



WEEKLY

# POLICY PULSE



Vol. 3 Issue No. 35

29 April – 5 May

2025

NATIONAL INSTITUTE OF PUBLIC POLICY

## OVERVIEW

This week's *Policy Pulse* captures Pakistan at a crossroads—facing heightened diplomatic and military tensions with India, persistent security threats on the Afghan border, and simultaneous advances in economic and technological fronts. From battlefield posturing to breakthrough trade agreements and public health spending, the pulse of Pakistan's policy landscape reveals the delicate balance between national resilience and forward momentum.

Key insights highlight both external and internal inflection points. On the security front, Pakistan's military has reasserted readiness amid Indian provocations, while intensifying counterterrorism efforts along the Afghan border. Diplomatically, the country is navigating a complex terrain—seeking global support on Kashmir, water rights, and countering India's narrative, though international responses remain cautious. Meanwhile, long-term development efforts show promise: a \$700 million IT investment package signals digital ambition, a four-year agricultural reform in Sindh targets smallholder productivity, and a transit trade pact with Kazakhstan boosts regional connectivity. Yet, pressing challenges persist—diabetes now affects 34.5 million adults, illicit trade costs PKR 751 billion annually, and April's export slump underscores economic fragility.

The policy nuggets span diplomacy, economy, security, education, and infrastructure. Key recommendations include strengthening economic partnerships in the Middle East and with China, pursuing power sector reforms, and supporting the IT sector. Enhanced counterterrorism measures, equitable access to education, and transport infrastructure development are also emphasized. As

Pakistan navigates domestic challenges and external pressures, policy effectiveness will increasingly hinge on agile governance, integrated planning, and the ability to translate bold announcements into measurable outcomes.

## Inside This Issue

- ✚ Pakistan is 'prepared for anything' India might try
- ✚ Forces kill 17 more terrorists near border
- ✚ PM touts \$700 M in Foreign Investment for IT sector
- ✚ Pakistan, Kazakhstan to sign transit trade pact
- ✚ Pakistan's diabetes expenditure rises to Rs760bn amid surge in cases
- ✚ India's post-Pahalgam gambit fails to win global support
- ✚ Pakistan presses diplomatic gains as tensions simmer
- ✚ 'Resolving Kashmir dispute would cement Trump's legacy as peacemaker'
- ✚ Pakistan ranks 101 among 158 countries in Illicit Trade Index 2025
- ✚ Murad launches major agri-reform drive
- ✚ Goods exports climb 6.25pc to \$26.86bn
- ✚ Don't underestimate China's commitment to defending Pakistan's sovereignty
- ✚ Policy Nuggets

## Pakistan is 'prepared for anything' India might try



- Pakistan's military leadership, via DG ISPR Maj Gen Ahmed Sharif, warned that the country is fully prepared for any aggression from India.
- The statement came amidst rising tensions and the Indian army chief's recent remarks on Azad Kashmir.
- Pakistan reiterated that it desires peace but will respond "forcefully" to any provocation.

### Analysis

Indian PM Modi and his hawkish associates' belligerent approach towards Pakistan is quite evident. Pakistan deemed it fit to forewarn India of the intent and preparedness of Pakistan to respond befittingly. Pakistan has adopted diplomatic approach to ensure peaceful settlement of the issue but at the same time it has demonstrated its readiness to employ military muscle when needed.

### Way Forward

- Pakistan should insist on third party investigation of the Pahalgam incident.
- Regional and global powers should encourage de-escalation and confidence-building measures.
- Media narratives on both sides need to avoid sensationalism and foster dialogue.

## Forces kill 17 more terrorists near border



- Security forces killed 17 terrorists in the Sambaza area of Balochistan near the Pakistan-Afghanistan border.
- The operation was part of ongoing counterterrorism efforts following increased cross-border attacks.
- The ISPR confirmed recovery of weapons and ammunition from the site.

### Analysis

The operation reflects Pakistan's intensified focus on securing its western border amidst growing threats from TTP and affiliated groups. The porous border and alleged sanctuaries in Afghanistan remain key challenges.

### Way Forward

- Strengthen border surveillance and fencing along high-risk zones.
- Enhance pressure on Afghanistan Taliban government to bridle TTP operating from Afghan soil.
- Prioritize development and stability initiatives in border regions to reduce local militant support.

## PM touts \$700 M in Foreign Investment for IT sector



- Prime Minister Shehbaz Sharif announced approximately \$700 million in new foreign investment pledges in Pakistan's IT sector.
- Speaking at the Digital Foreign Direct Investment (DFDI-2025) conference, he emphasized Pakistan's ambition to lead the global digital economy.
- A partnership with Huawei was unveiled to train 200,000 youths annually, alongside plans for IT parks and incubation centers.

### Analysis

This investment signals growing international confidence in Pakistan's digital potential, leveraging its youthful demographic and expanding digital infrastructure. However, sustained policy support and infrastructure development are crucial to capitalize on this momentum.

### Way Forward

- Ensure transparent implementation of IT initiatives.
- Expand digital literacy and skill development programs.
- Foster a conducive environment for tech startups and innovation.

## Pakistan, Kazakhstan to sign transit trade pact



- Pakistan and Kazakhstan have agreed to sign a transit trade agreement, allowing Kazakh goods to access Pakistani ports—Karachi, Bin Qasim, and Gwadar.
- The agreement was finalized during the 13th session of the Pakistan-Kazakhstan Intergovernmental Commission (IGC) in Islamabad.
- Seven Memorandums of Understanding (MoUs) were signed, covering sectors such as transport, trade, business, culture, and education.

### Analysis

This agreement marks a significant step in enhancing regional connectivity, providing Kazakhstan—a landlocked country—with direct access to the Arabian Sea. It also positions Pakistan as a pivotal trade corridor linking Central Asia to global markets.

### Way Forward

- Expedite the implementation of the transit trade agreement.
- Develop infrastructure to support increased trade volume.
- Foster regional cooperation to ensure smooth operationalization.

## Pakistan's diabetes expenditure rises to Rs760bn amid surge in cases



- Pakistan's annual spending on diabetes care has increased to approximately Rs760 billion (\$2.7 billion), as reported by the International Diabetes Federation (IDF) Diabetes Atlas 2025.
- The country now has 34.5 million adults aged 20–79 living with diabetes, ranking fourth globally after China, India, and the United States.
- Projections indicate that this number could rise to 70.2 million by 2050 if immediate action isn't taken.

### Analysis

Pakistan faces a critical public health challenge with the highest age-standardised diabetes prevalence rate globally at 31.4%. Despite this, the country's per-person spending on diabetes care remains one of the lowest worldwide, averaging just \$79 annually. This low investment leads to inadequate treatment and increases the risk of severe complications among patients.

### Way Forward

- Launch nationwide diabetes screening.
- Strengthen primary healthcare services.
- Promote healthy lifestyle and diet awareness.

## India's post-Pahalgam gambit fails to win global support



- India's aggressive response to the April 22 Pahalgam attack, blaming Pakistan-based militants, failed to secure strong international backing.
- Despite expectations, global powers like the U.S., China, and Gulf states maintained a neutral or cautious stance, prioritizing regional stability.
- President Trump's downplayed remarks and the U.S.'s emphasis on defense cooperation over direct support highlighted a shift in diplomatic dynamics.

### Analysis

India's firm actions did not garner the expected international support, as major powers prioritized regional stability over taking sides. This highlights the difficulty of navigating bilateral disputes when global diplomacy leans toward maintaining peace in the region. Pakistan's sustained diplomatic onslaught has also paid dividends.

### Way Forward

- Pakistan must further strengthen global diplomatic outreach.
- It should emphasize regional peace in foreign policy messaging.
- It must use multilateral platforms to shape the narrative.

## Pakistan presses diplomatic gains as tensions simmer



- Pakistan boosts diplomacy amid tensions with India over Pahalgam attack and water issues.
- PM Sharif reaches out to China, Qatar, and others for support.
- Leadership emphasizes national sovereignty and readiness.

### Analysis

Pakistan's diplomatic outreach reflects a strategic shift towards leveraging international alliances to counter regional threats. The emphasis on the Indus Waters Treaty underscores the critical importance of water security in bilateral relations. However, internal challenges such as political instability and security concerns may undermine the effectiveness of these diplomatic initiatives.

### Way Forward

- Raise water treaty concerns at global platforms.
- Improve internal security readiness.
- Use public diplomacy to shape global opinion.

## 'Resolving Kashmir dispute would cement Trump's legacy as peacemaker'



- Pakistan urges President Trump to mediate the Kashmir dispute, highlighting its significance as a nuclear flashpoint.
- Ambassador Rizwan Saeed Sheikh emphasizes that resolving Kashmir aligns with Trump's legacy as a peacemaker.
- The U.S. has previously offered mediation, but India has not accepted.

### Analysis

Pakistan's appeal underscores the urgency of addressing Kashmir to prevent regional instability. Trump's involvement could enhance his diplomatic legacy, but India's stance remains a significant hurdle.

### Way Forward

- Engage international support, especially the US support, for global backing for mediation efforts.
- As a mediatory President Trump can emphasise on bilateral dialogue to encourage direct talks between India and Pakistan to build trust.
- Pakistan must focus on the humanitarian impact in Kashmir to garner international sympathy and demand for restoration of Special Status of IIOJK.

## Pakistan ranks 101 among 158 countries in Illicit Trade Index 2025



- Pakistan ranks 101st out of 158 countries in the 2025 Illicit Trade Index, below the global average of 49.9.
- The country faces annual revenue losses of approximately PKR 751 billion due to illicit trade in sectors like tobacco, petroleum, and pharmaceuticals.
- Weaknesses in internal trade networks and sector-specific compliance contribute to Pakistan's low ranking.

### Analysis

Pakistan's position in the Illicit Trade Index highlights significant vulnerabilities in its internal trade systems and regulatory frameworks. While border controls are relatively strong, internal enforcement and compliance mechanisms are insufficient, allowing illicit markets to thrive. Addressing these internal weaknesses is crucial for improving Pakistan's standing and economic stability.

### Way Forward

- Strengthen regulatory frameworks and compliance mechanisms within domestic trade networks.
- Implement stricter monitoring and control measures in high-risk sectors like tobacco and petroleum.
- Establish a dedicated authority to oversee and coordinate efforts against illicit trade across all sectors.

## Murad launches major agri-reform drive with 4-year package for small farmers



- Sindh Chief Minister Syed Murad Ali Shah has launched a comprehensive four-year agricultural reform package aimed at supporting small farmers with landholdings of 1 to 25 acres.
- The initiative includes subsidies for wheat and rice inputs, laser land leveling, and manual seed planters to enhance productivity and water efficiency.
- The program also focuses on educating farmers about modern farming practices and ensuring the availability of certified seeds.

### Analysis

This reform package represents a significant step towards modernizing Sindh's agricultural sector by addressing key challenges such as water scarcity, outdated farming techniques, and limited access to quality inputs. By targeting small farmers, the initiative aims to increase crop yields, reduce costs, and promote sustainable practices.

### Way Forward

- Guarantee the prompt distribution of subsidies and resources to farmers.
- Offer workshops and training sessions on modern farming techniques.
- Establish mechanisms to track the implementation and impact of the reform package.

## Goods exports climb 6.25pc to \$26.86bn in 10 months



- Pakistan's goods exports rose 6.25% year-on-year to \$26.86 billion during July–April FY2024–25.
- However, April 2025 exports fell 8.93% year-on-year and 19% month-on-month, while imports surged 14.1% year-on-year, widening the monthly trade deficit to \$3.39 billion—the highest in three years.
- The overall trade deficit for the 10-month period increased by 8.8% to \$21.35 billion, driven by higher imports of fuel, machinery, and raw materials.

### Analysis

While the year-to-date export growth is encouraging, the sharp decline in April exports and rising imports indicate vulnerabilities in Pakistan's trade balance. The record current account surplus in March, fueled by remittances, offers temporary relief but is insufficient to offset the growing trade deficit.

### Way Forward

- Diversify export markets and products to reduce reliance on a few sectors and destinations.
- Implement policies to curb non-essential imports, especially of luxury goods, to manage the trade deficit.
- Enhance competitiveness of domestic industries through technological upgrades and infrastructure development to boost exports.

## Don't underestimate China's commitment to defending Pakistan's sovereignty



- China reaffirmed its strong support for Pakistan's sovereignty.
- Scholar Dr. Victor Gao warned against underestimating China-Pakistan ties.
- Indian media criticized for spreading unverified claims post-Pahalgam attack.

### Analysis

China's support for Pakistan underscores the strategic depth of the China-Pakistan alliance, particularly in the face of regional tensions. The propagation of unverified narratives by certain Indian media outlets may exacerbate misunderstandings and hinder diplomatic efforts between the nations.

### Way Forward

- Actively counter false narratives in global media.
- Promote accurate, responsible journalism.
- Maintain China ties while encouraging regional dialogue.

# Policy Nuggets

## 1 PM intensifies outreach to friends in Middle East

### Impact

Reaffirms strategic diplomacy amid shifting global alignments

### Recommendation

Expand bilateral economic partnerships in energy, tech, and remittances, while establishing sovereign wealth dialogues and long-term infrastructure collaborations. *“Diplomacy is the art of building bridges—not walls.”* — Madeleine Albright

## 2 Pakistan urges Trump to help defuse tensions

### Impact

Highlights Islamabad’s continued preference for dialogue over escalation

### Recommendation

Reinforce multi-track diplomacy with international interlocutors and build strategic communication channels to manage crises. *“Peace is not absence of conflict, it is the ability to handle conflict by peaceful means.”* — Ronald Reagan

## 3 PM orders power reforms to slash costs, save Rs4.743tr

### Impact

Marks a decisive shift toward fiscal discipline and energy sector restructuring

### Recommendation

Accelerate implementation of anti-theft measures and SOE reforms while using tariff renegotiation savings for infrastructure upgrades; *“You must gain control over your money or the lack of it will forever control you.”* — Dave Ramsey

## 4 China stands by Pakistan in all circumstances: Consul General

### Impact

Reinforces strategic trust between both nations

### Recommendation

Deepen bilateral investments under CPEC Phase-II and enhance high-level coordination on trade and security; *“The China-Pakistan relationship is higher than the mountains, deeper than the oceans, and sweeter than honey.”* — President Xi Jinping

## 5 Call for youth to lead country’s struggle against climate crisis

### Impact

Recognizes youth as key climate actors and innovators

### Recommendation

Launch national youth-led green innovation funds and embed climate education in secondary and tertiary curricula. *“Young people are not just the future—they are the present.”* — António Guterres

## 6 Shehbaz calls on global stakeholders to support Pakistan’s IT sector

### Impact

Positions Pakistan as a potential global digital hub

### Recommendation

Facilitate global investment through special IT export zones and bilateral tech pacts. *“Innovation distinguishes between a leader and a follower.”* — Steve Jobs

## 7 Ten terrorists killed in Kech, Ziarat operations

### Impact

Highlights Pakistan’s proactive counterterrorism stance

### Recommendation

Institutionalize real-time inter-agency coordination and strengthen CTD capacity at the provincial level.

*“Eternal vigilance is the price of liberty.”* — Wendell Phillips

## 8 PMDC caps fee of medical, dental colleges at Rs1.8m

### Impact

Promotes equitable access to professional education

### Recommendation

Digitize and monitor fee structures across provinces and expand public scholarships for low-income students. *“The test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have too little.”* — Franklin D. Roosevelt

## 9 CM reviews road rehabilitation projects

### Impact

Signals renewed focus on transport infrastructure

### Recommendation

Prioritize lifecycle maintenance funding and digitize project tracking for transparency and efficiency. *“America is rich because it has roads, not because it has gold.”* — Napoleon Bonaparte



### **Editorial Team**

**Dr. Naveed Elahi**

**Faryal Maaz**

**Jahanzeb Waheed**

**Naeema Naeem**