



WEEKLY

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OVERVIEW

This week's *Policy Pulse* presents a diverse set of developments reflecting Pakistan's pressing challenges and strategic responses in areas such as climate resilience, economic governance and regional security. From devastating monsoon impacts and international diplomatic manoeuvring to macroeconomic stabilization efforts, the issue offers a snapshot of a country navigating through complex domestic and global dynamics whilst striving for reform and resilience.

The issue begins with a stark warning from *Nature* about Pakistan's future being defined by frequent and intense flooding. It highlights the urgent need for structural and urban reforms, such as floodplain zoning, drainage upgrades, and community preparedness. Meanwhile, the Pakistan-Iran-Iraq trilateral agreement seeks to regulate pilgrimage travel and curb illegal migration, whilst also Pakistan and Afghanistan renew their pledge to cooperate on counter-terrorism. The successful NCCIA operation that shut down a foreign-led scam call centre in Islamabad reflects both the evolving threat of cybercrime and the growing capability of local enforcement.

On the economic and diplomatic front, multiple milestones offer hope. The UK's decision to allow Pakistani carriers to resume flights signals restored confidence in aviation safety. The Finance Minister seeking Moody's credit upgrade and the

announcement of e-visa rollout by the UK points to improving macroeconomic and diplomatic engagement. The Reko Diq project's pre-production royalties also show early returns on long-term investments. At the same time, Pakistan is delicately balancing its diplomatic ties with the US: praising the Iran's ambassador against FBI charges as the US declares The Resistance Front, responsible for the Pahalgam attack, as a terrorist group.

The issue concludes with Policy Nuggets which cover a range of issues from counterterrorism operations and riverine security to trade growth and dispute resolution, reinforcing the need for agile, transparent, and future-focused policymaking across sectors. The *Policy Pulse* puts together these significant developments to present improved bilateral relations and economic governance alongwith the need for sustained institutional reforms, strategic regional cooperation, and evidence-based policy action to navigate Pakistan's evolving challenges and opportunities.

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Flooding will be 'new normal for Pakistan'



According to an article published in leading scientific journal *Nature*, Pakistan faces the possibility of more frequent and severe floods due to extreme rainfall events and human-induced development encroaching on floodplains. However, the authors recommended that practical actions such as restoring natural floodplains, improving drainage, and shifting development away from riverbanks can mitigate the flood risks.

Analysis

The article raises alarm bells as it frames flooding as the new norm for Pakistan. According to the article, the risk is significantly increased under a high-emission scenario, with intense rainfall events, in particular 5-day extreme rainfall events in southern Pakistan, projected to become "more common and stronger by the end of the century". The government needs to undertake urgent and significant adaptation strategies to adjust to the new norm as also pointed out by the article.

Way Forward

- Mandate and enforce floodplain zoning and prohibit settlements in high-risk areas.
- Upgrade urban drainage systems and embed "sponge city" designs to absorb heavy rainfall within city centres.
- Institutionalize community-based early warning drills and disaster training in schools, mosques, and camps

Pakistan, Iran and Iraq unite to prevent 'illegal migration'



Interior Minister Mohsin Naqvi has announced that Pakistan, Iran, and Iraq have agreed to form a trilateral working group to better regulate pilgrimage travel and curb illegal migration under the guise of pilgrimage. He further informed that the traditional Salar System for zaireen will be abolished and replaced with a zaireen group organizers model. From 2026 onwards, pilgrims will only be allowed to travel under registered organizers.

Analysis

While the new system of requiring registered pilgrimage groups and organizers aims to prevent overstays and human trafficking, its success would depend on robust enforcement and safeguarding legitimate pilgrims' rights.

Way Forward

- Create a list of approved travel groups for pilgrims to stop fake organizers.
- Increase border checks in Balochistan to stop illegal crossings.
- Work with Iran and Iraq to track pilgrims' visas and help those in trouble.

Five foreigners held for operating scam call centre in Islamabad



In response to an FIR lodged by a complainant regarding a task-based scam, the National Cyber Crime Investigation Agency (NCCIA) conducted an enquiry and found that a criminal gang was operating in Islamabad's G-10 call centre. After obtaining search and seizure warrants from the court, the NCCIA raided the call centre and arrested five foreign suspects who were involved in elaborate local and international online scams through fake personas and crypto-based extortion.

Analysis

The operation reveals the increasing sophistication of multi-tier cybercrime networks which exploit vulnerable individuals via social media. Whilst the successful raid of NCCIA shows the capacity of our institutes to bust these fraudulent gangs, however, proactive preventive steps need to be taken to curb and fight against such criminal schemes to protect our people.

Way Forward

- Expand NCCIA's capacity to proactively investigate and shut down scam hubs.
- Launch public-awareness campaigns in Urdu and regional languages to expose common fraud recruitment tactics on platforms like WhatsApp and Telegram.
- Enhance legal cooperation with foreign jurisdictions to dismantle transnational scam networks.

UK launches eVisas for Pakistani students, workers



Starting from July 15, 2025, Pakistanis applying for UK study or work visas will receive e-visas, eliminating the need for physical visa stickers and allowing them to retain their passports during the processing.

Analysis

The shift to e-visas marks a positive development in Pakistan-UK cooperation, making the visa process faster, more secure, and more convenient for students and skilled professionals.

Way Forward

- Educate applicants through government and university channels on how to set up UKVI digital accounts and link passports to avoid entry issues.
- Establish a helpline in Urdu and regional languages to assist first-time e-visa applicants with the process.
- Partner with educational agencies and employers to ensure accurate data submission for e-visa eligibility.

Moody's urged to improve Pakistan's credit rating



Finance Minister (FM) Muhammad Aurangzeb urged Moody's, the leading US rating agency, to improve Pakistan's credit rating and help its return to international capital markets at favourable conditions. The rating agency was provided an in-depth briefing on Pakistan's macroeconomic outlook, reform agenda, and financial stability.

Analysis

The FM's desire that Moody's should reassess Pakistan's credit rating from Caa2 is based on the improvements Pakistan has made in its macroeconomic indicators and structural issues. If the rating is improved, it will unlock international capital markets and allow Pakistan to float international bonds at better rates.

Way Forward

- Accelerate FBR-led tax reforms to push the tax to GDP ratio by focusing on digitization and enforcement.
- Use the IMF and bilateral loan tranches prudently to sustain confidence in external liquidity buffers.
- Foster political consensus on economic reforms and continuity to reduce downgrade risk tied to governance instability.

Pakistani carriers to return to UK skies after 5 years



After more than five years, Pakistan has finally been removed from the air safety list by the United Kingdom (UK), allowing Pakistani airlines to operate flights to the UK. The ban was imposed by UK in 2020 due to safety concerns raised by the statement made by the then-aviation minister of Pakistan about the credibility of Pakistani pilots. The Prime Minister Shehbaz Sharif welcomed the lifting of the ban as "an important milestone for the country".

Analysis

The delisting enhances trust in Pakistan's aviation framework, highlights successful safety reforms undertaken by the Civil Aviation Authority, and paves the way for stronger connectivity, diaspora travel, and financial recovery for PIA which is currently undergoing privatization.

Way Forward

- Monitor flights regularly to avoid any mistakes that could lead to a new ban.
- Promote competitive pricing and service quality by collaborating with private carriers to offer consumer choice on UK routes.
- Link the resumed UK access to PIA's privatization credentials, improving its valuation and attractiveness to investors.

Pakistan backs Iranian envoy added to US 'wanted list'



After the US Federal Bureau of Investigation (FBI) added Reza Amiri Moghadam to its 'Most Wanted' list, Pakistan stressed that Iran's envoy in Islamabad was "widely respected for his role in the promotion of Pakistan-Iran relations". The listing was made over the ambassador's alleged role in the 2007 disappearance and suspected abduction of retired FBI agent Robert A. 'Bob' Levinson, who had arrived on Kish Island on March 8, 2007 and went missing the following day.

Analysis

The move to add Iranian ambassador to the "Wanted List" comes amid heightened tensions between the US and Iran. As Pakistan assures its commitment to diplomatic conventions and regional alliance with Iran, it may strain ties with the US and deepen Islamabad's balancing act between international legal pressure and regional diplomacy.

Way Forward

- Maintain diplomatic immunity openly while clearly stating Pakistan is not involved in the FBI allegations.
- Engage privately with Washington to reassure that Pakistan supports due process while upholding its treaty obligations.
- Use diplomatic channels with Iran to request transparency and cooperative engagement, preserving bilateral trust.

US declares outfit behind Pahalgam attack 'terror group'



The US has officially designated The Resistance Front (TRF), which claimed the attack for the Pahalgam attack on April 22, as a Foreign Terrorist Organization (FTO) and Specially Designated Global Terrorist (SDGT). As per Indian media, New Delhi's attempts to have the group designated as a terror outfit by the United Nations had been previously blocked by China on Pakistan's behalf.

Analysis

The US move to designate TRF as FTO and SDGT seems to echo India's viewpoint which has claimed that the group is a "front and proxy" of the banned Lashkar-e-Taiba (LeT).

Way Forward

- Strengthen cross-border intelligence cooperation with US and regional partners to trace and disrupt any terror financing and logistics networks.
- Increase public messaging to clarify Pakistan's stance against all forms of terrorism.
- Engage in dialogue with the US and India to prevent escalation and promote regional stability.

Reko Diq paid \$17.5m royalties to Balochistan government



During a media briefing on the Reko-Diq project's progress, Reko-Diq Mining Company's (RDMC) Communications Manager Samia Ali Shah informed that RDMC has paid more than \$17.5m in royalties to the Balochistan government and nearly \$3.8m to the federal government on account of employees and other parties' income taxes collected by the company. The Balochistan government holds a 25 per cent partnership in the project without making any direct investment. The overall venture is a 50-50 partnership between the government of Pakistan and RDMC.

Analysis

These payments reflect early compensation under the advance-royalty framework ahead of production and highlight gradual fiscal benefits even before commercial operations begin. The production is expected to begin in 2028.

Way Forward

- Ensure transparent public reporting of all royalties etc. and community benefits to build trust and accountability in Balochistan.
- Strengthen provincial oversight mechanisms to monitor the use and impact of community investment funds at the local level.
- Expand skill-development programmes to prepare local communities for jobs once mining operations begin.

6 killed, 12 injured as bus overturns in Sindh's Thatta: rescue officials



A bus carrying picnickers from Karachi to Keenjhar Lake overturned in Thatta, Sindh, killing at least 6 people and injuring 12 others. The injured were promptly shifted to Karachi hospitals.

Analysis

The accident highlights recurring safety risks from overloaded vehicles and poor road conditions, particularly during peak travel and monsoon periods in Sindh.

Way Forward

- Enforce stricter vehicle safety checks before tour trips to ensure that buses are not overloaded and are roadworthy.
- Improve rural road maintenance and signage, especially near popular lakes and tourist areas.
- Enhance emergency response training for local police and Rescue 1122 teams to manage bus accidents effectively.

Punjab braces for more after rains claim 70 lives in 48 hours



Since June 25, there have been 123 deaths and 462 injuries in Punjab due to relentless monsoon rains. Of these, 71 deaths have been reported in the past two days alone, with Pakistan Meteorological Department issuing fresh alerts of more downpours all over the country from July 20.

Analysis

The surge in fatalities underscores a critical lack of resilience in urban infrastructure and emergency preparedness and reflects broader vulnerabilities which are amplified by climate-driven extreme weather events.

Way Forward

- Upgrade urban drainage and housing resilience by fast-tracking stormwater infrastructure projects.
- Improve early warning and evacuation readiness via coordinated drills between concerned authorities.
- Launch community awareness campaigns focused on flood risks, emergency kits, and safe relocation procedures during monsoon peaks.

Pakistan, Afghanistan agree to step up counter-terror measures



According to a statement by the Interior Ministry, Interior Minister Mohsin Naqvi and his Afghan counterpart Sirajuddin Haqqani during a meeting in Kabul have vowed to enhance cooperation to curb cross border, infiltration, especially by the banned Tehreek-i-Taliban (TT) militants, to eradicate terrorism.

Analysis

The agreement signals a tactical shift in Pakistan's regional security strategy, but its effectiveness depends on Kabul's willingness and capacity to rein in groups like the TT, which Islamabad believes are operating from Afghan soil.

Way Forward

- Institutionalize bilateral counterterrorism dialogue by establishing a Joint Counterterrorism Commission with quarterly reviews.
- Strengthen border fencing and biometric entry-exit systems to prevent militant infiltration and undocumented cross-border movement.
- Launch targeted deradicalization and reintegration programs in tribal districts to counter extremist recruitment and narratives.

Policy Nuggets

1 Four terrorists killed in Bannu, Malakand operations

Impact

Disrupts militant networks in volatile regions.

Recommendation

Enhance real-time intelligence fusion centers; deploy terrain-specialized drones and launch community deradicalization programs.

"Terrorism thrives on division—our strength lies in unity and smart warfare." — General Qamar Javed Bajwa

4 Govt to introduce alternative dispute resolution

Impact

Reduces judicial backlog, improves business climate.

Recommendation

Create digital arbitration platforms; train sector-specific mediators and establish expedited commercial courts.

"Justice delayed is economic growth denied." — Christine Lagarde

7 Textile exports grow by 7.39% to \$17.88bn in FY25

Impact

Strengthens trade balance and industrial resilience.

Recommendation

Accelerate value-added textile production through automation subsidies and expand 'Textile Innovation Hubs' in Faisalabad and Karachi for SME tech upgrades.

"Trade isn't just transactions—it's the currency of peace in a fragmented world." — Christine Lagarde

2 Punjab approves Rs1bn plan for riverine security

Impact

Balances ecological and security needs.

Recommendation

Implement biometric river monitoring; integrate flood-resistant infrastructure and train community watch groups.

"Rivers are arteries of civilization—protecting them protects our future." — Dr. Ruth Pfau

5 Jakarta-Islamabad defense partnership

Impact

Strengthens Indo-Pacific maritime security.

Recommendation

Conduct anti-piracy naval drills; co-develop defense tech and exchange military academy cadets.

"Shared oceans demand shared security—our fates are tied by tides." — Susi Pudjiastuti

8 NAB introduces eight key reforms to rebuild trust

Impact

Addresses systemic credibility gaps in anti-graft efforts.

Recommendation

Implement public dashboard for real-time case tracking; establish special accountability courts with 6-month case deadlines and mandate annual ethics audits for investigators.

"Transparency isn't the enemy of justice—it's its architect." — Jacinda Ardern

3 Astronomers observe solar system birth

Impact

Positions Pakistan for space research collaboration.

Recommendation

Establish national astrophysics fund; partner with global observatories and launch STEM outreach programs.

"The cosmos reveals truths that humble nations and inspire greatness." — Neil deGrasse Tyson

6 Pakistan-UK economic accord signed

Impact

Opens new trade/investment corridors.

Recommendation

Fast-track UK business visas; create fintech partnership hubs and align standards for seamless trade.

"Commerce builds bridges where diplomacy alone cannot." — James Dyson

9 PAF secures two trophies at RIAT 2025

Impact

Enhances Pakistan's defense diplomacy and soft power.

Recommendation

Launch "Sky Scholars" program to recruit STEM talent through airshow demonstrations and create joint R&D fund with Türkiye/Saudi Arabia for next-gen avionics.

"Aircraft don't win battles—the excellence of those who engineer and fly them does." — ACM Zaheer Ahmad Babar



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