Scenario 283

HOPELESS PAK-ECONOMY IN 2024

NO HOPE OF ECONOMIC RECOVERY:

See a piece of **Sustainable Development Policy Institute** (SDPI)'s report dated 31st January 2024 at its official website https://sdpi.org/:

> *"Pakistan will continue to witness 'worst economic crisis' in 2024. Pakistan **faced the worst economic crisis in its history in 2023 and it is not going to see any improvement in 2024 either**. United Nations (UN) report on 'World Economic Situation and Prospects 2024' has forecast that several challenges including inflationary pressures, currency depreciation, and high levels of sovereign debt would hamper Pakistan's economic growth this year as well.*
>
> *Pakistan has figured among the nations whose currency has depreciated by over 20 percent. In 2023, the average inflation rate in Pakistan crossed 30 percent while it is expected to remain high in 2024 as well, close to 20 percent."*

On the other hand, Bangladesh which separated from Pakistan in 1971 had managed to keep inflation rate in a single digit. At the time of the survey, Bangladesh's currency was stronger than that of Pakistan, and the country was working to achieve the 5.6 percent target in 2024 – how was it possible. Pakistan was burdened with repaying foreign loans worth USD 27.47 billion by November 2024, according to the State Bank of Pakistan (SBP). The government was facing the daunting task of managing borderline unsustainable debt, along with low SBP reserves, making it difficult to stay financially afloat.

China accounted for about 30 percent of Pakistan's external debt; Islamabad government was advised to refrain from accepting condition-free foreign commercial loans because the 2024 didn't appear to differ from 2023 in terms of yawning external and domestic financing needs. The country was trapped in further debt enslavement, which led to the worst economic crisis in the country's existence. ***Pakistan's real fiscal problem was reckless borrowing and ruthless spending, pushing the country deeper and deeper into the deadly debt trap***.

Pakistan was facing problems on the international trade front as well; the overall trade scenario remained gloomy for Pakistan. The decline in trade deficit did not result from an increase in exports but from a decline in imports thus it became difficult to stop the current account deficit from widening in the coming months of 2024. Contrarily, Bangladesh was set to achieve 5.6 percent growth rate in 2024 while Pakistan's economy was struggling to reach 2 percent. Bangladesh's had become 33rd largest economy in the world with the GDP of USD 455 billion. Pakistan's GDP was pegged at USD 340 billion - about two-third of Bangladesh's GDP.

Besides acute inflation, high unemployment, widening financial deficit, and rising external debt, the World Bank had highlighted basic problems such as the human capital crisis, weak education system, ineffective human resources management, and food crisis, which were going to haunt Pakistan's economy. Malnutrition was a big challenge for Pakistan to overcome as around 80 percent of children were not getting important nutrients, thus causing negative effects on economic growth. Climate change was another big issue that Pakistan could not stop it from affecting its economic prospects.

Pakistan was set to hold general elections in February 2024. In the wake of political instability, the anticipated chaos was likely to affect the economic growth of the country. As the next election was approaching, the potential economic downturn or recession was expected to increase manifold. Pakistan remained in a political quagmire since former Prime Minister Imran Khan was ousted; the political turbulence had its bearing on the country's economy, too. Statistics clearly showed that Pakistan's economy had plunged due to multiple factors during 2022-23 including political and policy uncertainty.

Sergi Lanau, Director of emerging market strategy ***at Oxford Economics***, said:

> *"Political instability did not sound well when Pakistan was facing a series of problems including high inflation, unemployment, and sluggish growth. It made things quite complicated. This was very bad news in a situation that was already very hard.*
>
> *Politicians are obsessed with grabbing power when the country was facing the worst economic challenges; Pakistan is set to enter another year surrounded by deep-rooted challenges over its long-term future."*

See the **World Bank's Pakistan flagship reports** that discussed the analytical macroeconomic developments and policy issues that are considered critical to the country's long-term economic development. Below is a repository of the Pakistan Development Updates biannual published reports for years 2022-24:

> ***"6th October 2022 -*** *Pakistan's economy is expected to grow by only 2 percent in the current fiscal year ending June 2023. According to the World Bank's October 2022* ***Pakistan Development Update [PDU]: <u>Inflation and the Poor</u>****, the slower growth will reflect damages and disruptions caused by catastrophic floods, a tight monetary stance, high inflation, and a less conducive global environment.*
>
> *Poverty in the hardest-hit regions will likely worsen in the context of the recent flooding. Preliminary estimates suggest that – without decisive relief and recovery efforts to help the poor – <u>the national poverty rate may increase by 2.5 to 4 percentage points, pushing between 5.8 and 9 million people into poverty</u>. Macroeconomic risks also remain high as Pakistan faces challenges associated with a <u>large current account deficit</u>, <u>high public debt</u>, and <u>lower demand from its traditional export markets</u> amid subdued global growth.*
>
> *This Update also outlines potential strategies to manage the impacts of high inflation. <u>Inflation in Pakistan is expected to reach around 23 percent in FY23</u>, reflecting flood-related <u>disruptions to the supply of food and other goods</u>, <u>higher energy prices</u>, and <u>difficult external conditions</u>, including tighter global monetary conditions. <u>The Update shows that the high inflation will disproportionately impact the poor</u>."*

For October 2023: The World Bank's <u>Pakistan Development Update (PDU) for October 2023</u>, titled **<u>'Restoring Fiscal Sustainability'</u>**, highlighted Pakistan's sharp economic slowdown in FY23 (0.6% contraction) due to <u>floods, import curbs, and political issues</u>, while forecasting continued modest growth and <u>high inflation</u>, emphasizing IMF program adherence for stability, tackling fiscal deficits, and noting slow poverty reduction. Key recommendations included boosting tobacco taxes for revenue, as Pakistan faced severe economic volatility, <u>near-default risks, and soaring inflation</u>, needing fiscal discipline for recovery. The key findings remained:

> ***"Economic Contraction:*** *Pakistan's economy contracted by 0.6% in FY23, a result of floods, import restrictions, and global shocks.* ***IMF Program:*** *The new IMF Stand-By Arrangement (SBA) starting July 2023 was crucial for external inflows, easing import controls, but fiscal discipline (higher rates, energy tariffs) was needed.* ***Fiscal Challenges:*** *High spending pressures*

from flood relief and reconstruction were expected to keep deficits elevated, requiring revenue mobilization. ***Poverty Slowdown:*** *Rising food inflation and informal job volatility meant slower poverty reduction, with modest declines projected.* ***Taxation Focus:*** *The rich portion of population went richer due to bad governance and corruption in high circles."*

In short, WB's that PDU painted a picture of an economy emerging from extreme volatility, with the primary focus on fiscal consolidation, managing debt, and implementing reforms under the IMF program to stabilize finances and support gradual recovery, despite significant challenges to growth and poverty reduction.

10th October 2024—Pakistan's economy continued to stabilize from the recent economic crisis, with growth recovering to 2.5 percent in the fiscal year ending June 2024; said the World Bank in its latest country economic update. ***The Dynamics of Power Sector Distribution Reform***, found that following recession in 2023, economic activity strengthened in 2024 reflecting strong agricultural output, lower inflation, prudent macroeconomic measures, and reduced political uncertainty. Though that level of growth was not sufficient to bring down poverty-rate, which increased from 40.2 percent in 2023 to 40.5 percent in 2024 - Pakistan's stabilizing economy was on a path of recovery.

"To sustain and strengthen that positive momentum, steady steps which include reforming an inequitable and distortive tax system, reducing inefficient expenditures and untargeted subsidies, lessening the large state presence in the economy, and reducing losses in the energy sector could be taken with firm resolve. As the economic stabilization continued, macroeconomic risks remained high reflecting high financing needs, modest foreign exchange reserves, ***high debt and debt servicing costs, financial sector vulnerabilities, and a loss-making power sector [PPIs] that continued to weigh on public finances****. World Bank's that edition of the Pakistan Development Update [PDU] more highlighted the challenges in Pakistan's power sector*."

PROTESTS AMIDST ECONOMIC STRESS:

A senior delegation from the International Monetary Fund (IMF) arrived in Islamabad in May 2024 to discuss the possibility of a new, badly needed assistance package. The people at large were feeling disturbed due to acute crunch and continuous price-hikes in daily commodity items since mid-2022.

That ***economic stress*** triggered violent protests in Pakistani-administered Azad Kashmir that week - the unrest couldn't have come at that worse time for Pakistan's government headed by Shahbaz Sharif as premier. The IMF visit came after the fund had released a report signaling concerns about ***Pakistan's capacity to implement austerity policies and economic reforms***. Some of those policies—including electricity hikes and withdrawn subsidies—were exactly what the protesters in Kashmir were rallying against. Pakistan, which nearly defaulted in 2023, had achieved little economic stability in recent months. An IMF package of 2023 brought in much-needed revenue. Inflation was seen cut in half, from 38 percent in May 2023 to a little more than 17 percent in May 2024. Import control measures had eased the external account deficit, and interest from foreign investors was seen enhanced.

However, the economy was looming still in crises, saddled by serious debt and ***only expected to grow by 2 percent*** during that fiscal year, which was ending on 30th June 2024. And it was hitting the public hard, as shown not only by the protests in Kashmir, but also by farmers demonstrating against Islamabad's bizarre decision to import wheat despite bumper harvests, which could result in a drop in prices for farmers-class. Looming over all of that was the question of essential but elusive economic reforms. Pakistan's economy had suffered from serious structural constraints for decades: ***a large but inefficient agricultural sector, an overdependence on a sole export—textiles—that continuously struggling to***

compete globally, heavy reliance on expensive fuel imports, insufficient tax revenue, and severely indebted public enterprises.

That gave rise to a picture that Pakistan's economy was vulnerable even in the given best times, and it took devastating hits from external shocks—as was the case over the past few years after supply chain bottlenecks caused by the COVID-19 pandemic and Russia's war in Ukraine. Without reforms to address structural weaknesses, Pakistan's usual tactics during economic crises—especially the pursuit of bailouts and other assistance—only brought temporary reliefs before the next catastrophe hits. In those days, the government's strategy was to search for new partners – thus included a new investment mechanism intended to attract capital from the Arab Gulf states and beyond – which was, no doubt, heavily influenced by Pakistan's powerful army chief.

However, the Shahbaz's government was seen serious insisting that it's committed to reform. The military backed the government completely and likely had a major hand in starting the privatization process for Pakistan's cash-strapped national airline, a key reform agenda point. Past Pakistani governments had defaulted on reform plans for political reasons given the powerful interests that resisted them - from agricultural lobbies to entrenched bureaucracies. Pakistan's finance minister, Mr Aurangzeb, offered some hope. He was a banker - not a politician, suggesting that he won't be as vulnerable to the political pressures. But unluckily, some forces within Shahbaz's government had their own plans to undermine Aurengzeb, depriving him of key portfolios and giving more power to Ishaq Dar—a former finance minister and the current foreign minister – but acting like a stooge for Nawaz Sharif's business and personal interests at the national cost.

Facing public anger as well as rejection from Pakistanis who had high voices that the country's February election was rigged, the Shahbaz government could conclude that it lacked the political capital to pursue reforms – BUT the military, which had vast holdings across many sectors, eventually could change tack if they felt that the changes would imperil their own economic interests. However, both military and Shahbaz worked seriously to undertake reforms – none of them wanted to miss that hard-earned opportunity from the donors including the IMF.

An American Journal **FOREIGN POLICY** dated 15th May 2024 wrote:

> *"This time around, the stakes are especially high. Pakistan is experiencing a worsening brain drain problem, with rising numbers of people leaving to work abroad, undermining a key potential economic asset—its large population. It also faces a surging terrorism threat that periodically targets foreign investments in the country. Further down the road, worsening climate change effects could wreak havoc on the economy, including the vulnerable agriculture sector.*
>
> *Pakistan could reach a point where the costs of letting political expediency prevail over prudent economic policy become prohibitively high—for the economy, and for the country on the whole."*

CHINA DISTANCED FROM PAKISTAN:

In the 2nd week of June 2024, Pakistan's Prime Minister Shehbaz Sharif officially visited Chinawhere he met President Xi Jinping, Premier Li Qiang, and other officials, also members of China's business community at the Pakistan-China Business Forum 2024 in Shenzhen. The Pakistani prime minister gave a clear and strong message of commitment to the China-Pakistan Economic Corridor (CPEC). Sharif's views on CPEC were duly appreciated by the Chinese authorities also.

The importance of his trip, however, was not just to convey Pakistan's commitment to CPEC but also to convince his hosts of Pakistan's determination to address two important concerns that China had been consistently raising – namely, political stability and security in Pakistan which had added to the country's economic woes, and a deteriorating security situation inside Pakistan, with Chinese citizens increasingly targeted, was taking the shine off China's Belt and Road Initiative (BRI). Those issues were initially discussed in the 2024 China-Pakistan joint statement released at the end of Sharif's visit in early June that year.

- *The same core issues were the focus of talks & relationships in fact: the 2018 joint statement issued after former Prime Minister Imran Khan's visit to China, the 2022 joint statement after the visit of PM Shehbaz Sharif when he had replaced Khan, and, lastly, the 2023 joint statement after interim Prime Minister Anwaar-ul-Haq Kakar's visit.*

The fact remains that the two mantras of ***"stability"*** and ***"security"*** were first raised by China's then-Foreign Minister Qin Gang during his visit to Pakistan in May 2023. His visit had come nearly a year after former PM Imran Khan had been replaced by Shehbaz Sharif, following a vote of no confidence in Parliament. Stability, Qin explained, was a prerequisite for development while security was the foundation for strength and prosperity of a country. Mr Qin had ***publicly censured Pakistani officials with friendly advice to build consensus among themselves and to bring stability and development to the country.***

After Qin's visit, more political upheaval followed in Pakistan with the arrest of Khan and riots all over the country. Despite Chinese narratives of continued support for CPEC, political instability and security issues inside Pakistan continued taking a toll on relations between both countries. Both countries described their relations as an All-Weather Strategic Cooperative Partnership: For Pakistan, China was the cornerstone of its foreign policy, evident in all joint statements on record. China, however, appeared to have changed its view on relations with Pakistan, as evident from the 2023 joint statement onwards.

- *In both the 2018 and 2022 joint statements, China described relations with Pakistan as China's "highest priority in its foreign policy." But in the 2023 joint statement, as well as in the 2024 joint statement issued during nearby months, China-Pakistan relations for China were described as just "a priority in its foreign relations." The adjective "highest" to describe Pakistan's priority in China's foreign relations was seen omitted in later statements.*

That phenomenon raised abundant questions. The fact the description was published twice in successive joint statements suggested it was not a mistake; possibility was there that China might have decided to downgrade relations with Pakistan. It was perhaps a reflection of how, 10 years after choosing CPEC as the flagship BRI project in Pakistan, China felt embarrassed, forced by Stability & Security concerns, - thus the gulf in mutual relations widened.

Other changes seen in the 2024 joint statement when compared to previous joint statements was related to ***security***, such as the special mention of ***the suicide attack on Chinese engineers working on the Dasu Dam project***. That reflected China's serious concerns with Pakistan's security provisions for their citizens inside Pakistan. Chinese officials wanted Pakistan to not only hunt down the perpetrators but also severely punish them for their crime – BUT the world knows that Pakistan's criminal justice system in 200 years old and the politicians never opted to break the taboo of that status-quo.

Pakistan, after the 2024 Bisham attack, in which five Chinese engineers including a woman were killed, for the first time sacked security officials and police officers in charge of security for the convoy attacked. It was suggested that after that suicide attack, China had pressurized Pakistan to carry out a large-scale military operation against militants – BUT nothing done. In fact, Pakistan appeared to be more concerned with what was happening inside Afghanistan; perhaps because the joint-statement spoke of cooperation and coordination between both countries on Afghanistan. Pakistan made no mention of support for Afghanistan's development, as was seen in 2018 and 2022 joint statements.

During 2024, for the first time Pakistan put the onus of responsibility on the Taliban government in Afghanistan to firmly fight against terrorism and not allow its soil to be used for terrorist activities. Pakistan's security concerns were about terrorist incidents planned inside Afghanistan and carried out in Pak-territory – including attacks on Chinese nationals. Pakistan had specifically asked the Taliban government to arrest and hand over the alleged masterminds of the Bisham suicide attack in which five Chinese engineers and their driver were killed – but the Afghan government showed zero concern in that respect.

- *Somehow or the other, few CPEC projects mentioned in the 2024 joint statement appeared to have undergone minor surface-adjustments. The ML-1 Railway project was still included (it was missing in the 2018 joint statement) but the Karachi Circular Railway, mentioned in the 2022 joint statement as an urgent requirement, was not. It was not included in the 2023 joint statement, either, reflecting its fall in priority.*

Regarding progress in the ML-1 Railway project, China only agreed to advance the first phase. SINOSURE [*the Chinese state-owned insurance company that approves mandatory insurance for major CPEC projects*], had shown ***concerns about unpaid dues Pakistan owed (till then) to Chinese power companies working in the country under CPEC***. Their financial concerns regarding current CPEC projects somewhat help explain why the 2024 joint statement did not reveal new major CPEC projects. With Pakistan's rising circular debt crisis in 2024, hindering the country's growth, new or costly projects were pushed into waiting for indefinite periods of time.

In the 2024 joint statement between the two countries, third-party investment priority areas such as agriculture, IT, industry, science and technology were retained, but oil and gas, present in the list since 2022 joint statement, were replaced with mining; also noticeable was the Chinese government's assurance to encourage Chinese companies to actively invest in Pakistan's offshore oil and gas projects. Similarly, the Chinese government promised to encourage Chinese companies to invest in Pakistan's special economic zones, with a caveat that the projects fulfill global marketing and commercial principles – with no special relationship. Joint statements released by China and Pakistan provided a good barometer to know where CPEC was heading then.

The 2024 joint statement emphasized an upgraded version of CPEC with eight major steps aligning with Pakistan's ***5Es Framework***. But more importantly, the statements revealed the then reframed relationship between both countries, such as the dropping of Pakistan from ***the highest priority to a priority in China's foreign policy***, both in 2023 and 2024.

BRIDGING THE TRUST DEFICIT (2024):

On 7th August 2024: Media headlines told that ***Finance Minister M Aurangzeb endorsed a trust deficit as the reason for the reluctance of donors to release the funding promised for helping the country recover its hardships***. Of pledges of $11 billion which had been made at a donors' conference, only $2.6 billion had actually been disbursed. Senator Aurangzeb was in fact putting too favourable an interpretation on the reluctance; actually it suggested of an excuse. It was true that the pledged aid consistd of taxpayers' money, which foreign governments had a responsibility to see spent on the purposes, but at the same time, that not disbursing the funds reflected the meaning as if the funds were misused: those in need of help were left without help. ***One reason why foreign donors were hesitant was how aid had been used in the past, as a means of elite capture, through allowing, even encouraging, embezzlement.***

The impression prevailed that the said aid was not for development - at best, it was meant to replace destroyed development; nothing to do with its foreign exchange difficulties. It might be sounding unsympathetic, but it was fortunate that flood aid could be tied down specifically to particular projects, which meant that the element of government corruption was apparently removed. Pakistan was facing ever more extreme weather because of emissions of greenhouse gases made by First World countries, ***so aid was not charity, but simply a form of climate justice***. The excuse of corruption was meant to absolve the donors, though their contractors and private companies who were included to turn a dishonest dollar as anyone in the Third World. Third World corruption and First World pollution were different issues, but unfortunately, Pakistan was being made to suffer the consequences of both.

Just two days later, on 9th August 2024; Finance Minister Aurangzeb said that:

> *"….China, Saudi Arabia and the USA have agreed to a rollover of a total of $12 billion, the IMF is now good to give a 37-month $7 billion EFF, which is expected now to be approved by the IMF's Executive Board at the end of this month or the beginning of next. There is one problem with these roll-overs; they only provide a one-year relief from the need to repay them. It is likely that the political cost of getting these rollovers will increase when Pakistan attempts to get another rollover - because the deposits will become due for repayment before next review for the IMF program…. And again another roll-over …and so on…."*
>
> (….**Daily Pakistan Today** dated 9th August 2024 is referred)

Those debts were not just ordinary sovereign debts, but the Saudi and Emirati 'loans' were deposits with the State Bank of Pakistan. They were not meant to be used, but merely boost for the foreign exchange reserves, and give an essentially false sense of security to foreign commercial lenders. The Chinese debt was in the form of money owed to Chinese banks for CPEC loans. [*Chinese rollovers are nerve-wracking as they can only be made if the amount owed is actually paid; then there is a fresh loan made.*] That's why the government attempted to issue so-called Panda Bonds - a clever way of rolling over Pakistan's debt but it would still remain debt. The country's central problem was clear; that IMF program was not the ultimate goal. Some way of repaying the debt in real terms was necessary to avoid more rollovers.

On 13th September 2024: News of another loan from the Asian Development Bank (ADB) appeared on media pages; *knowingly that IMF was loaning us NOT for the repayments of principle amount but the INTEREST on its previous loans*.

Point to ponder that why these lending agencies were trying to burden Pakistan with fresh loans, ignoring the fact that these loans were resulting in an increase in suicide rates due to hunger and poverty. Why not write off the previous loans which Pakistan had paid back five times over, as the new IMF loans for this country were on extremely high interest rates despite the fact that previously IMF had decided to offer ZERO interest loans to the poor countries and here Pakistan was definitely a poor country. Had Pakistani Finance Minister put up and tried to win this argument that their WOT left us in such a pathetic state that the state had not enough money for repaying their interest on loans.

Pakistan's Prime Minister Shehbaz Sharif welcomed the International Monetary Fund's (IMF) decision to approve a $7 billion loan program for the country. In July, the Fund had reached a staff-level agreement on economic policies with Pakistan for 37-month Extended Fund Facility (EFF) of the said amount. The IMF had approved the bailout package for the country after it agreed to strengthen its fiscal and monetary policy and implement reforms to broaden the tax base, secure a level playing field for investment and enhance human capital. The PM reiterated the old mantra again:

> *"We will continue to struggle to achieve economic progress targets - this will be Pakistan's last IMF program. We are thanking the friendly countries including Saudi Arabia, China and the United Arab Emirates for their support to get the program,"* the **ARAB NEWS** dated 26th September 2024 is referred.

Economists termed the loan approval a positive development but, more importantly, it managed to buy Pakistan time and breathing space to do the structural work that was necessary to put the economy on a rightful path. IMF expected Pakistan to seriously plan sound economic policies and reforms to strengthen its economy and create conditions for a stronger, more inclusive, and resilient growth. The problems were because the country's vulnerabilities and structural challenges remained tough and difficult and no political party had come forward to take it as challenge; no one was ready to encounter the status quo.

A difficult business environment, weak governance, and an outsized role of the state-investments in continuity spoiled the country's economy. However, there was a light at the end of the dark tunnel; FM Aurangzeb's certain steps had started bearing fruit in ending 2024; IMF Chief Kristalina Georgieva was seen a little satisfied during a brief meeting with the Pakistani prime minister on the sidelines of the 79th United Nations General Assembly Session.

ON AGRI-TAX:

On 10th October 2024; the Pakistani finance minister announced in a hefty press conference, a new tax regime for agricultural income (formally agreed to by all provinces under the ***National Fiscal Pact*** framed as per conditions of the latest IMF program), designed to become effective from 1st July 2025. Relevant legislation was scheduled to be passed by January 2025. It was not at all a good omen that reforms were once again being delayed. Status-quo forces once more played their role; ***it is no secret that the most powerful individuals in the country, including politicians, bureaucrats, military men and judges, are direct or indirect beneficiaries of Pakistan's critically deficient agri-income tax regime***.

In July 2024, the IMF had recommended that taxes on agriculture be brought in line with the tax structure for non-salaried individuals. President Asif Zardari had publicly expressed apprehensions regarding the proposal, disowning it as a 'condition' imposed by the IMF when he should have encouraged the measure as a necessity given Pakistan's dire financial condition. This new regime was supposed to take effect within year 2024, not six months later, as the people were being told in press conference.

Mainly due to influential figures, agricultural tax reforms were kept put off year after year, decade after decade. However, given the then prevailing conditions, it was expected that policy circles would show greater urgency in implementing critical reforms. Tax-compliant sectors and the salaried class had already been squeezed to a high limit. It was unfortunate that they would continue to pay through their noses, while the agri-sector would continue enjoying its privileges for another year; even that promise could fizzle away like before – no one was sure in Pakistan.

UAE's SILENT CONQUEST OF PAKISTAN:

Now see an exhaustive report titled as *UAE'S SILENT CONQUEST* which appeared on 26th November 2025 at 'FACEBOOK':

> *Imran Khan was bad for Pakistan, because he spoke of* ***sovereignty and nationalism****! In a nation that is already owned by the new East India Company from the Middle East [Dubai]*.

In 2007, a US diplomat captured something extraordinary in a cable back to Washington. Mohamed bin Zayed, de facto ruler of the UAE, was speaking with unusual candor about democracy in the Muslim world. His words were chilling: ***"Muslims should never have free elections."*** He named three countries that kept him awake at night, Egypt, Saudi Arabia, and Pakistan. The reason? "*If Egypt has free elections, they will elect the Muslim Brotherhood*." This wasn't the musing of a worried observer. This was strategy from a man who runs one of the world's wealthiest states. And Pakistan, nuclear-armed with 240+ million Muslims, was squarely in his sights.

Imran Khan came to power in 2018 and immediately became the embodiment of everything that 2007 cable warned against; he wasn't subtle about it either. During Muslim unity summits in Kuala Lumpur; he was seen inflexible - adamant refusal to normalise with Israel despite intense pressure from Riyadh and Abu Dhabi. Saying ***"absolutely not"*** to American requests for military bases. Staying neutral on Ukraine when the West demanded alignment. Speaking forcefully about Kashmir and Palestine when silence would have been more profitable. He represented Muslim self-determination not as theory but as lived policy. But by April 2022, he was gone.

International Holding Company doesn't make headlines the way oil giants or tech firms do, but perhaps it should. Chaired by Sheikh Tahnoon bin Zayed who happened to be MBZ's brother and also served as the UAE's National Security Advisor, *this company grew by 42,000 percent between 2019 and 2024*. Think about that number. That's not business success in any normal sense. That's the Abu Dhabi ruling family, which owned 61 percent of the company, deliberately moving $4.7 billion in state assets into a single vehicle. They were building something. And in the months after Khan's ouster, that 'something' accelerated its moves on Pakistan.

June 2023. ***Pakistan leased the East Wharf of Karachi Port to UAE's AD Ports Group for up to fifty years***. The upfront payment was $220 million for operational control of four berths out of thirty-three. On the surface, it looked like the kind of infrastructure deal. Pakistan had been making so for decades at the cost of the country's vulnerability. But look at what wasn't in the agreement. No competitive bidding process, even though Pakistan's law required it. No independent consultants brought in for price discovery. Any disputes would be settled in London, not Pakistan. And Karachi Port wasn't just another port it handled every single container, every ounce of cargo that entered or left Pakistan by sea.

- For half a century, the throat of Pakistan's economy would be in foreign hands. ***The rental increase over the previous contractor? Seven rupees per square meter. About twenty-five cents***.

The details of the **Karachi Port Deal** read like a masterclass in how to exploit institutional weakness while calling it partnership. *The Karachi Port Trust, Pakistan's own agency, got zero representation on the board of the operating company*. Pakistan secured no right to resolve disputes over its own port in its own courts everything goes to London arbitration. The government never appointed independent consultants to determine fair value, even though that was legally required. They just compared it to the previous contractor's terms and called it good enough. This was taking advantage of a system that's been vulnerable for decades, now with the political obstacle to such deals finally removed. ***Officials who signed it knew exactly what they were doing***.

But Karachi wasn't even the first port to fall. ***DP World, another UAE giant, had locked down Port Qasim back in 2006 through a similar arrangement***. Over the years since, they'd expanded methodically, freight corridors connecting the port to inland distribution, dredging operations to deepen channels, entire economic zones built around their terminals. *By 2023, when the Karachi deal was signed,* *UAE companies effectively controlled both of Pakistan's major ports*. Think about what that meant. Every car imported. Every textile exported. Every container of electronics, food, machinery, medicine. Everything that could make a modern economy function flowed through infrastructure that was to answer to Abu Dhabi - permanent control of Dubai; Pakistan ZERO.

The Telecommunications [PTCL] Story showed how long this had been building. In 2005, Etisalat from the UAE bought 26 percent of Pakistan Telecommunication Company along with full management control for $2.6 billion. At the time, PTCL was humming $1.4 billion in annual revenue, $452 million in net profit, technologically sophisticated, a genuine success story. Four years under Etisalat's management and the market value had cratered by 75 percent. Pakistan absorbed a $3 billion loss in shareholder value. ***And here's the kicker: Etisalat still owes $800 million from that original 2005 purchase***. Twenty years later. They control country's telecommunications backbone, they destroyed its value, they never paid in full, and then Pakistan kept borrowing money from the UAE to keep the lights on.

Islamabad's International Airport was next. Not an investment partnership or a management consultancy arrangement, an operational transfer to the UAE through a government-to-government framework. Qatar was simultaneously in talks to take over Karachi and Lahore airports. Stop and consider what airport control actually meant. 'Who gets entry visas and who doesn't. What cargo gets scrutinized and what flows through. Passenger manifests. Flight data. Intelligence gathering opportunities that would make any security service salivate. The skies above Pakistan's capital, the gates through which everyone and everything must pass, were going to be managed from the Gulf.

- *Pakistan has been making such compromises for thirty years, selling bits of sovereignty to stay afloat. It's the final liquidation phase, with the last resistance finally neutralised.*

February 2025 brought the most symbolically devastating transfer yet. *International Resources Holding, a subsidiary of IHC, signed a joint venture giving it 50 percent plus one share - that "plus one" matters,* ***it meant control of two strategic mineral exploration licenses in Balochistan's Chagai region***. The ceremony wasn't handled by mid-level bureaucrats. The Crown Prince of Abu Dhabi flew to Pakistan personally. He stood there with Pakistan's Prime Minister as the papers were signed. This was statecraft, a formal acknowledgment that Pakistan's mineral wealth, the geological inheritance that should secure generations of prosperity, was being transferred to foreign control. The Crown Prince's presence said everything: that mattered enough for royalty to witness.

Balochistan isn't just another province. It holds over half of Pakistan's natural resources rare earth minerals, natural gas, crude oil, coal, gold, marble etc. *Recent geological surveys revealed massive antimony deposits plus substantial reserves of gold, copper, nickel, and cobalt*. The province is home to Reko Diq, one of the largest undeveloped copper-gold deposits on earth. This was generational wealth. The people who lived above such riches watched them extracted and shipped away, ***controlled by interests in Abu Dhabi***. Pakistan's elites were selling the country piecemeal for decades.

October 2025. **IHC acquired 82.64 percent of First Women Bank, Pakistan's state-owned institution, for just $14.6 million**. The plan was to transform it into an *'AI-enabled' banking operation and expand from 42 branches to 200*. See what's actually happening. UAE got control of the digital architecture of Pakistani banking. Customer financial data. Credit allocation patterns. Lending algorithms. Transaction records. The entire information infrastructure of how money moves through a significant segment of Pakistan's economy. Pakistan's whole capital is managed from Abu Dhabi - how Pakistan was made vulnerable – and a big fool.

The **Special Investment Facilitation Council** [SIFC] appeared in June 2023, just weeks after Khan's removal. Officially it's chaired by the Prime Minister, but the military has direct representation; the deals are being actively orchestrated by them. The incentive structure was elegant and corrupting: senior officers knew they would retire to Dubai properties and lucrative consultancies. The institution gets preferential treatment and budget protection. Pakistan's military has been the kingmaker for decades, but now they're also the auctioneers, selling the country's strategic assets to secure their own futures. Khan was the interruption, perhaps.

The UAE rolled over $2 billion in Pakistani debt for another year, and the media headlines praised it as a gesture of friendship. ***But debt rollover isn't charity it's leverage. Pakistan's debt-to-GDP ratio has blown past 70 percent***. Interest payments consume more than half of government revenues. Even with an IMF bailout and $3 billion in emergency Gulf funding, ***Pakistan was to service $80 billion in debt over the next three years***. Watch how the mechanism works: *extend loans, let the country sink deeper, wait for the crisis, then offer to "invest" in strategic assets at distressed prices, acquire them, roll over the debt to keep them dependent, repeat*. The system was always designed to fail.

The contrast between Khan's Pakistan and post-Khan Pakistan wasn't about one being sovereign and the other compromised. The difference was that Khan tried to swim against the current. Under Khan, UAE investment sat around $3-4 billion spread across telecoms, energy, and ports. Normal commercial relationships within the existing system. But Khan maintained some independence, he refused to normalise with Israel despite enormous pressure. Three years after his ouster, look at the acceleration: Karachi Port gone for fifty years. Both major ports foreign-controlled. 82 percent of one Pakistani bank owned by external interests. Controlling stakes in Balochistan's mineral wealth transferred. National telecom still unpaid for from 2005. The capital's airport being handed over. Not one of these deals went to competitive bidding.

- *Not a single competitive bidding process for any of the above deals. And debt kept mounting sharply. They called it economic development; they called it partnership; they called it foreign direct investment. But that process had been running for thirty years. The difference now was there's no one left to resist; the nefarious plans to sink the ship were finally reaching completion*.

Look at Sudan. Same International Holding Company. Same AD Ports Group. Different geography, identical playbook. IHC farms over 50,000 hectares of Sudanese land and built a major port facility to export agricultural production. How do they secure these investments in an unstable country? *By arming the Rapid Support Forces [RSF], a militia that operates with documented cruelty; UAE supplies weapons. Gold from RSF-controlled mines flows to Dubai, where the militia's commander keeps his personal fortune*. American intelligence agencies have confirmed UAE is providing Chinese-made drones to the RSF. ***Over 40,000 people are dead. Fourteen million displaced***. IHC protects its farmland and port access through a genocidal proxy, and the world shrugs because the UAE hosts American bases and buys American weapons.

- *The **British East India Company** wrote the manual for this. They entered India as merchants looking for trade opportunities. They acquired port facilities for commercial purposes. They cultivated debt relationships with local rulers who needed cash. They converted those financial obligations into territorial concessions. They raised private armies to protect their interests. They achieved dominion over a subcontinent without ever formally annexing it as a crown colony until the very end.*

- ***The UAE's approach just updated the vocabulary for Pakistan – and our elite followed it for just few properties in Dubai.***

Pakistan watched Sudan burn and learned exactly how much international law matters when American interests align with the perpetrator [UAE]. The UAE executed that precise agenda, same actions, same outcomes, and same devastation to Pakistan's sovereignty via some politicians and rogue elite. For poors, *the headlines read: foreign direct investment, strategic partnership, deepening bilateral cooperation*; *the only variable is which flag flies above them*.

Also, look at the full architecture of what's been built over decades and some actions are being finalised. Every major transaction executed without competitive bidding. The entire structure constructed on debt dependency with periodic rollovers. Pakistan didn't suddenly lose its sovereignty. It's been eroding for thirty years through corruption, debt, and a political economy designed to serve elites rather than citizens.

Pakistan has been in institutional decline for three decades, its sovereignty sold off piece by piece by elites who profited from the arrangements. What we're witnessing isn't Pakistan falling. It's the final phase of a plan that's been running for thirty years, now executing at full speed with no resistance left.

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