snowfall Hits 23-Year Low, Threatening Water Security



- Hindu Kush-Himalayan region sees lowest snow persistence in 23 years, 23.6% below normal.
- Third consecutive year of below-average snowfall, threatening water supply for nearly two billion people.
- ICIMOD warns of reduced river flows, increased groundwater use, and higher drought risk.

Analysis

Declining snow levels threaten water security, agriculture, and hydropower in 12 major river basins. Climate change, with delayed snowfall and reduced accumulation, heightens risks for downstream communities. This calls for urgent adaptive water management and regional cooperation.

Way Forward

- Develop and implement improved water management strategies and early warning systems.
- Enhance regional cooperation among countries sharing the affected river basins.
- Invest in research and monitoring to inform policy decisions and climate adaptation measures.

Pakistan Eyes Mineral Exports to Address U.S. Trade Imbalance



- Finance Minister Aurangzeb aims to use Pakistan's mineral wealth to address the \$3B trade imbalance with the U.S.
- He highlighted critical minerals like copper and rare earth elements in trade talks.
- U.S.-Pakistan trade talks will focus on tariffs and boosting bilateral economic ties.

Analysis

Pakistan's strategy to leverage its mineral resources aligns with global demand, offering a mutually beneficial trade opportunity. The U.S. seeks to diversify its mineral imports, creating an opportunity for Pakistan to become a key supplier. Successful exploitation of this sector could balance trade, attract foreign investment, and boost economic growth.

Way Forward

- Initiate and expedite development projects in the mining sector, ensuring regulatory frameworks are investor-friendly.
- Engage in diplomatic efforts to secure favorable trade terms and potential partnerships with U.S. companies.
- Implement infrastructure and security measures to support sustainable mining operations and export logistics.

OIC to continue supporting Kashmiris' right to self-determination



- OIC Assistant Secretary General Aldobeay met AJK President Chaudhry in Islamabad.
- Aldobeay reaffirmed OIC's support for Kashmiris' right to self-determination and condemned human rights violations in Indian-occupied Kashmir.
- OIC pledged to continue advocating for Kashmiris' internationally recognized rights.

Analysis

The OIC reaffirmed its consistent stance on the Kashmir issue, emphasizing its role in advocating for Muslim communities facing oppression. This engagement signals the OIC's intent to maintain international attention on the Kashmir dispute amid global geopolitical shifts. The meeting also reflects Pakistan's efforts to garner broader support from Muslim-majority countries for both the Kashmir and Palestine issues.

Way Forward

- Address concerns in Kashmir.
- Encourage member states to use political and economic influence for the Kashmiri cause.
- Monitor developments in Indian-administered Kashmir and issue timely statements to raise global awareness.

Deadly Attack on Tourists in Pahalgam Sparks India-Pakistan Tensions



- On April 22, gunmen attacked tourists in Pahalgam, killing 26 people, including 25 Indians and one Nepali.
- The Resistance Front claimed responsibility for the attack.
- The incident occurred during U.S. Vice President JD Vance's visit to India.
- In response, Indian PM Modi announced measures, including actions on "The Indus Water Treaty" and closing the Attari-Wagah border.

Analysis

India has made unfounded allegations blaming insurgents for the assault in Pakistan, which Pakistan denies and demands evidence. The incident has triggered retaliatory diplomatic and economic measures between the two nations, while Pakistan has offered to hold an independent inquiry.

Way Forward

- Both countries must engage in dialogue to de-escalate tensions and prevent conflict.
- International mediators can help address underlying issues and promote stability.
- Enhanced security and intelligence sharing are vital to prevent future attacks and protect civilians.

Gaza Ceasefire Talks Continue Amid Ongoing Israeli Airstrikes



- Ceasefire talks between Israel and Hamas are ongoing in Cairo, with Egyptian and Qatari mediators.
- Despite negotiations, Israeli airstrikes on Gaza have intensified, killing at least 26 Palestinians, including women and children.
- A major strike in Khan Yunis killed nine, with several people still trapped under debris.

Analysis

The ongoing peace talks and military actions highlight the fragility of negotiations, with Israel's military operations possibly aimed at pressuring Hamas. The high civilian casualties are raising international concern, potentially influencing the ceasefire discussions.

Way Forward

- Mediators should push for an immediate ceasefire to prevent more civilian casualties.
- International stakeholders must apply diplomatic pressure for a sustainable truce.
- Humanitarian corridors should be established for aid and evacuation during talks.

Policy Nuggets

1 Punjab unveils plans for provincial airline, bullet train

Impact

Signals ambitious push toward regional mobility and economic modernization

Recommendation

It is essential to conduct a rigorous feasibility assessment before proceeding with the airline and bullet train projects. "Ambition is enthusiasm with a purpose." – Frank Tyger

2 World should worry about prospect of nuclear neighbours going to war: Trump

Impact

Highlights emerging regional instability with global security implications

Recommendation

BStrengthen diplomatic engagement with India through international mediators to avert escalation. "Peace cannot be kept by force; it can only be achieved by understanding." – Albert Einstein

3 Minister Musadik Malik sees serious climate threats to GB

Impact

Underscores Gilgit-Baltistan's heightened vulnerability to climate-induced disasters

Recommendation

Establish a region-specific climate risk management unit; expand glacial lake outburst flood "We won't have a society if we destroy the environment." – Margaret Mead

4 No new canal to be built without CCI consensus: Shehbaz

Impact

Affirms federal commitment to equitable water governance.

Recommendation

Institutionalize water sharing agreements through CCI; launch transparent audits of inter-provincial water flows; strengthen IRSA's mandate.

"Water is the driving force of all nature." – Leonardo da Vinci

7 Pakistani astronaut to be part of Chinese space mission

Impact

Symbolizes Pakistan's growing collaboration in science and technology

Recommendation

Create STEM education-to-space career pathways; invest in national space training facilities

"Shoot for the moon. Even if you miss, you'll land among the stars." – Norman Vincent Peale

5 Reforms being undertaken in taxation, energy, SOEs: Aurangzeb

Impact

Reflects ongoing structural efforts toward macroeconomic stabilization

Recommendation

Fast-track SOE privatization; implement smart subsidies in energy; digitize tax assessment and broaden tax base.

"Reform is not for the short-winded." – Thomas Carlyle

8 Punjab cabinet approves deregulation of wheat sector

Impact

Signifies shift toward market-driven agricultural policy

Recommendation

Ensure transparent grain procurement; safeguard small farmers through price support

"Food security is not just about food. It's about dignity." – Vandana Shiva

6 Pakistan, Russia to strengthen counterterrorism cooperation: FO

Impact

Enhances Pakistan's strategic diplomacy on security

Recommendation

Expand joint counterterrorism exercises; deepen intelligence sharing protocols; include regional terrorism threats in bilateral dialogues.

"The best defense is a good offense." – George Washington

9 Pakistan's economy on the mend, challenges persist: WB

Impact

Suggests cautious optimism amid signs of macroeconomic recovery

Recommendation

Maintain fiscal discipline; anchor reforms in social protection

"A budget tells us what we can't afford, but it doesn't keep us from buying it." – William Feather

Feedback

- *Policy Pulse* stands out as a timely and thoughtful publication that consistently brings clarity to Pakistan's complex economic landscape.
- Electricity tariff reductions offer relief to citizens and businesses, but deeper reforms are needed to fix circular debt and power theft. Rising U.S. tariffs on Pakistani exports highlight the urgency of trade diversification.
- Pakistan continues to face deep-rooted challenges including security threats like the BLA train hijacking, and the need for economic reforms and social development. A coordinated and inclusive approach is crucial to foster stability and growth.

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