



WEEKLY

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OVERVIEW

This week's *Policy Pulse* navigates Pakistan's intensifying geopolitical and economic headwinds, spotlighting a government stretched between regional instability, fiscal strain, and climate urgency. With the Middle East on the brink—marked by Israeli aggression and US military involvement—Pakistan's foreign policy is increasingly tethered to humanitarian advocacy, strategic diplomacy, and conflict mediation. Domestically, reforms in pensions, infrastructure, and education innovation signal a continued, if uneven, attempt at sustainable modernization under economic constraints.

At the heart of this issue is the growing fallout from the Israel-Iran conflict, with Pakistan joining 20 Muslim nations in condemnation and urging international accountability. As US airstrikes escalate the crisis, Pakistan is positioning itself as both a vocal critic and a potential mediator—amid regional risks to oil supplies, trade routes, and diaspora safety. Concurrently, the calls to flag drought as a national emergency adds urgency to stalled climate investments. In a pivotal domestic development, Prime Minister Shehbaz Sharif's directive to link Reko Diq to the national rail grid and the formal transition to a Defined Contribution Pension System underscore the state's push toward infrastructure-led growth and fiscal sustainability.

This *Pulse* also reflects an increasingly fragile regional order. The Global Peace Index places Kashmir among the world's top conflict flashpoints, reinforcing fears of miscalculation between nuclear neighbours. Meanwhile, the Congo virus fatalities in Karachi highlight critical public health vulnerabilities, particularly during Eid-related animal trade surges. Still, Pakistan's global standing receives a rare boost as three local schools are recognized among the world's best—showcasing the country's latent potential in education-led social transformation.

The Policy Nuggets sharpen these themes with calls for principled foreign policy, blue economy expansion, AI literacy, and civil service transparency. As regional polarization deepens and domestic reform pressures mount, the *Pulse* reminds policymakers that Pakistan's stability hinges on deft crisis diplomacy, systemic integrity, and sustained investment in climate resilience and human capital. Strategic foresight—backed by credible statecraft and cross-sector innovation—remains the bedrock of resilient governance.

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FMs of 20 Muslim states condemn Israeli attacks on Iran



- Foreign Ministers from 20 Muslim-majority countries including Pakistan have condemned Israel's recent airstrikes on Iran stating that the attacks violate international law.
- They emphasized the need to respect sovereignty and territorial integrity of Iran.
- They called for de-escalation, urging all the Middle Eastern countries to abide by the Non-Proliferation of Nuclear Weapons Treaty and engage in diplomacy regarding Iranian nuclear program.

Analysis

The widespread condemnation from Muslim nations reflects a unified stance against Israeli actions and highlights concerns over regional stability and the potential for broader conflict. Pakistan being the first door neighbour of Iran has to play a more active role for peace.

Way Forward

- Pakistan should enhance diplomatic efforts with both regional and global stakeholders to advocate for peaceful resolutions and leverage its position within the OIC.
- Pakistan should facilitate dialogues involving key regional players, through platforms like the Shanghai Cooperation Organization (SCO).
- Pakistan should support humanitarian initiatives in Iran.

40 killed trying to reach food in Gaza



- Israeli fire killed at least 40 Palestinians, including 20 near a US-backed aid site, Gaza Humanitarian Foundation, in Gaza, as they sought food amid ongoing shortages.
- The UN has criticized the new aid distribution system, calling it inadequate, violating humanitarian impartiality principles and "lethal".
- However, these attacks are not new, and Israel has at times acknowledged the opening of fire by its troops near aid sites.

Analysis

The incident underscores Israel's weaponization of hunger on the pretext that Hamas fighters are diverting food. The UN's condemnation regarding the aid distribution system in Gaza highlights international scepticism and creates an urgency to uplift the ban on UN agencies to bring in aid. This systemic nature of Israeli brutality against Palestinian citizens signals intent to further the genocide.

Way Forward

- Pakistan should enhance its advocacy for unrestricted access to UN agencies to deliver aid in Gaza to ensure impartial and safe distribution.
- Pakistan should call for independent investigations into such incidents during aid distribution to ensure accountability.
- Pakistan should also enhance its humanitarian aid and support to regional humanitarian organizations.

Drought is a national emergency, warns Sherry Rehman



- On the World Day to Combat Desertification and Drought, Senator Sherry Rehman stated that drought and desertification in Pakistan should be considered a national emergency.
- She called for an urgent, integrated investment as well as preparation for a national strategy on land restoration that integrates into agricultural reforms and is climate resilient.

Analysis

As the news article points out, this warning highlights a critical tipping point: with over 68% arid land and per-capita water plummeting from 5,000 cubic meters to under 900 cubic meters since 1947, Pakistan's food security and rural livelihoods are under severe threat with implications on social and economic stability.

Way Forward

- Launch targeted restoration projects in drought-prone zones combining tree plantation, rangeland care, and regenerative farming.
- Amend legislation to stop water misallocation and river capture to ensure equitable and sustainable distribution.
- Negotiate debt-relief-linked climate financing and boost international-private sector funding.

PM orders linking Reko Diq with rail network by 2028



- Prime Minister Shehbaz Sharif has directed to connect Reko Diq mining project in Balochistan rail network by 2028 to boost the region's economic potential.
- He has ordered the formation of an inter-ministerial committee to oversee financing for the railway's extension to Reko Diq.
- During the meeting, other agenda items including ML-1 and ML-3 railway lines were also discussed.

Analysis

The linking of Reko Diq to the rail network will significantly streamline mineral transport, reduce costs compared to road transportation, and boost regional development in Chagai and Balochistan via enhanced connectivity.

Way Forward

- Extend feasibility studies to ensure the Reko Diq-Gwadar line seamlessly links with CPEC.
- Ensure that at least 60% of railway and logistics jobs go to local (Chagai/Balochistan) residents.
- Develop an effective security strategy and mechanism for fool-proof security of the project.

Ballooning pension bill necessitated new system: Aurangzeb



- Speaking at a seminar organised by the Securities and Exchange Commission of Pakistan, Finance Minister Aurangzeb stated that the pension bill had reached Rs. 1 trillion and surpassed the development budget. This necessitated reforms for macroeconomic stability.
- He called the Defined Contribution Pension Scheme, effective from July 1, 2024, a win-win for both the government and the employees.
- He also commended the provincial governments for taking a lead on the pension reforms.

Analysis

The pension reform measures address unsustainable fiscal pressure and aim to align pension costs with international practices. However, the reforms may impact retirees' disposable income.

Way Forward

- While introducing reforms, it should be ensured that baby is not thrown out with bathwater.
- Implement a defined contribution pension plan where employees contribution is matched by government funds. The proceeds are then invested via regulated pension funds for sustainable payouts.
- Gradually raise the retirement age and index the annual pension to Consumer Price Index figures.

Three Pakistani schools among top 10 finalists for world's best school prizes



- Three Pakistani schools—Sanjan Nagar Public Education Trust (Lahore), Nordic International School (Lahore), and Beaconhouse College Program Juniper Campus (Quetta)—have been shortlisted amongst the Top 10 finalists for the prestigious 2025 World's Best School Prize for 'Overcoming Adversity', recognizing their excellence in innovation and transforming lives.

Analysis

The shortlisting of the three Pakistani schools, highlights Pakistan's growing strength in inclusive, impactful education, showcasing models that uplift underprivileged communities, emphasize STEM outreach, and foster engaged learning environments.

Way Forward

- The Federal and Provincial Governments should replicate the strong points of these schools to boost equitable access to quality education.
- More budget should be allocated for education and encourage the better performing schools.
- All out efforts should be made to provide education to the millions of out of school children.

Trump demands Iran's 'unconditional surrender'



- US President Trump has demanded Iran's "unconditional surrender," and has stated that he is not looking for a temporary solution of ceasefire.
- Moreover, he has also given signals that a US intervention in some form may be imminent.
- Whilst Chinese President Xi Jinping has expressed concerns over the escalation and has called US President's remarks as "pouring oil" on the conflict.
- Russian Foreign Ministry has denounced the Israeli attacks whilst Arab world including Jordan, Egypt and UAE have warned of escalations with a spillover effect on the region and beyond.

Analysis

US has actually carried out bombing attack on three nuclear sites in Iran. This aggressive demand followed by bombing has escalated already tense US-Iran relations. It also heightens risk of more destructive military conflict, and further complicates regional dynamics with a potential effect on Pakistan.

Way Forward

- Pakistan should express resentment over US belligerence and offer US-Iran mediation through direct or indirect talks.
- Pakistan should bolster its defence and strategic readiness, particularly in border-adjacent areas, to mitigate spillover risks.
- There should also be emergency preparation for potential migratory surges or supply chain disruptions to safeguard vulnerable populations from economic and humanitarian shocks.

Kashmir named among world's 'most critical escalation points'



- The Global Peace Index 2025 released by the Institute for Economics and Peace has ranked Pakistan at 144 out of 163 showing 'low state of peace', whilst India was ranked at 115th position with 'medium state of peace'.
- The Index has pinpointed several critical escalation hotspots which includes Kashmir where the conflict has a potential to "substantially escalate or even become a full-blown war".
- According to the Index, South Asia is the second least peaceful region globally.

Analysis

With heightened tensions particularly marked by suspended Indus Waters Treaty, May 2025 military operations, nuclear posturing, and lack of readiness on India's part to engage in diplomacy, there is a serious risk of miscalculation with a deadly outcome for regional and international peace and stability.

Way Forward

- Pakistan should re-engage international partners—such as the UN Security Council, GCC, and OIC—to facilitate dialogue resolution efforts.
- Pakistan should amplify its strategic messaging globally to counter disinformation and highlight the humanitarian and treaty violations in Kashmir.

Health experts alarmed as Congo virus claims two lives in Karachi in as many days



- Health experts are alarmed as two men have died from Congo Crimean Hemorrhagic Fever (CCHF) in Karachi within days, linked to contact with infected cattle.
- Both the cases have been reported in areas with high livestock interaction reinforcing the concerns raised by experts who had previously cautioned about the heightened risk of zoonotic transmission during and after Eid-ul-Azha.

Analysis

The fatalities due to CCHF highlight critical gaps in surveillance at cattle markets, livestock movement controls, and early-warning public health measures during Eid-related animal trade peaks.

Way Forward

- Provincial Governments should deploy mobile veterinary checkpoints at key transit routes and enforce temporary bans on livestock movement when CCHF cases arise to curb spread.
- Mandate tick-control protocols at markets & slaughter points, especially before Eid-ul-Azha.
- Launch city-wide campaigns, featuring warnings, protective behaviour tips, and visual SOPs at animal sale points.

Govt secures \$4.5bn loans from local banks to ease power sector debt



- The Government of Pakistan has secured approximately Rs1.275 trillion Islamic financing from 18 local banks to refinance part of its circular debt in the power sector.
- The loan will be repaid in 24 quarterly instalments over a six-year period with a concessional interest rate of 3-month KIBOR minus 0.9%, as also agreed by the IMF.
- This loan will not add to public debt and the Government will allocate Rs. 323 billion annually to repay the loan.

Analysis

While refinancing at lower interest rates offers short-term fiscal relief, however, the circular debt can only be ended with sustainable solutions such as improving efficiencies of DISCOs, strengthening collection mechanisms, and reducing future debt accumulation.

Way Forward

- Strengthen DISCOs performance and revenue collection to reduce losses and prevent fresh circular debt from accruing.
- Ensure that the Debt Service Surcharge adjustment aligns with adjustments in tariff notification so that consumers bear the true cost of supply. This reinforces fiscal discipline without resorting to repeated bailouts.
- Renegotiate or convert underperforming capacity-payment IPPs into merchant-based models ensuring that payments are tied to electricity delivered and not on mere availability-basis.

Trump says Iran's key nuclear sites 'obliterated' by US airstrikes



- US President Donald Trump stated that US bombers have struck Iran's three main nuclear sites and warned that if Tehran does not agree to peace, it would face more devastating attacks.
- In a televised address, Trump called the strikes a "spectacular military success," which have "completely and totally obliterated", Iran's key nuclear enrichment facilities.

Analysis

The US intervention into the Israel-Iran war further escalates tension in the region and could potentially prolong the conflict rather than end it. Despite international community's calls for de-escalation, the US airstrikes send a clear message of coercion from US toward Iran.

Way Forward

- Pakistan should offer mediation talks between US and Iran to de-escalate the tensions in the region.
- Pakistan should call on China and Russia to call for a swift end to the Israel-Iran war and to re-engage diplomacy with a sustainable and peaceful solution to Iran's nuclear program.
- Pakistan should keep its guards up to protect its strategic assets.

PM Shehbaz calls National Security Committee meeting after US strikes



- PM Shehbaz Sharif will be convening an emergency National Security Committee (NSC) meeting on Monday, 23rd June 2025 in response to recent US airstrikes on Iran's nuclear facilities.
- It is expected that Chief of Army Staff Field Marshal Asim Munir will also attend the meeting and brief the committee about his meeting with US President Trump.
- In a call with the Iranian President Masoud Pezeshkian, the PM condemned the US airstrikes, noted that Iran has the right to self-defence and reaffirmed solidarity with Iran.
- He also called for collective efforts to de-escalate the situation and assured of Pakistan's support to that end. The Iranian President appreciated Pakistan's support of Iran.

Analysis

The move signals Pakistan's intent to play an active diplomatic role, aligning with Iran while also pushing for restraint and dialogue.

Way Forward

- Pakistan should call and host a dialogue with regional players and strategic partners to de-escalate the tensions.
- While expressing solidarity with Iran, Pakistan must maintain strategic balance with key Western partners, particularly the US, to safeguard its national interests.
- Utilize the NSC meeting to outline a forward-looking regional posture by linking developments in the Middle East to Pakistan's security.

Policy Nuggets

1 Tehran calls on US to force Israel into ceasefire

Impact

Illustrates escalating diplomatic pressure on the US amid the ongoing Gaza conflict, reflecting deepening regional polarization and humanitarian urgency.

Recommendation

Maintain a principled foreign policy stance whilst advocating for an immediate ceasefire and upholding of international humanitarian law, along with extending support to multilateral mediation efforts.

"Injustice anywhere is a threat to justice everywhere." – Martin Luther King Jr.

2 PM Shehbaz declares blue economy 'new economic frontier'

Impact

Recognizes untapped maritime potential as a strategic pillar for sustainable growth, diversification, and regional economic integration.

Recommendation

Formulate a comprehensive Blue Economy Policy focused on coastal infrastructure, marine resource governance, and public-private investment partnerships.

"The ocean is a mighty harmonist." – William Wordsworth

3 Army chief asks India to engage with Pakistan like a 'civilised nation'

Impact

Signals Pakistan's strategic openness to dialogue, emphasizing diplomacy over hostility amid enduring regional tensions.

Recommendation

Pursue confidence-building measures and backchannel diplomacy to revive bilateral engagement whilst focusing on shared security and economic interests.

"Diplomacy is the art of telling people to go to hell in such a way that they ask for directions." – Winston Churchill

4 Youth increasingly turning to AI bots for news updates

Impact

Reflects a generational shift in news consumption, raising questions about information credibility, media literacy, and algorithmic influence.

Recommendation

Invest in digital media literacy programs and regulate AI-driven content platforms to ensure access to verified, diverse, and accountable information streams.

"Technology is a useful servant but a dangerous master." – Christian Lous Lange

5 Trump says he had COAS Asim over to thank him for not going into war

Impact

Reveals the significance of Pakistan's military diplomacy in averting conflict and underscores its role in regional de-escalation efforts.

Recommendation

Institutionalize strategic dialogue channels with global powers to reinforce Pakistan's role as a stabilizing force in regional security architecture.

"Peace is not merely a distant goal we seek, but a means by which we arrive at that goal." – Martin Luther King Jr.

6 2,500 bureaucrats are dual-nationals, Senate told

Impact

Raises concerns over potential conflicts of interest, transparency, and national loyalty within the civil service framework.

Recommendation

Introduce clear legal frameworks and disclosure requirements for public officials holding dual nationality to ensure accountability and alignment with national interests.

"Public service must be more than doing a job efficiently and honestly. It must be a complete dedication to the people and to the nation." – Margaret Chase Smith

7 Pakistan counters Indian claims over Pahalgam attack in Geneva

Impact

Highlights Pakistan's active diplomatic stance in contesting narratives on international platforms, reinforcing its position on Kashmir and regional conflict.

Recommendation

Sustain robust diplomatic engagement at multilateral forums to counter disinformation, promote conflict resolution, and uphold international legal principles.

"The pen is mightier than the sword, especially when writing policy." – Anonymous

8 'Missiles over Mashhad': returning Pakistanis recall Israeli strikes

Impact

Underscores the regional spillover of Middle East conflicts and the resulting risks to Pakistani nationals abroad.

Recommendation

Enhance crisis preparedness through proactive diaspora tracking, timely travel advisories, and diplomatic readiness to protect citizens in conflict zones.

"The safety of the people shall be the highest law." – Marcus Tullius Cicero

9 Pakistan slams Indian minister's threat over Indus Waters Treaty

Impact

Signals rising water-related tensions between nuclear-armed neighbours with serious implications for regional peace, food security, and environmental stability.

Recommendation

Reinforce Pakistan's diplomatic and legal stance through international arbitration mechanisms while investing in internal water governance and conservation strategies.

"When the well is dry, we know the worth of water." – Benjamin Franklin



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