



Islamabad Policy Research Institute



NEWSLETTER

September 2016, Vol. 4, No. 9

TWO-DAY NATIONAL CONFERENCE CPEC: Macro and Micro Economic Dividends for Pakistan and the Region



A two-day national conference titled "CPEC: Macro and Micro Economic Dividends for Pakistan and the Region" was organized by Islamabad Policy Research Institute (IPRI) in collaboration with Hanns Seidel Foundation (HSF), Islamabad, on September 20-21, 2016 at Islamabad Hotel, Islamabad.

chaired by Engineer Khurram Dastgir Khan, Federal Minister for Commerce, Ministry of Commerce, Government of Pakistan. Mr. Zhao Lijian, Charge d Affairs, Embassy of the People's Republic of China, Islamabad also addressed the conference as Keynote Speaker.

cities. In the energy sector, CPEC aims at development and proper utilization of hydropower, wind power and solar power in order to optimize the energy structure and to improve self-sufficiency.

- CPEC is expected to contribute significantly to each of the component of the GDP by enhancing economic growth at least by 2.0 percent by 2020 and an additional 1.5 percent by 2030 but at the same time, it is cautioned that Pakistan's current account deficit would widen initially due to high import growth and stagnation of exports.
- The achievable targets for the year 2025 must focus on doubling the Pakistan's GDP upto the amount of \$700 billion alongside \$50 billion of Foreign Direct investment. On the economic side, at least 5 percent of Chinese external trade must

IN THIS ISSUE

IPRI CONFERENCES

04 Debt Issues of Pakistan

LECTURE

07 Conventional Deterrence and Force Balance between India and Pakistan

IPRI ENGAGEMENT

06 Conference on Building of 21st Century Maritime Silk Road and Advancing International Industrial Cooperation

06 GNFCO SCO Think Tank Symposium

Twelve eminent scholars from all over Pakistan participated in this conference. The conference focused on following themes:

- CPEC: An Introduction and Cumulative Advantages to Pakistan and China
- CPEC: Macroeconomic Dividends to Pakistan
- CPEC: Micro Level Advantages to Pakistan's Economy
- CPEC: Economic Advantages to the Region

Dr. Mujahid Kamran, Vice Chancellor, Punjab University was the chief guest for the inaugural session. The concluding session was

Following are the Salient Points of the Conference:

- The initiative of China-Pakistan Economic Corridor gives Pakistan an opportunity not only to achieve an economic turnaround but to use this project as a knowledge corridor. Besides infrastructural and energy projects, the economic corridor will provide a shorter land route to China via Pakistan for trade purposes, as compared to the existing trade route via Malacca Strait.
- The transport corridor is not restricted to a single alignment; all provincial capitals are included as nodal points along the route. The basic vision behind transport corridor is to connect the main

be routed through Pakistan. And in order to meet the energy requirements of Pakistan, at least 10000 MW of hydel and solar power must be commissioned, besides creation of 200 million acre feet of additional water reservoirs.

- There are some great lessons to learn from China's coastal strategy. The development of Gwadar port as part of CPEC project can be built on similar principles to materialize the maximum out of it. In China, since the reform and openness policy was introduced in 1978, coastal cities have been designed as "engines" of economic growth.

Continued on p.2

CPEC: Macro and Micro Economic Dividends

Inaugural Session



Dr. Mujahid Kamran Inaugurated the Conference

Session I



Ambassador Dr. Inam-ul Haq chaired Session-I



Mr. Asad Ali Shah

Mr. Khalid Rehman

Dr. Athar Masood

that Afghanistan must establish trade relations with China through third countries either Pakistan or its Northern neighbors i.e. Central Asian Republics.

- Moreover, Trade facilitation has become the leading non-tariff barrier (NTB) that reduces intra-regional trade among the member countries of the regional economic blocs however, CPEC would ensure trade facilitation.
- It was suggested that in the development of CPEC project, new ideas should be created by enhancing the public-sector entrepreneurial knowledge networks.
- It was highlighted that among globally integrated economies and regions, the SAARC region falls in the group of the least integrated regions of the world. The Chinese vision of reviving the historic Silk Road through its OBOR initiative across Eurasia holds the prospects of revolutionizing connectivity in terms of trade, energy and logistics. CPEC is a geo-economic project, with economic implications not just for the two direct participants, China and Pakistan, but also for regional countries.
- SAARC itself has not made much headway in terms of intra-regional trade due to bilateral disputes such as Pakistan-India tensions and poor connectivity. CPEC investment would prepare the region to take full advantage of any thaw in the relations between Pakistan and India. The hope is that geopolitics will give way to geo-economics.
- At the moment, world is experiencing two developing themes i.e. Trans-Pacific Partnership (TPP) which is falling apart and UK has recently faced Brexit, which shows de-globalization and limiting of economic linkages. Other theme is coming from China i.e. of OBOR which aims to take people and regions together for economic integration. Pakistan should convince India that by not supporting the CPEC, India is rejecting the theme of connectivity, collectiveness, economic progress and linkages.

Recommendations

- Issues that must be addressed in facilitating the mega projects of CPEC are: improving investment and trade facilitation; regulations for financial integration and cooperation; building currency stability and credit information system, redefining and expanding the scope and scale of bilateral currency swap arrangements, establishment of the financial institutions for cooperation,

while ensuring transparency and checking corruption.

- Tax reforms must be introduced for augmenting the economy so that Pakistan could play its actual role as a conduit of regional economy. The CPEC would provide a platform to Pakistan for achieving this objective.
- CPEC will ease Pakistan's energy crisis while connecting the country's economy with its neighbors. Though CPEC is an inclusive project but the focus must also be on indigenous efforts to generate coal, solar, Hydel, and wind energy.
- The major portion of new energy generation capacity under CPEC will be coal-based plants. The negligence of climate change aspect is one weakness which needs to be addressed.
- Pakistan must invest in capacity building of the massive manpower resources it has which includes establishment of such institutes that could technically train and impart skills to enhance productivity. Besides, investment in the social sector development must be encouraged under the framework of CPEC which should include projects concerning health and education sector.
- Pakistan must make efforts in creating cold storage facilities for fruits, vegetables, and dairy products so that these products could be preserved. Efforts must be made to include this area in the developmental plan of CPEC. Moreover, instead of growing excessive wheat, crops such as Soya bean must be grown to be exported to China, seeing their consumption needs.
- Pakistan must also focus on both, soft and hard aspects of CPEC. Government of Pakistan must establish working frameworks and agreements for financial, commercial, manufacturing, and knowledge alliance with

Session-II



Dr. Ashfaq Hassan Khan chaired Session-II



Dr. Salman Shah

Dr. Syed Irfan Hyder

Dr. Jahangir Khan

Continued from p.1

The Chinese experiences show that the development of coastal cities is dependent upon national policies of making use of the open seas and maritime trade in connecting National economy to the global economy.

- As projects under the CPEC gather pace, there is a need to address the challenges such as the general lack of know-how on finances, public private partnerships and the extent of the benefit to both China and Pakistan, and then weighing them against each other.
- Under CPEC both sides have agreed to establish Pak-China Agricultural Demonstration Zones that would lead to exchange of knowledge and transfer of technology in the fields of agro-chemicals, pesticides, fertilizers, agro-engineering, bio-technology and livestock and would enable Pakistan to learn Chinese expertise in agriculture sector. Pak-China cooperation would provide enhanced opportunities for rural employment, establishment of agricultural sciences parks, establishment of value chains, possibilities of initiating joint ventures and corporate farming as well as opportunities for international agricultural trade.
- Iran is among the top ten countries having proven energy reserves and has interest in expanding its energy exports to neighboring countries through pipelines. Meanwhile, China is the largest trading partner of Iran as around fifty percent of Iranian exports went to China while its forty five percent of imports are from China. However, it is suggested

for Pakistan and the Region

China. These frameworks and agreements must facilitate Pakistan to gain the requisite knowledge, competitiveness, and productivity in various segments of the economy.

- Pakistan must establish a CPEC Development Authority consisting of the civil and armed forces of Pakistan joining hands together for smooth implementation and timely execution of the CPEC project.
- Pakistan needs to get preferential market status in Chinese economy. The business community and private sector of Pakistan need to come forward and play their role in making CPEC a success. Moreover, there is a need to determine and highlight the opportunities for local business and investors in CPEC.
- Pakistan must increase the percentage of GDP allocation for the education, research and development sector for sustaining economic growth in the future. Besides, there are 450 think tanks in China and Pakistan that can collaborate to formulate policies concerning areas of mutual interest. Since technology



transfer and human capital development are weaker links of CPEC, these aspects must be included as well.

- Linking India with the CPEC will require immense diplomatic and political efforts on part of both India and Pakistan. The projects under CPEC will benefit the whole region and it can only work exclusively, if every stakeholder plays a fair role and can essentially benefit the entire region.
- CPEC provides Pakistan a solid base to achieve an economic turnaround. In this regard, Pakistan needs to meet the expectations of Chinese government and have to live upto the operational and financial discipline.
- Pakistan has a limited trade relationship on the whole. Somewhat significant trade relationship exists with Bangladesh and Sri Lanka, with a perceptible tilt towards Pakistan in the balance of trade. Similarly, Trade with Bhutan, Maldives and Nepal is also insignificant, which needs to be addressed. If diplomacy removes the political barriers and

secures peace and good neighborly relations between Pakistan and India, the barriers of distance reduced by CPEC are likely spur larger trade flows between Pakistan and other SAARC countries.

Session-III



Dr. Eatzaz Ahmed chaired Session-III



Dr. Kamal Monnua

Dr. Sultan Ali Adil

Dr. Saima Shaheque

Session-IV



Dr. Kamal Monnua chaired Session-IV



Dr. Tugral Yamin

Dr. Syed Ghulam Qadir

Dr. Parvez Tahir

Concluding Session



Mr. Zhao Lijian

Engineer Khurram Dastgir Khan, Federal Minister of Commerce, Ministry of Commerce chaired the Concluding Session

POWER, FORTUNE, AND SURVIVAL
IN THE AGE OF NETWORKS

THE SEVENTH SENSE

JOSHUA COOPER RAMO
AUTHOR OF THE INTERNATIONAL BESTSELLER
THE AGE OF THE UNTHINKABLE

ADDITION TO IPRI LIBRARY

The Seventh Sense: Power, Fortune, and Survival in the Age of Networks

By: Joshua Cooper Ramo

All around us now we are surrounded by events that are difficult to understand. But every day, new figures and forces emerge that seem to have mastered this tumultuous age. Sometimes these are the leaders of the most earthshaking companies of our time, accumulating billion-dollar fortunes. Or they are successful investors or our best generals. Other times, however, quick success is going to terrorists, rebels, and figures intent on chaos. What if we could know the secret of those who can make sense of this age? What if we could apply it to the questions that worry us most?

In this groundbreaking new book, Joshua Cooper Ramo, author of the international bestseller *The Age of the Unthinkable*,

introduces a powerful way of seeing the world. *The Seventh Sense* is the story of what all of today's successful figures see and feels--forces that are invisible to most of us but explain everything from explosive technological change to uneasy political ripples. The secret to power now understands our new age of networks--not merely the Internet but also networks of trade and DNA and finance. Based on his years of advising generals, CEOs, and politicians, Ramo takes us into the opaque heart of our world's rapidly connected systems and teaches us what the victors of this age know--and what the losers are not yet seeing.

But *The Seventh Sense* won't merely change the way you see the world. It will also give you the power to change it.

DEBT ISSUES



A one-day conference on "Debt Issues of Pakistan" was organized by Islamabad Policy Research Institute (IPRI) on September 8, 2016 at Islamabad Hotel, Islamabad.

Given the importance of the debt issue, the conference was planned to analyze the current economic policies relating to public debt. The conference discussed and suggested means to extricate Pakistan out of a vicious debt cycle, having analyzed the debt management, its weaknesses, and consequences.

Speakers of the conference suggested that there is a need for a comprehensive, dynamic and rule-based debt policy which could bring forth right choices from amongst various options. The Government of Pakistan will then be able to consider taking loans that are actually needed and necessary. The conference had one working session, in addition to the inaugural and concluding sessions. The conference focused on following themes:

- Pakistan's Debt Problems: Past, Present, and Future
- Best Practices for Debt Management and Lessons for Pakistan
- Strategies to Address the Debt Challenges

Dr. Javed Ashraf, Vice Chancellor, Quaid-i-Azam University (QAU), Islamabad, honored the occasion as a Chief Guest and Session Chair. Following three speakers were invited to speak in the conference:

- Professor Dr. Eatnaz Ahmed, Director, International Institute of Islamic Economics (IIIE), International Islamic University, Islamabad
- Professor Dr. Usman Mustafa, Head, Department of Business Studies, Pakistan Institute of Development Economics (PIDE), Islamabad
- Dr. Sajid Javed Amin, Research Fellow, Sustainable Development Policy Institute (SDPI), Islamabad

Following are the Salient Points of the Conference:

- During recent years, debt has emerged as one of the challenging global issues. Many believe that the lessons from the

2008 financial crisis have not been learnt by the world and as a result of it; the world debt today stands at US\$ 153 trillion.

- Pakistan's internal and external debt has increased manifold. According to the State Bank of Pakistan (SBP) as of March 31, 2016, Pakistan owes US\$ 69.558 billion to external lenders and 13.655 trillion rupees to domestic lenders. Debt-to-GDP ratio has increased from 58.57 percent in the FY 2007 to 65.1 percent in 2015 and 64.8 in 2016.
- In the specific case of Pakistan, loans from IMF were taken as Pakistan faced slow economic growth, declining reserves, increasing fiscal deficit, and various other structural impediments. IMF loans were aimed at preserving economic stability and providing necessary boost in growth.
- However, the mismanagement of debts have disturbed the private sector investment, increased inflationary pressures, created instability in financial system and fluctuations in exchange rate etc. Moreover, it is the persistence of such debts that has severely impacted the resource allocation by diverting resources from social and public services sectors to debt servicing.

- It was added that as long as the returns continue to exceed the cost of the debts, they may lead to many opportunities of economic growth. However, it is the pernicious combination of issues of inflation, tax collection alongside the economic burden of the war on terror which are the major hurdles restraining the government to deal with the issues of debt accumulation.
- Solution strategies for debt often seek quick results, which in most of the cases are unfeasible as decision-making rests on personal intelligence, rather than objective analysis.
- Pakistan has two grounds set for economic growth vis-à-vis decline in GDP to debt ratio, i.e. increase in demand through expansionary monetary policy and devaluation of exchange rate, which will boost domestic demand.
- A quick-fix strategy suggests a sudden cut in expenditures which could help in bringing down the deficits and if that reduction in deficit gap is sustained, the debt may go down. However, the sustainable strategy suggests an increase in taxes in order to deal with the debt issues. Pakistan can sustain and deal with the debt issues through stable economic growth and effective exchange rate management.

SPEAKERS OF THE CONFERENCE



Dr. Eatnaz Ahmed



Dr. Usman Mustafa



Dr. Sajid Javed Amin

CONFERENCE OF PAKISTAN

Recommendations

- Some of the simulations showed that minor tweaks in key parameters such as tax revenue generation, capital to output ratio, government spending and growth in GDP would have great dividends for the debt burden. This highlights the deep connection all these four factors individually have on the value of Pakistan's debt. Of course, to formulate a sustainable debt-burden-reduction strategy these factors have to be supported and integrated with other structural reforms based on complementing economic principles.
- The question of governance and institution building needs to be brought under direct focus as intermediate targets with the ultimate aim to achieve the prescribed economic goals. The debt problem needs to be linked to the question of sustainability rather than size. In other words, the focus needs to be placed on debt management rather than debt retirement.
- Pakistan has to aim for macroeconomic stabilization by bringing the budget deficit down and reversing the balance of payments problems. In order to achieve this, the authorities must work to substantially reduce loopholes in tax system and exemptions, by broadening the tax base, and reducing the tax evasion.
- There is a need to undertake intractable structural policy and governance reforms pertaining to; the energy sector, tax administration, civil services, export competitiveness, privatization, financial inclusion, trade policy, youth employment and devolution.
- Economic growth is the only factor that will make debt burden sustainable. Exchange rate management remains a key to economic growth and debt management. Moreover, there is a need to adopt measures i.e., draft expansionary monetary policy, avoid excessive public borrowing, increase tax revenue through improving tax structures of Pakistan, bring structural reforms in FBR, minimize costs of tax collection, avoid tax evasion, expand tax



Chief Guest Dr. Javed Ashraf receiving Memento from President IPRI Ambassador (R) Sohail Amin

- base and decrease the cost of doing business.
- Pakistani rupee must be restored to its equilibrium value as per economic fundamentals.
- Pakistan must also avoid excessive public borrowing as it discourages investment in private sector, as per expansionary monetary policy.
- Pakistan must put greater public investment in education and health sector as it would help in enhancing productivity.
- Care needs to be taken in lumping together all the foreign currency liabilities on the public and private sectors since the central bank has to provide foreign currency for the repayments of the latter in order to keep afloat the banking system and foreign exchange market.
- External borrowing is needed to partially finance current account deficit, to the extent that the latter is not offset by private direct or equity investment, and to build up the foreign exchange reserves.
- Building sustainable capacity in debt management requires a long-term continuous, iterative process of learning and adapting to change. Debt managers should focus on capacity development in the downstream areas of debt management such as recording, validation, operations, reporting and statistics and facilitating debt analysis to complement upstream debt management.
- Improvement in public debt is attributed to several favorable developments on the domestic and external front. On domestic front, these include; a robust growth rate of GDP, a healthy growth in revenues and exports, an increase in remittances, stability in exchange rate, and stable reserve position. On external front, these include; better negotiations, re-profiling of Paris Club bilateral debt on a long-term horizon, the prepayment of expensive debt and the relative shift in contracting new loans.

ADDITION TO IPRI LIBRARY

The Fires of Spring

By: Shelly Culbertson

The "Arab Spring" all started when a young Tunisian fruit seller set himself on fire in protest of a government official confiscating his apples and slapping his face. The aftermath of that one personal protest grew to become the Middle East movement known as the Arab Spring a wave of disparate events that included protests, revolutions, hopeful reform movements, and bloody civil wars.

The Fires of Spring is the first book to bring the post? A narrative of author Shelly Culbertson's journey through six countries of the Middle

East, The Fires of Spring tells the story by weaving together a sense of place, insight about issues of our time, interviews with leaders, history, and personal stories. Culbertson navigates the nuances of street life and peers into ministries, mosques, and women's worlds. She delves into what Arab Spring optimism was about, and at the same time sheds light on the pain and dysfunction that continues to plague parts of the region. The Fires of Spring blends reportage, travel memoir, and analysis in this complex and multifaceted portrait.



IPRI ENGAGEMENTS

Conference on Building the 21st Century Maritime Silk Road and Advancing International Industrial Cooperation



Dr. Fazal-ur-Rahman, Senior Research Fellow presented a paper at an International Conference on, "Building the 21st Century Maritime Silk Road and Advancing International Industrial Cooperation" in China. The Conference was organized by Silk Road Think Tank Association (SRTA) and China International Fair for Investment and Trade (CIFIT). The conference was designed to explore the development and future of Maritime Silk Road (MSR). One of the objects of the conference was to focus on the issues and challenges coming in the way of construction of the MSR and finding ways and means to enhance mutual learning among states and civilizations, promoting comprehensive cooperation and interconnected economic growth and creating conducive international atmosphere for win-win cooperation within the framework of the MSR.

Participants of the conference included dignitaries, representatives of influential think tanks, media personalities, representatives from Global 500 businesses from countries along the Maritime Silk Road, renowned overseas Chinese, officials from various Chinese Government agencies, leaders of Chinese think-tanks and research institutions and domestic and foreign media representatives.

Dr. Fazal-ur-Rahman made a presentation on the progress of China-Pakistan Economic Corridor in which he highlighted Pakistan's geo-strategic location and the economic impact, CPEC will have on regional economic integration after completion. He explained the progress of energy and infrastructure projects and emphasized that the construction of Special Economic Zones (SEZs) is very crucial for industrial development and cooperation. Dr. Fazal also mentioned that in future, mining and marine industry will have huge potential



of development and cooperation with China. He considered opposition of neighboring countries to CPEC as an impediment to the ambitions for regional economic integration. Some participants expressed apprehensions about the security environment in Pakistan to which Dr. Fazal gave the details of the success which has been achieved so far under the operation Zarb-e-Azb and National Action Plan (NAP).

Good-Neighborliness, Friendship and Cooperation Commission of the Shanghai Cooperation Organization (GNFCC SCO) - SCO Think-Tank Symposium



Muhammad Munir, Research Fellow participated in the SCO Think-Tank Symposium, organized by the Good-Neighborliness, Friendship and Cooperation Commission of the Shanghai Cooperation Organization (GNFCC SCO), under the Ministry of Foreign Affairs of China in China.

Twenty four scholars from eighteen countries (SCO members, Observer States and dialogue partners) participated in the symposium. It was the first Symposium organized by GNFCC SCO, a newly

formed department under the Ministry of Foreign Affairs of China which aims to promote friendly exchanges and cooperation among SCO countries and peoples. Mr. Kong Xuanyou, Assistant Minister of Foreign Affairs of China and Mr. Rashid Alimov, Secretary General of Shanghai Cooperation Organization made their speeches in the inaugural session of the Symposium.

In addition to symposium, the visit programme also included visits around Beijing and Tianjin with the purpose to enhance the understanding of the

participants on China's social and economic development.

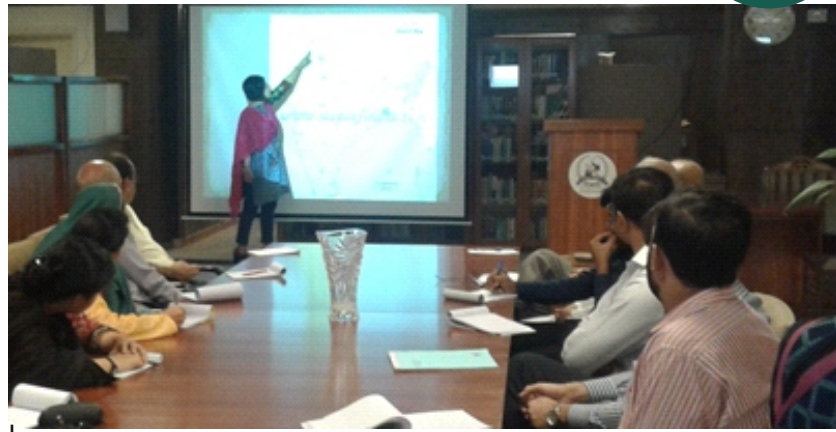
Mr. Munir gave his presentation on, 'The New Circumstances of SCO Enlargement'. He said that the enlargement is taking place at a time when the organization has matured and has made substantive achievements in promoting regional security and economic cooperation. The process of implementation of SCO Development Strategy towards 2025 and formulation of SCO Convention against Terrorism, Anti-Drug Strategy of SCO Member States is the evidence of its potential and prospective role it would be resuming after its enlargement with completion of the process of granting India and Pakistan SCO membership. He also said that the new circumstances in which the enlargement of SCO is taking place are quite interesting and critical in the context of geo-political and geo-economic developments in the region.

He also mentioned that Pakistan-India relations are passing through a difficult phase. There were improvements in their relations after the SCO Ufa summit however; both countries have not been able to resume the comprehensive dialogue process due to recent escalations. He highlighted that the new circumstances demands cooperation in various forms, to enhance the overall regional security.

Continued on p. 7

LECTURE

Conventional Deterrence and Force Balance between India and Pakistan



Sobia Paracha, Consultant delivered a lecture on the "Conventional Deterrence and Force Balance between India and Pakistan". Following are the Salient Points of the lecture:

- Force Balance is basically a quantitative or qualitative comparison between the forces of two countries that have adversarial relations, which is thought to play a central role in either prevalence of deterrence or breakage of war between two adversaries. In terms of Conventional Force Balance (CFB), there has to be a certain level of symmetry between the forces of the adversaries to consider the applicability of deterrence.



- Theorists of conventional deterrence consider conventional force balance as simple bean counting if other influential factors such as terrain, military organization and structure, comparative level of skill, other metrics of

national power and type of regime, strategic cultures etc. are not taken into consideration. There are a number of factors that can contribute to deterrence failure and CFB is one important factor among them. However, the lecture only focused on factors that are militarily important.

- One equally important factor is strategy guided by the military doctrine of the given state. There are mainly three kinds of offence-based strategies which include attrition, blitzkrieg and limited aims. Both Attrition and Blitzkrieg are strategies for total war and are likelier to result in a protracted conflict if one side does not have an overwhelming advantage. However, with the advent of nuclear weapons, these two strategies are considered to be a mutual suicide which ceases its applicability in the specific case of India and Pakistan, if assumed the rational behavior of these states.
- The analysis here is based on the assumption that India is envisaging to win a quick swift war of limited aims, with Pakistan. If analyzed, India has the conventional superiority for the prevalence of a protracted war of attrition, however the central question is that does it have the conventional advantage at operational or battlefield level so overwhelming that it can win through in a limited timeframe, without escalation?
- Basic rule of thumb in this regard is that, any technology, weapon, doctrine or a combination of these provides the attacker, in our case India, escalation

dominance or escalation control, or an illusion of the two, which will help to break down the conventional deterrence.

- In terms of strategy, India's evolving Cold Start Doctrine (CSD) or Proactive Defence Strategy, is thought to be a factor of instability as it is aimed at increasing Indian battlefield readiness, concentration of firepower and reduction of mobilization time to achieve a strategic surprise vis-à-vis Pakistan. This requires investment in infrastructure as well as modernization of the forces (especially, the Indian Army and Air Force).
- On the other hand, such an implementation requires an overhaul of Indian Army's operational structure and reconfiguration of its three strike and seven Holding Corps. However, in the last ten years, there is no evidence which could show that Indian Army has either reconfigured its Strike Corps deployed in Central India into Integrated Battle Groups (IBGs) or developed infrastructure in the bordering regions with Pakistan for the deployment of the division sized IBGs.
- A closer look into the Indian defence budget shows that Indian Army is lagging behind in the modernization program, as compared to the IAF and Navy.
- Despite the fact that India has been spending heavily on military modernization as compared to Pakistan, there remains consistent and serious structural impediments in its path to operationalize the Cold start Doctrine. Meanwhile, Pakistan is taking calculated measures to strengthen its conventional deterrence capability.

Conclusion

Chances of a limited war in the current scenario between India and Pakistan are low, as India does not have decisive numerical advantage over Pakistan and Pakistan maintains sizeable force levels, better skill level and advantage of terrain. In addition, India also cannot institute strategic surprise, essential to overcome the Pakistani defenses.

SCO Think-Tank Symposium

Continued from p. 6

Both India and Pakistan should follow the 'Shanghai Spirit' that would help in enhancing regional trade, investment and connectivity. Pakistan and India's membership of SCO also requires them to have friendly relations. Peace and harmony is the prerequisite for ensuring development, technological advancement and bringing improvements in all sectors of economy.

Further, he mentioned that Pakistan has the requisite credentials for full membership of the SCO. Similarly, Pakistan undertakes terrorism and extremism as serious threats to regional stability and has been fighting against this menace. The military operation Zarb-e-Azb and China-Pakistan Economic corridor are the two game-changers in the region, the first one would ensure regional peace while the second one would harness regional prosperity. These two initiatives have raised Pakistan's profile not only at regional level but also at the international level. The unfolding new realities in the region are providing new avenues to Pakistan to

realize its true potential as regional hub for trade and economic cooperation.

Conclusion

The new circumstances of SCO enlargement entail both challenges and opportunities. Solution to the regional challenges lies in creating a common vision and approach

for strengthening peace, cooperation and economic integration. A regional approach should include mechanisms for resolving political disputes, creating economic interdependence, maintaining balance of power, initiating dialogue process and confidence building measures, increasing people-to-people contact and enhancing the role of regional organizations such as SCO.





ARTICLES BY OUR SCHOLARS

**Air Cdr (R) Khalid Iqbal,
Non Resident Consultant**

"CPEC gathers critical mass"
(The Nation)
"India on the wrong side of history"
(The Nation)
"Fallacy of Global Zero" (The Nation)
"Afghanistan's untenable stalemate"
(The Nation)



**Khalid Chandio,
Research Officer**
"Kashmir and US silence"
(Pakistan Observer)



**Amna Ejaz Rafi,
Assistant Research Officer**
"Resilience"
(Pakistan Observer)



**Asghar Ali Shad,
Research Fellow**

"Yeh Bharti Barbariyat--Kab Tak?"
(Daily Pakistan)
"Bharti Muqaddar Hulami.....Kyun?"
(Daily Pakistan)
"Afwaaj Pakistan Na Qabile Taskheer"
(Daily Pakistan)
"Bharti Muzalim Aur Aalmi Zimadariyan!"
(Daily Pakistan)
"Dehli---Dewaliapan!" (Daily Pakistan)



**Ayem Ijaz,
Assistant Research Officer**
"Pakistan-India Relations:
Is there Possibility of War?"
(The Diplomatic Insight)



**Maryam Nazir,
Assistant Research Officer**
"SAARC overshadowed"
(Pakistan Observer)
"Pakistan-India impasse"
(Pakistan Observer)



**Gulshan Bibi,
Assistant Research Officer**
"Eye for an eye"
(Pakistan Observer)



**Khurram Abbas,
Assistant Research Officer**
"SAARCs better future: inclusion of
China and Iran" (Daily Times)



UPCOMING PUBLICATION



In a world where thousands of nuclear weapons exist and more countries are trying to acquire them, where suicide terrorist strikes come without warning and thousands die each day from poverty, we need to know and be aware of what is happening around us, based not on tweets, or media sound bytes or in breaking news coverage. But through credible, well-researched and accurate facts and objective research. It is important to be connected to the world since all of us are directly or indirectly affected by what goes on around us. We cannot exist in a vacuum. In order to fill this critical void, IPRI is now starting its second biannual journal titled Journal of Current Affairs (JoCA) to encourage the scholarly work of young academics. The Journal will cover very contemporary subject matters, providing policy-makers critical understanding of world politics, foreign affairs and international security vis-à-vis Pakistan. The first issue is currently in the pipeline.

IPRI'S NEW LOCATION



Islamabad Policy Research Institute (IPRI)
5th Floor, Evacuee Trust Complex
Sir Agha Khan Road, F-5/1,
Islamabad, Pakistan.

Tel: (92 51) 9211346-49
Fax: (92 51) 9211350

Islamabad Policy Research Institute

Newsletter Team

Editor-in-Chief
Ambassador (R) Sohail Amin

Editor
Maryam Nazir

Composer
Noreen Hameed

Contact Information

Phone: +92 51 9211346-49; Fax: +92 51 9211350



maryamnazir1991@gmail.com