



WEEKLY

# POLICY PULSE



Vol. 3 Issue No. 36

6 – 12 May

2025

NATIONAL INSTITUTE OF PUBLIC POLICY

## OVERVIEW

This week's *Policy Pulse* captures a pivotal moment in South Asia's regional dynamics, where military escalation, environmental crises, and economic vulnerabilities intersect with Pakistan's strategic responses. Against a backdrop of heightened India-Pakistan tensions, the pulse presents a timely reflection on how national security, diplomacy, and domestic resilience must be synchronized to navigate growing uncertainty.

The document's core insights revolve around Pakistan's dual-track approach: robust national defense responses to India's blatant aggression against Pakistan and intensified diplomatic outreach, including mediation offers from Iran, China, and the UN. Alongside these developments, alarming domestic trends such as the drastic drop in Khanpur Dam's water levels and a surge in global shipping surcharges reveal how environmental and geopolitical shocks can compound internal pressures. The State's proactive response to Indian hydro projects, counterterrorism efforts in Balochistan, and financial contingency protocols underscore a multi-pronged strategy for crisis management. Importantly, the government's focus on financial resilience and public welfare, ahead of the federal budget, reveals its intent to buffer citizens against macroeconomic shocks.

In this context, the pulse underlines real-world implications for policymakers. Coordinated water diplomacy, disaster mitigation, and cybersecurity now require equal attention as conventional defense or trade policy. The unveiling of Punjab's Green Credit Programme and National Cyber Security Policy, for example, demonstrate an expanding policy canvas—one that seeks environmental and digital resilience alongside traditional sectors.

The week's policy nuggets reflect this multidimensional response: strengthening defense diplomacy while asserting legal rights under UN frameworks, enhancing cyber and financial safeguards, and advancing people-centric budgeting. With calls for de-escalation from the U.S. and UN and China's backing, Pakistan's strategic positioning is being recalibrated on multiple fronts. For public sector leaders, this pulse offers actionable insight into how policy, preparedness, and diplomacy must converge to address interlinked challenges.

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## Kashmir Takes Centre Stage as Fragile Ceasefire Holds



- A ceasefire was brokered between Pakistan and India by the United States and came into effect on May 10, 2025.
- President Donald Trump offered to mediate the Kashmir dispute.
- Pakistan appreciated the US role and emphasized that any resolution should align with UN Security Council resolutions and ensure the Kashmiri people's right to self-determination.
- India maintained that Kashmir is a bilateral issue and dismissed external mediation efforts.

### Analysis

The region continues to witness a recurring cycle of violence and fragile ceasefires, with little effort to address the root causes of conflict. Under Modi's BJP, a hawkish stance has led to frequent skirmishes and military confrontations. External mediation is often dismissed, especially by India, which prefers suppression and military measures over dialogue in Kashmir.

### Way Forward

- President Trump should act as a guarantor to ensure long-lasting cease-fire.
- Encourage continuous and structured dialogue between India and Pakistan, focusing on confidence-building measures and conflict resolution.
- Involve Kashmiri representatives in peace talks to ensure that the voices of those directly affected are heard and considered.

## India launches devious attack in dead of night; Pakistan delivers befitting reply



- India launched airstrikes at night targeting multiple sites in Pakistan.
- Civilian casualties reported; mosques and homes hit.
- Pakistan retaliated, claiming to down jets and hit Indian military posts.

### Analysis

In the early hours of May 7, 2025, India launched "Operation Sindoor," targeting at least five locations in Pakistan. Such actions sharply elevate security risks, as they heighten the possibility of escalation between two nuclear-armed neighbors, posing a serious threat to regional peace and stability.

### Way Forward

- Initiate urgent diplomatic talks.
- Seek UN or third-party mediation.
- Activate military hotlines to prevent miscalculations.

## Trump says escalation 'a shame', Guterres urges restraint



- U.S. President Donald Trump described the India-Pakistan escalation as "a shame" and expressed hope for a swift resolution.
- UN Secretary-General António Guterres called for "maximum military restraint," emphasizing that the world cannot afford a military confrontation between the two nations.

### Analysis

International leaders are actively urging India and Pakistan to de-escalate, reflecting widespread diplomatic pressure driven by global concerns over the risk of a nuclear confrontation. However, despite these calls for restraint, major powers have so far refrained from taking concrete mediation steps, signaling a preference for letting the region manage the crisis independently.

### Way Forward

- Initiate Dialogue to address concerns and reduce tensions.
- Involve neutral parties or organizations to facilitate discussions and propose confidence-building measures.
- Both governments should transparently communicate with their citizens to prevent misinformation and manage public sentiment.

## Pakistan calls on world to pave way for peace



- Pakistan urges the international community to intervene and de-escalate tensions in South Asia, emphasizing the unresolved Kashmir dispute as the root cause.
- Prime Minister Shehbaz Sharif terms any violation of the Indus Waters Treaty as a "red line," condemning India's recent actions.
- Iran offers to mediate between India and Pakistan, with Foreign Minister Seyed Abbas Araghchi expected to visit New Delhi to facilitate dialogue.

### Analysis

Pakistan's diplomatic engagement with global powers and regional neighbors underscores its commitment to a peaceful resolution and long-term regional stability. By foregrounding issues such as the Indus Waters Treaty and sovereignty concerns, Pakistan is strategically positioning itself to rally international support and exert pressure on India to return to the dialogue table.

### Way Forward

- Facilitate dialogue possibly under international mediation, to address core issues.
- Enhance cooperation with neighboring countries, like Iran, to build a united front for peace and stability.
- Implement initiatives such as joint water resource management and cultural exchanges to foster trust and reduce tensions.

## 35 days' water left as Khanpur Dam level plummets



- Khanpur Dam's water level has dropped to 1,935 feet above mean sea level, just 25 feet above the dead level, leaving only 35 days of supply for Rawalpindi and Islamabad.
- A persistent dry spell in the catchment areas, including Margalla Hills and Galiyat, has led to minimal inflow (82 cusecs) compared to an outflow of 235 cusecs.
- Authorities plan to suspend irrigation water supply to Punjab and Khyber Pakhtunkhwa and implement water rationing for domestic consumers.

### Analysis

The situation underscores the severe impact of climate change, with reduced rainfall leading to significant water shortages. Twin cities face a daily deficit of 20 million gallons, highlighting the urgent need for sustainable water management practices.

### Way Forward

- Implement strict water rationing and promote public awareness campaigns to reduce consumption.
- Explore options such as groundwater extraction and rainwater harvesting to supplement the water supply.
- Invest in modernizing water infrastructure to reduce losses and improve efficiency in distribution.

## Pak-India escalation: Turkiye backs Pakistan, China voices concern as nations urge restraint



- Turkish President Recep Tayyip Erdoğan expressed solidarity with Pakistan, commending its "calm and restrained policies" amid the crisis.
- China voiced regret over India's military actions against Pakistan, urging both nations to exercise restraint and prioritize regional peace. Beijing also offered to play a mediating role to ease current tensions.

### Analysis

Turkey's strong support for Pakistan and China's offer to mediate signal a shift in regional diplomatic dynamics, which could shape future geopolitical alignments. The involvement of multiple international actors further emphasizes the risk that the ongoing bilateral conflict could escalate into a broader regional or even global crisis if not addressed swiftly and effectively.

### Way Forward

- Encourage India and Pakistan to engage in talks facilitated by neutral international parties to address underlying issues and prevent further escalation.
- Establish and maintain direct communication lines between military and diplomatic channels of both countries to manage incidents and prevent misunderstandings.
- Implement joint initiatives, such as cultural exchanges and economic cooperation projects, to build trust and reduce hostilities over time.

## Govt activates financial contingency measures



- Following Indian airstrikes and a subsequent stock market dip, Pakistan convened an emergency meeting led by Finance Minister Muhammad Aurangzeb to reinforce financial contingency protocols.
- The government assured stakeholders of the financial system's stability, highlighting coordinated efforts to uphold economic integrity amid emerging challenges.

### Analysis

The rapid activation of financial contingency plans reflects Pakistan's proactive approach to safeguarding its financial infrastructure from potential geopolitical shocks. By ensuring the continued operation of markets and prioritizing cybersecurity, the government is working to maintain investor confidence and stabilize the economy during periods of increased tension.

### Way Forward

- Conduct periodic evaluations of financial systems to promptly address potential vulnerabilities.
- Maintain transparent communication with stakeholders to reinforce confidence in economic stability.
- Invest in advanced cybersecurity measures to protect financial institutions from potential threats.

## Foreign-sponsored terror greatest threat to Balochistan: COAS



- General Asim Munir emphasized that foreign-sponsored terrorism is the greatest threat to Balochistan's security and development.
- He called for unwavering national unity to confront terrorism, stating that it knows no religion, sect, or ethnicity.
- The COAS highlighted ongoing and planned development projects aimed at improving Balochistan's socioeconomic profile.

### Analysis

The focus on foreign-sponsored terrorism highlights the multifaceted security challenges facing Balochistan, where both internal unrest and external interference play a role in destabilization. At the same time, while development initiatives are in progress, the Chief of Army Staff's remarks on disinformation point to the parallel struggle of countering hostile narratives that threaten to erode public trust and hinder long-term progress in the region.

### Way Forward

- Strengthen cooperation with regional and international partners to counter cross-border terrorism.
- Implement strategies to address and counteract disinformation that hampers development initiatives.
- Increase involvement of local communities in development projects to ensure inclusivity and address grievances.

## India boosting hydro projects capacity to block Pak supplies



- India has expedited the construction of hydroelectric projects.
- Following a deadly attack in Kashmir, India suspended the 1960 Indus Waters Treaty (IWT) with Pakistan, initiating reservoir capacity enhancements at Salal and Baglihar dams without prior notification to Islamabad.
- Reports indicate India has reduced the Chenab River's flow into Pakistan by approximately 90%, raising concerns over potential violations of the IWT and impacts on Pakistan's agriculture.

### Analysis

India's accelerated development of hydroelectric projects indicates a strategic use of water resources as geopolitical leverage, potentially setting a precedent for water being weaponized in future regional conflicts. For Pakistan, this poses a serious threat, as its heavy dependence on the Indus basin for agriculture leaves it highly vulnerable to upstream water control, endangering both food security and economic stability.

### Way Forward

- Engage international bodies, such as the World Bank, to mediate and ensure compliance with the IWT provisions.
- Reopen diplomatic dialogues with India to address water-sharing concerns and prevent further escalation.
- Invest in water conservation, alternative irrigation methods, and infrastructure to mitigate the impact of reduced water flows.

## Hundreds stranded as conflict disrupts Pakistan's air traffic



- Escalating tensions between India and Pakistan have led to significant flight disruptions, with hundreds of passengers stranded at major airports including Islamabad, Lahore, Karachi, and Sialkot.
- Pakistan temporarily closed its airspace over certain regions, particularly affecting Lahore, due to security concerns arising from the conflict.

### Analysis

These disruptions not only affect passengers but also have economic implications for airlines, increasing operational costs due to rerouted flights and suspended services. The ongoing situation highlights the need for coordinated efforts to manage air traffic effectively and ensure the safety of air travel in the region.

### Way Forward

- Establish clear communication channels between aviation authorities and airlines to provide timely updates on airspace status and flight operations.
- Develop and implement alternative flight routes to minimize disruptions and ensure the safety of air travel in the region.
- Airlines should offer flexible rebooking options and accommodations for affected passengers to mitigate inconvenience during the ongoing situation.

## Israeli cabinet gives green light to plan for Gaza 'conquest'



- Israel's security cabinet approved an expanded military operation in Gaza, involving tens of thousands of reservists to defeat Hamas and secure the return of Israeli prisoners.
- The plan includes evacuating Gaza's population from combat zones to southern areas, with a "voluntary transfer programme" for residents.
- The European Union warns of increased casualties and suffering for Palestinians, while humanitarian groups caution about an impending famine due to the blockade.

### Analysis

Israel's security cabinet has approved a military expansion in Gaza, deploying tens of thousands of reservists to defeat Hamas and secure Israeli prisoners. A key element of the plan is evacuating Gaza's population to southern areas through a "voluntary transfer programme." However, international concerns are rising, with the European Union warning of increased casualties and humanitarian groups raising alarms over a potential famine due to the ongoing blockade.

### Way Forward

- Encourage diplomatic efforts involving neutral parties to mediate between Israel and Hamas, aiming to de-escalate tensions and address humanitarian concerns.
- Advocate for unimpeded access for humanitarian aid organizations to deliver essential supplies to affected populations in Gaza.
- Urge international legal bodies to monitor the situation to ensure compliance with international humanitarian laws and prevent potential war crimes.

## Shipping lines start imposing Surcharges on Pakistan's Cargo



- Shipping lines, notably CMA CGM, have introduced surcharges ranging from \$300 to \$800 per unit for shipments to and from Pakistan. This measure is set to commence on May 15 and remain in effect until June 6 for certain regions, citing strong geopolitical developments impacting operations.

### Analysis

The imposition of surcharges by international shipping lines is a direct response to escalating geopolitical tensions in the region. While these measures aim to mitigate operational risks, they inadvertently elevate trade costs for Pakistan. This development underscores the vulnerability of global trade to regional conflicts and the need for robust diplomatic efforts to maintain economic stability.

### Way Forward

- Initiate dialogues with international shipping companies to negotiate the reduction or waiver of surcharges, emphasizing the importance of maintaining stable trade relations.
- Investigate and develop alternative maritime routes that may offer more stable and cost-effective options for transporting goods.
- Enhance diplomatic engagements with neighboring countries to de-escalate tensions and ensure the uninterrupted flow of trade.

# Policy Nuggets

## 1 Pakistan's digital retaliation cripples India, inflicts major strategic, economic losses

### Impact

Demonstrates Pakistan's growing cyber capabilities in asymmetric warfare

### Recommendation

Institutionalize a national cyber defense framework; enhance AI-led monitoring of critical infrastructure; integrate cyber diplomacy into strategic deterrence.

*"The next world war will be fought with zeros and ones."* – Thomas L. Friedman

## 2 Pakistan, China vow to strengthen friendly ties with Afghanistan

### Impact

Reinforces trilateral cooperation for regional peace and economic stability

### Recommendation

Operationalize trilateral development projects in border regions; establish joint border security coordination centers  
*"Peace is not unity in similarity but unity in diversity, in the comparison and conciliation of differences."* – Mikhail Gorbachev

## 3 Govt urged to seek US intervention over Indus treaty

### Impact

Escalating water disputes call for stronger international mediation efforts

### Recommendation

Activate diplomatic channels with U.S. and World Bank; internationalize violations through strategic media and legal avenues

*"Thousands have lived without love, not one without water."* – W.H. Auden

## 4 PAF's Chinese fighters make global headlines after downing Indian jets

### Impact

Elevates Pakistan's airpower profile amid heightened regional tensions

### Recommendation

Strategically communicate deterrence capabilities while maintaining operational restraint; invest in joint training and tech upgrades;

*"Si vis pacem, para bellum – If you want peace, prepare for war."* – Roman proverb

## 5 Relief to common man in next budget govt's top priority: PM

### Impact

Signals a people-centric fiscal approach ahead of the upcoming federal budget

### Recommendation

Align subsidies with essential services; expand social protection for vulnerable households; ensure transparency.

*"A nation's greatness is measured by how it treats its weakest members."* – Mahatma Gandhi

## 6 Pakistan's financial system completely stable, secure: Aurangzeb

### Impact

Reaffirms confidence in the resilience of Pakistan's financial infrastructure

### Recommendation

Expand digital oversight and cybersecurity safeguards across banking networks; promote public trust through transparent financial disclosures.

*"Confidence is contagious. So is lack of confidence."* – Vince Lombardi

## 7 UN's Article 51 in focus after Indian aggression

### Impact

Raises international legal implications regarding Pakistan's right to self-defence

### Recommendation

Engage legal and diplomatic forums to assert defensive rights; build international consensus around responsible conflict deterrence.

*"The law is not only to govern the peaceful but to restrain the violent."* – Justice Felix Frankfurter

## 8 Guterres calls Shehbaz, offers mediation

### Impact

Reflects renewed UN attention to regional conflict resolution

### Recommendation

Encourage proactive UN mediation mechanisms on Kashmir; align with broader de-escalation frameworks.  
*"Peace cannot be kept by force. It can only be achieved by understanding."* – Albert Einstein

## 9 CM Punjab Green Credit Programme launched

### Impact

Introduces a financial incentive for environmental stewardship in rural Punjab

### Recommendation

Scale green credit to other provinces; monitor carbon savings via satellite-linked audits.  
*"We won't have a society if we destroy the environment."* – Margaret Mead

## 10 IT ministry presents 'National Cyber Security Policy-2021' in NA

### Impact

Signals institutional priority for national digital protection

### Recommendation

Fast-track inter-agency coordination and civilian-military cyber readiness drills.

*"Cybersecurity is not just an IT issue, it's a boardroom issue."* – John Chambers

## 11 Global waste to grow 73pc by 2050, warns World Bank

### Impact

Highlights Pakistan's vulnerability to mounting waste and resource stress

### Recommendation

Adopt circular economy regulations and incentivize private-sector waste innovations.

*"Waste isn't waste until we waste it."* – Will.I.Am

## 12 US urges Pakistan and India to give peace a chance

### Impact

Reintroduces global emphasis on diplomacy and de-escalation in South Asia

### Recommendation

Capitalize on U.S. mediation calls to revive bilateral dialogue; prioritize water and trade diplomacy;

*"Peace is not something you wish for; it's something you make, something you do."* – John Lennon



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