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# WEEKLY Cutting Edge

INDEPENDENT • INCISIVE ANALYTICAL



**STUCK AT \$30BN: WHY PAKISTAN'S EXPORTS ARE STAGNANT**



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## About Us

Cutting Edge is an independent English weekly magazine being published from Lahore. Its founding editor, Dr Niloufer Mahdi, belonged to one of the top industrialist families of Pakistan — Packages Group. She was the daughter of Syed Wajid Ali and granddaughter of Syed Maratib Ali. In a short span of time it has gained popularity and built loyal readership throughout the country. With the contributions by renowned journalists and literary figures and diversity of issues/topics touched by our magazine, we can confidently claim that it has set not only new trends in local journalism, but has emerged as the most read and credible magazine for men, women, students and opinion leaders from different spheres of life. It also circulated in all Foreign Embassies, Libraries, Hospitals, 5 star Hotels and Government/ Private Departments. Its website, [weeklycuttingedge.com](http://weeklycuttingedge.com), is a premier online source for the analysis of current affairs, providing authoritative insight into, and opinion on, national and international news, business, finance, science and technology, as well as an overview of cultural trends. We have commenced its publication, with an aim to bring the best to our readers; similarly, we intend to offer the best in terms of advertising and promotional impact for our valuable advertisers. The 24-page Cutting Edge is divided among different sections, and we have proportionally divided the space in each section for carrying advertisers' message for the utmost impact.

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# Stuck at \$30bn: Why Pakistan's exports are stagnant

Farhan Khan

Pakistan's trade deficit widened 22% to \$39.5 billion in the fiscal year ended June, according to official figures released last week. According to data from the Pakistan Bureau of Statistics (PBS), the country's imports increased 8% to \$69.6 billion, while exports declined 6% to \$30.1 billion in the fiscal year 2025-26. As domestic demand and growth are recovering, imports are rising much faster than exports, causing the trade gap to widen.

According to experts, plunging exports pose a critical threat to the country's economy, especially external account stability, and foreign exchange reserves. For nearly a decade, Pakistan's export sector has been running in place. While regional peers Bangladesh and Vietnam have used export-led growth to transform their economies, Pakistan's exports remain trapped in a narrow band of \$25–32 billion a year — a stagnation that economists say reflects deep structural rot rather than bad luck.

According to the PBS, exports for fiscal year 2024–25 came in at roughly \$31.75 billion, up modestly from \$30.76 billion the previous year — a gain of about \$1 billion. That followed a rough patch: exports had peaked at an all-time high of \$31.78 billion in FY22, only to collapse to \$27.54 billion in FY23 as import controls, energy shortages, and political instability rattled industry. Government targets have consistently proven over-optimistic; the FY25 goal of \$32.3 billion was narrowly missed even as officials had hoped to eventually reach \$100 billion by FY28 — a target the IMF itself views as far-fetched, projecting closer to \$39 billion by then. Textiles continue to dominate, accounting for over half of total export earnings, but even this "backbone" sector saw its share slip from 56 percent to about 54 percent of the total, according to trade data compiled by analysts.

The contrast with regional peers is stark. Bangladesh, a country with a smaller population and once written off as an economic laggard, earned over \$48 billion in exports in FY2024–25 alone — a rise of nearly 9 percent — with ready-made garments contributing \$39 billion of that total, according to Bangladesh's Export Promotion Bureau. Bangladesh's calendar-year exports had already crossed \$50 billion in 2024, on the back of the same textile sector that Pakistan also depends on.

Vietnam's numbers are even more dramatic. Vietnamese exports hit a record \$405.53 billion in 2024, up 14.3 percent year-on-year. Vietnam crossed \$100 billion in exports back in 2012, doubled that by 2017, and has kept

compounding growth ever since by riding waves of foreign direct investment, aggressive trade-agreement diplomacy, and diversification into electronics, machinery, and footwear alongside textiles. The comparison is telling: Bangladesh built a \$50 billion economy almost entirely on one sector executed well; Vietnam built a \$400 billion one by diversifying aggressively and embedding itself in global supply chains. Pakistan has done neither.

Pakistani exporters routinely cite electricity and gas tariffs among the highest in the region, compounded by unpredictable outages that Vietnamese and Bangladeshi factories simply don't face at the same scale. An overall, unstable exchange rate regime. Years of currency mismanagement left Pakistani goods

consistently cite governance unpredictability as a deciding factor against expansion. Equally importantly, Vietnam's exporters benefit from sweeping free trade deals — the EVFTA, RCEP, CPTPP — giving preferential access to major markets. Pakistan's trade diplomacy has lagged far behind.

What is the way forward? Economists and industry leaders broadly agree on the prescription, even if implementation has proven elusive:

- Fix energy pricing for export-oriented industry through dedicated, competitively priced supply, rather than blanket subsidies that distort the broader economy.
- Diversify beyond textiles into IT services, pharmaceuticals, engineering goods, and



periodically overpriced in dollar terms, only correcting through disruptive devaluations rather than steady, competitive positioning.

Pakistan's exports have a narrow product base. Textiles, rice, and a handful of other categories dominate Pakistani exports, leaving the country exposed to price swings in a few commodities. Vietnam's success rests on having 37 export categories worth over \$1 billion each; Pakistan has nowhere near that breadth.

Vietnam attracted enormous foreign direct investment from firms like Samsung, Intel, and Apple's suppliers looking to diversify away from China. Pakistan, hampered by security perceptions, inconsistent policy, and bureaucratic friction, has captured almost none of this "China Plus One" relocation wave.

Another problem is policy inconsistency and high cost of doing business. Frequent changes in tax regimes, import-substitution instincts that raise input costs for exporters, and a documentation-heavy regulatory environment discourage both local expansion and foreign investment. Investors weighing Pakistan against Bangladesh or Vietnam

agro-processing, where Pakistan has latent but underused capacity.

- Pursue an aggressive trade-agreement strategy, seeking preferential access to markets in the Gulf, ASEAN, and beyond, mirroring Vietnam's playbook.
- Stabilize macroeconomic policy, giving exporters predictability on exchange rates and input costs rather than reactive, IMF-driven adjustments.
- Pursue foreign direct investment aggressively by simplifying regulation, improving security perceptions, and offering the kind of long-term policy consistency that manufacturing relocation requires.
- Support SMEs, which industry leaders note are being left behind even as large factories post export gains — a warning sign that current growth is neither broad-based nor sustainable.

Until these structural issues are addressed, Pakistan's export sector looks likely to keep posting modest single-digit gains, but nowhere close to the scale needed to narrow the trade deficit or match the trajectory of its regional peers. ■

# Contours of a new peace architecture in Middle East

Nasim Ahmed

As indirect talks in Doha and technical negotiations in Switzerland build on the Islamabad Memorandum signed in June 2026 by U.S. President Donald Trump and Iranian President Masoud Pezeshkian, analysts and experts are discussing the contours of a new peace architecture in one of the world's most volatile regions.

For decades, the U.S.-backed security architecture—anchored by military bases in the Gulf and partnerships with Israel and Arab states—defined the region's order. That framework, tested severely during the 2026 Iran war, now faces profound questions. Iranian missile and drone strikes exposed vulnerabilities in U.S. forward deployments, prompting Gulf leaders to reassess reliance on American protection. Meanwhile, new diplomatic currents involving Turkey, Pakistan, Egypt, and even China and Russia suggest the possibility of a more multipolar peace structure.

The 2026 Iran conflict laid bare the limitations of U.S. bases in the Gulf. Facilities in Qatar (Al Udeid), Bahrain (Fifth Fleet headquarters), Kuwait, the UAE, and Saudi Arabia came under direct Iranian fire. What were once viewed as ironclad deterrents became liabilities, drawing retaliation and failing to fully shield host nations' civilian infrastructure, energy facilities, and airports. Gulf states, long wary of entrapment in U.S.-Iran confrontations, reportedly restricted base usage for offensive operations against Iran early in the conflict. Post-ceasefire analyses from think tanks like the Cato Institute and Middle East Council highlight how bases pulled Gulf countries into a war they sought to avoid, while offering incomplete protection. Reconstruction costs for damaged sites could run into billions of dollars, further straining relations.

In the wake of the Islamabad Memorandum, the future of these bases is in questions. U.S. officials have signalled no immediate drawdown, maintaining a robust posture—including carrier groups and thousands of troops—during the 60-day negotiation window to ensure Iranian compliance on nuclear issues and de-escalation in Lebanon. However, experts anticipate a gradual reconfiguration. American presence may evolve toward a lighter, more agile footprint: enhanced naval

patrols, rotational forces, and bilateral defence pacts emphasizing air and missile defence cooperation rather than sprawling permanent bases. Some analysts foresee potential relocation of assets westward, closer to Israel or Jordan, or greater integration with European and Asian partners to share burdens. Gulf states, for their part, are accelerating diversification—boosting indigenous defence industries, exploring ties with Europe, China, and even hedging via improved channels with Tehran. This shift does not signal full U.S. withdrawal. Yet the era of unquestioned American hegemony as regional gendarme is waning, replaced by a more transactional model.

Parallel to U.S.-Iran diplomacy, a notable “R4” consultative process has gained momentum among Turkey, Pakistan, Egypt, and Saudi Arabia. Foreign ministers from these nations have convened in Riyadh, Cairo, and elsewhere, discussing coordinated responses to the Iran war fallout and broader regional stability. This grouping blends significant assets: Saudi financial muscle and religious influence, Turk-



ish military-industrial capacity and NATO ties, Egyptian demographic and geographic weight, and Pakistani nuclear deterrence alongside mediation credibility (Pakistan played a key role in brokering the initial ceasefire). Their joint statements welcome the U.S.-Iran memorandum while emphasizing inclusive peace, sovereignty, and non-interference—language that implicitly balances against both Israeli maximalism and unchecked Iranian proxy activities.

Analysts describe this as an “embryo” of a new security platform, potentially filling gaps left by fraying U.S. dominance and Arab disunity. It could foster confidence-building measures on issues like Yemen, Red Sea security, and economic corridors, while providing a

Muslim-majority counterweight to Israel-centric alignments.

A bolder question looms: Could a comprehensive Arab-Iranian peace be underwritten by China and Russia? Beijing has long positioned itself as a neutral broker, having facilitated the 2023 Saudi-Iran rapprochement. During the 2026 war, China called for de-escalation, maintained economic ties, and reportedly influenced the ceasefire framework alongside Russia. Trump himself praised Xi Jinping's neutrality at the G7.

Moscow, with deep military ties to Iran (and Syria), has similarly advocated diplomatic tracks via the UN and SCO. A deal involving Arab states normalizing or deepening relations with Iran—perhaps expanding on the 2023 precedent—under joint Chinese-Russian auspices could appeal to Tehran's desire for great-power backing and Gulf states' interest in hedging.

Such an arrangement might feature economic incentives (Belt and Road extensions, energy cooperation), security dialogues, and mutual non-aggression pacts. However, doubts persist. Sunni-Shia historical rifts, Iranian regional ambitions via proxies, and U.S. opposition to ceding influence limit feasibility. Israel would likely view it as an existential threat. A hybrid model—U.S.-led nuclear and maritime guarantees alongside Sino-Russian economic diplomacy—seems more plausible than outright replacement.

Assuming a final U.S.-Iran accord materializes—verifiable nuclear limits, sanctions relief calibrated to compliance, and stabilized Lebanon—the American role will likely pivot from

warfighting guarantor to offshore balancer and investment partner. Naval dominance in the Gulf and Indian Ocean persists for freedom of navigation. Intelligence-sharing and joint exercises with Gulf partners continue, albeit with hosts demanding greater say and burden-sharing. Economically, U.S. firms could benefit from reconstruction and energy deals as Iran reintegrates (partially) into global markets. The emerging architecture is broad-based and multipolar. Gulf Arabs are asserting autonomy, middle powers like Turkey, Pakistan, and Egypt are coordinating, and extra-regional actors seek influence. For the Middle East, long defined by conflict, the Iran-US negotiations offer a promising path towards long-term peace and stability. ■

# Pakistan's economy: Stable headlines, fragile foundations

Muhammad Hassan

Pakistan's economy appears to be sending two very different messages at the same time. On one hand, official indicators point towards improving macroeconomic stability, rising foreign exchange reserves, a current account surplus, and stronger-than-expected economic growth. On the other hand, declining exports, a widening trade deficit, weak foreign investment, and structural economic weaknesses continue to raise serious questions about the sustainability of the country's recovery.

This contradiction highlights a deeper issue. While headline economic numbers have improved considerably over the past year, many of the underlying drivers of long-term growth remain fragile. Without addressing these structural challenges, Pakistan risks

celebrating short-term gains while postponing the reforms needed to secure lasting prosperity. The optimism surrounding the economy became evident when State Bank of Pakistan (SBP) Governor Jameel Ahmad convened an urgent press conference to present a positive economic outlook. The governor projected Pakistan's gross domestic product (GDP) growth at around 4 percent for fiscal year 2026, exceeding the government's provisional estimate of 3.7 percent. Although such projections are typically announced during the central bank's scheduled monetary policy statement, the unusual timing reflected the authorities' desire to reinforce confidence among investors and international financial institutions.

The governor's remarks coincided with efforts by the federal government to strengthen Pakistan's image before international credit rating agencies. Finance Minister Senator Muhammad Aurangzeb recently held discussions with representatives of S&P Global Ratings, highlighting improvements in Pakistan's macroeconomic indicators, fiscal discipline, debt management, external sector resilience, and continued implementation of reforms under the International Monetary Fund (IMF)

programme. The government hopes these developments will eventually translate into an improved sovereign credit rating and lower borrowing costs.

According to the SBP, economic growth has been largely driven by a revival in the industrial sector. Large-scale manufacturing (LSM), one of the most important indicators of industrial activity, recorded an average growth of around six percent during FY26, with certain months witnessing double-digit expansion. This industrial momentum is expected to remain a key driver of economic activity in FY27.

The governor acknowledged that the conflict in the Middle East, particularly the Israel-Iran tensions and subsequent regional instability, had prompted the central bank to slightly revise its growth expectations.



Before the crisis, the SBP had anticipated GDP growth comfortably above four percent. Nevertheless, improving regional conditions have allowed the central bank to maintain a projected growth range between 3.75 percent and 4.75 percent for the current fiscal year.

Pakistan's external sector has also shown notable improvement. The SBP's foreign exchange reserves increased significantly, rising from around \$13 billion at the end of FY25 to \$18.4 billion by the close of FY26. This increase came despite the country making external debt repayments of approximately \$8 billion during June alone. According to the governor, had these repayments not been due, Pakistan's reserves would have approached nearly \$23

billion, demonstrating the strength of foreign inflows over the past year.

Another encouraging development has been the remarkable turnaround in the current account balance. After recording a massive deficit of \$17.5 billion in FY22, equivalent to nearly 4.7 percent of GDP, Pakistan has managed to reverse the situation. The country posted current account surpluses in FY23, FY24, and FY25, while FY26 is also expected to conclude with a surplus ranging between zero and one percent of GDP. This improvement has substantially reduced the central bank's short-term foreign exchange liabilities, strengthening overall external stability.

Pakistan's external debt has also remained broadly stable at approximately \$100 billion over the past several years. At the same time, the government has gradually shifted its

borrowing strategy towards longer-term multilateral financing with repayment periods extending up to 25 years. This has reduced immediate refinancing pressures and improved debt sustainability.

However, behind these encouraging indicators lies a less comfortable reality. Pakistan's export sector continues to underperform despite repeated policy announcements aimed at boosting overseas sales. Merchandise exports fell to approximately \$30.1 billion during FY26, missing official targets by more than \$5 billion. Meanwhile, imports increased sharply, pushing the country's trade deficit to nearly \$39.5 billion—an increase of more than

21 percent compared to the previous fiscal year.

This widening trade gap exposes one of Pakistan's most persistent structural weaknesses. Economic growth that depends heavily on imports without generating sufficient export earnings ultimately places renewed pressure on foreign exchange reserves and external financing requirements. Unless exports become more competitive, maintaining external stability will remain an ongoing challenge.

Even more concerning is Pakistan's continued inability to attract meaningful foreign direct investment (FDI). Unlike portfolio investment or short-term financial inflows, FDI reflects long-term confidence in an economy's business environment. Yet Pakistan has

struggled to convince multinational companies to commit significant capital. The country's ranking among preferred regional destinations for investment projects exceeding \$500 million has slipped from seventh to ninth, highlighting concerns about policy consistency, regulatory uncertainty, governance issues, and infrastructure bottlenecks.

One of the strongest contributors to Pakistan's external stability remains workers' remittances. Overseas Pakistanis are expected to send more than \$41.5 billion home during FY26, while the SBP forecasts remittances could rise further to nearly \$44 billion in FY27. During the first eleven months of the fiscal year, remittance inflows increased by more than nine percent compared to the previous year despite ongoing geopolitical uncertainties.

While these inflows have provided a vital cushion for Pakistan's balance of payments, they also expose another structural imbalance. The country's economic stability increasingly depends on millions of workers employed abroad rather than on domestic productivity, exports, or industrial competitiveness. Despite their enormous contribution, overseas

Pakistanis often receive limited institutional support in terms of skill development, welfare services, reintegration programmes, or investment opportunities upon their return. More importantly, Pakistan has yet to formulate a comprehensive strategy to channel remittance inflows into productive sectors that generate employment and sustainable economic growth.

The SBP has announced the discontinuation of government-funded remittance incentive schemes, including the Sohni Dharti Remittance Program and the Telegraphic Transfer Charges Incentive Scheme. The central bank believes commercial banks and exchange companies can continue encouraging formal remittance channels without requiring government subsidies, while customers are expected to continue receiving free transfer services.

Inflation remains another area requiring close attention. Average inflation during FY26 is estimated at around 7.05 percent, slightly above the government's target range. Although inflation accelerated sharply to 11.1 percent in June following increases in petroleum prices, the SBP argues that overall price stability has

improved considerably compared to previous years and remains broadly consistent with its medium-term objectives.

Pakistan's recent economic performance undoubtedly represents progress compared to the severe balance-of-payments crisis experienced just a few years ago. Stronger reserves, a healthier current account, moderating inflation, and improving industrial activity deserve recognition. However, these achievements should not obscure the deeper structural weaknesses that continue to limit the country's economic potential.

Long-term economic success cannot rely indefinitely on remittances, external borrowing, or temporary macroeconomic stabilisation. Sustainable prosperity will require comprehensive reforms that strengthen exports, attract quality foreign investment, improve industrial productivity, expand the tax base, and create a more competitive business environment. Until these foundations are firmly established, Pakistan's economy will continue to present two contrasting narratives—encouraging headline indicators alongside persistent structural vulnerabilities that demand urgent attention.

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# Trade gap: Pakistan's persistent economic hurdle

Muhammad Zain

Pakistan's external trade position deteriorated sharply during fiscal year 2025-26, with the country's merchandise trade deficit widening to almost \$40 billion as exports declined while imports continued to rise. The latest official figures highlight persistent structural weaknesses in the economy, underscoring the urgent need for comprehensive reforms to boost exports, diversify markets, and reduce dependence on imported goods.

According to data released by the Pakistan Bureau of Statistics (PBS), the country's goods trade deficit increased by 21.57 percent to \$39.47 billion during FY2025-26, compared with \$32.46 billion recorded in the previous fiscal year. The widening gap between exports and imports reflects a long-standing imbalance that has continued to strain Pakistan's external account and foreign exchange reserves.

Pakistan's merchandise exports fell by 5.97 percent during the fiscal year, declining to \$30.13 billion from \$32.04 billion a year earlier. In contrast, imports climbed by 7.9 percent to \$69.6 billion, driven by increased purchases of consumer goods, industrial inputs, machinery,

petroleum products, and other essential commodities. The combination of shrinking exports and growing imports significantly widened the country's external trade imbalance.

The latest figures reinforce concerns among economists that Pakistan continues to struggle with deep-rooted structural issues rather than temporary economic fluctuations. The country has consistently recorded merchandise trade deficits for more than two decades, with no sustained improvement despite successive governments introducing export incentives, tariff adjustments, and industrial support packages.

Analysts argue that Pakistan's export sector remains heavily dependent on a narrow range of products, particularly textiles and apparel, which account for the majority of export earnings. Such dependence leaves the economy vulnerable to fluctuations in global demand, international commodity prices, and changing trade policies in key export destinations.

Equally concerning is the limited diversification of export markets. Since 2012, China has remained Pakistan's largest trading partner, followed by the United States. While these relationships are strategically important, economists warn that excessive reliance on a handful

of markets exposes exporters to external shocks and limits opportunities for broader expansion into emerging economies.

The country's import profile also reflects structural challenges. Instead of being dominated by capital machinery and industrial equipment that could enhance productive capacity, a significant share of imports consists of consumer products and finished goods. This pattern suggests that domestic industries have yet to develop sufficient competitiveness to replace imported products or produce higher-value exports for international markets.

Experts believe that without meaningful industrial modernization, technological upgrades, and productivity improvements, Pakistan will continue facing difficulties in narrowing its trade gap. They stress that improving competitiveness requires not only financial incentives but also reforms in taxation, energy pricing, logistics, infrastructure, and ease of doing business.

The deterioration became even more pronounced during the final month of the fiscal year. In June 2026 alone, Pakistan's monthly goods trade deficit surged by 57.1 percent compared with the same month last year, reaching

\$4.53 billion. Exports during the month fell by 9.6 percent to \$2.24 billion, while imports jumped by 26.3 percent to \$6.77 billion.

The sharp increase in imports during June suggests stronger domestic demand and higher purchases of essential goods, although economists caution that sustained import growth without corresponding export expansion places additional pressure on the country's external financing requirements. Larger trade deficits generally require increased foreign borrowing, higher remittances, or stronger foreign investment inflows to maintain balance of payments stability.

The growing merchandise trade gap also poses significant risks for Pakistan's foreign exchange reserves and exchange rate stability. As import payments continue to exceed export earnings, the country faces greater pressure to finance the shortfall through external borrowing or other capital inflows. Any slowdown in remittances or foreign investment could further complicate macroeconomic management and increase pressure on the Pakistani rupee.

Despite the disappointing performance in merchandise trade, the services sector provided a measure of relief during the fiscal year. Official data showed that Pakistan's services trade deficit narrowed by 24.1 percent during the first eleven months of FY2025-26, covering the period from July through May. Services exports increased by an impressive 17.4 percent to \$9.1 billion, while services imports grew at a much slower pace of 6.8 percent to \$11.1 billion. As a result, the services trade deficit declined to approximately \$2 billion, demonstrating stronger performance in sectors such as information technology, telecommunications, business process

outsourcing, and professional services.

An encouraging development emerged in May 2026, when Pakistan recorded a monthly services trade surplus of \$30.46 million, reversing a deficit of nearly \$169 million registered during the corresponding month last year. Services exports rose by 16 percent to \$838.3 million, while imports declined by 9.4 percent



to \$807.8 million, allowing export earnings to exceed import payments for the month.

Economists view the continued growth of Pakistan's IT and digital services sector as one of the country's most promising economic strengths. The industry has demonstrated resilience despite broader economic challenges and has steadily expanded its contribution to export earnings through software development, freelancing, business services, and digital solutions.

However, experts caution that although the services sector is expanding rapidly, its overall size remains too small to compensate for the much larger deficit in merchandise trade. While services exports continue to grow at double-dig-

it rates, goods imports remain substantially higher than merchandise exports, limiting the overall impact on the country's external balance.

Many economists believe Pakistan must pursue a comprehensive export-led growth strategy to achieve lasting improvement. Such a strategy would involve encouraging value-added manufacturing, promoting high-tech industries, supporting agricultural processing, expanding engineering exports, and strengthening sectors beyond traditional textiles. Greater investment in innovation, research, vocational training, and digital infrastructure would also help enhance productivity and international competitiveness.

Trade experts further recommend simplifying export procedures, ensuring consistent government policies, improving access to financing for exporters, and negotiating broader market access through regional and bilateral trade agreements. Reducing production costs, particularly energy prices and logistics expenses, would also make Pakistani products more competitive in international markets.

The latest trade figures serve as another reminder that Pakistan's external sector remains vulnerable to recurring imbalances. Unless exports begin growing at a significantly faster pace than imports, the country is likely to continue facing pressure on its balance of payments, foreign exchange reserves, and currency stability. While the encouraging performance of the services sector offers hope for future growth, it alone cannot bridge the widening merchandise trade gap. Sustained structural reforms, greater export diversification, and enhanced industrial competitiveness will be essential if Pakistan is to achieve long-term external stability and reduce its dependence on imported goods and external financing.

# Salaried vs. exporters: Pakistan's tax imbalance

Shahid Hussain

Pakistan's salaried class has once again emerged as one of the country's largest taxpayers, contributing approximately Rs633 billion in income tax during the fiscal year 2025-26—far exceeding the income tax paid by exporters and outstripping the contributions of several politically influential sectors of the economy.

According to provisional figures compiled by the Federal Board of Revenue (FBR), the tax

authority collected Rs13.01 trillion during the fiscal year ending June 30, 2026. Of this amount, salaried individuals contributed Rs633 billion through income tax deducted at source, compared with Rs585 billion in the previous fiscal year, reflecting an increase of nearly 8.2 percent. In comparison, exporters—despite earning billions of dollars in foreign exchange—paid only Rs174 billion in income tax during FY2025-26, marginally lower than the Rs176 billion collected from the sector in the preceding year.

The figures indicate that salaried employ-

ees paid more than 3.6 times as much income tax as exporters. The gap has reignited debate over the fairness of Pakistan's tax system, which continues to rely heavily on a relatively small pool of documented taxpayers while large segments of the economy remain either lightly taxed or outside the tax net altogether.

Economists argue that the phenomenon reflects a structural imbalance rather than the relative prosperity of salaried workers. Income tax on salaries is deducted automatically under the withholding tax mechanism, leaving

virtually no room for concealment or avoidance. In contrast, taxation of traders, retailers, wholesalers, agricultural income and several service sectors remains weak because of limited documentation, widespread cash transactions and political resistance to tax reforms.

The latest figures come despite repeated government pledges to broaden the tax base under the ongoing International Monetary Fund (IMF) programme. Successive administrations have promised to shift the burden away from compliant taxpayers by bringing untaxed sectors into the formal economy. However, progress has remained slow, forcing the FBR to depend largely on salaried individuals and registered businesses to meet ambitious revenue targets.

The contrast with the export sector is particularly striking. Exporters enjoy a range of fiscal incentives, including concessionary tax rates, reduced advance income tax, subsidised financing schemes and preferential energy tariffs, justified on the grounds that exports generate foreign exchange and employment. While such incentives are common internationally, economists argue that Pakistan's exporters continue to contribute relatively little in direct income tax compared with the burden borne by salaried employees.

Tax experts note that in most successful exporting economies, governments balance export incentives with broad tax compliance across all sectors. Export-led countries such as South Korea, Vietnam and Malaysia rely on competitive tax policies but simultaneously maintain much wider tax bases and stronger enforcement mechanisms than Pakistan. Businesses benefiting from incentives generally remain fully documented and subject to rigorous financial reporting.

Across South Asia, the reliance on salaried taxpayers is less pronounced than in Pakistan because neighbouring countries have broader tax bases and larger corporate tax collections. India, for example, collects substantial revenues from both corporate income tax and personal income tax while maintaining a significantly larger number of registered taxpayers. Although Indian salaried employees frequently complain about bearing a disproportionate tax burden, the country also derives considerable revenue from corporate taxation and indirect taxes through its nationwide Goods and Services Tax (GST) system. Bangladesh and Sri Lanka likewise face challenges in taxing informal sectors, but both have gradually expanded taxpayer registration and strengthened digital tax administration in recent years. Pakistan, by contrast, continues to operate one of the narrowest tax bases in the region. According to the latest OECD Revenue

Statistics, the country's overall tax-to-GDP ratio remains among the lowest in Asia-Pacific, highlighting the limited capacity of the tax system to mobilise domestic resources.

The consequences of excessive dependence on salaried taxpayers extend beyond questions of equity. Economists warn that high taxation of formal employment discourages documentation and reduces disposable incomes for middle-class households already struggling with inflation, rising utility bills and increasing education and healthcare costs. As purchasing power weakens, consumer demand also slows, affecting broader economic activity.

The imbalance also creates incentives for businesses and professionals to remain undocumented. When compliant taxpayers perceive that they are carrying a disproportionate share

of the burden while others remain outside the tax net, confidence in the fairness of the tax system declines. This encourages tax avoidance, expansion of the informal economy and greater reliance on cash transactions.

Another drawback is its impact on human capital. Highly skilled professionals increasingly view Pakistan's tax system as punitive because taxes are deducted before salaries are received while public services—including education, healthcare, transport and municipal infrastructure—remain inadequate. Some economists believe this contributes to the growing migration of skilled workers seeking better opportunities abroad.

The imbalance also constrains economic growth. Since the government relies heavily on a relatively small number of taxpayers, it frequently raises tax rates instead of expanding the tax base. Higher rates increase the cost of doing business, discourage investment and reduce competitiveness without generating proportionately higher revenues. Experts argue that sustainable tax reform requires expanding the number of taxpayers rather than increasing the burden on existing ones. Bringing retailers, wholesalers, large agricultural landowners, real estate transactions and segments of the informal economy into the documented tax system would distribute the burden more equitably while improving revenue collection.

The FBR has repeatedly announced plans to use digital invoicing, electronic payment systems, point-of-sale integration, data analytics and artificial intelligence to identify potential taxpayers. However, implementation has remained uneven, and successive governments have often retreated from comprehensive reforms under pressure from politically influential groups.

The latest figures once again highlight the structural weaknesses of Pakistan's tax regime. While the salaried class continues to fulfil its obligations through mandatory deductions, many high-income sectors continue to contribute comparatively less to direct taxation. As the government seeks to increase revenues under its fiscal consolidation programme and meet commitments agreed with the IMF, economists argue that genuine tax reform will require shifting the focus from repeatedly taxing compliant citizens to expanding the tax net across all sectors of the economy. Until that happens, Pakistan's salaried class is likely to remain the country's most dependable—and most heavily burdened—taxpayer.



# Why Pakistan needs a national government to confront its crises

Raza Khan

Recently, while addressing the National Assembly after the passage of the annual federal budget, Prime Minister Shehbaz Sharif extended an offer of dialogue to opposition political parties, particularly the Pakistan Tehreek-e-Insaf (PTI). He argued that Pakistan urgently requires broad-based political stability to place its fragile economy on a sustainable path toward recovery. However, despite the Prime Minister's public invitation, there has been little tangible progress.

PTI Chairman Barrister Gohar Ali Khan responded by saying that merely offering talks was not enough, insisting that the government must first create a conducive political environment for any meaningful dialogue to take place.

Whether the government and the opposition are genuinely committed to dialogue remains an open question. Any negotiations should not be pursued merely for political optics or public relations but should instead be sincere, result-oriented and aimed at addressing the country's pressing challenges. Pakistan today desperately needs both political and economic stability. The overwhelming majority of its citizens continue to suffer from deteriorating physical and economic security, manifested in the form of terrorism, violent crime, insurgency, soaring inflation, widespread unemployment and declining living standards. These crises are not recent developments; they have accumulated over decades and collectively pushed the country dangerously close to institutional dysfunction.

Given the realities on the ground, restoring political and economic stability requires extraordinary measures and an unprecedented level of national unity. Such a task demands decision-making and implementation on a war footing, something that the current coalition government of the Pakistan Muslim League-Nawaz (PML-N), Pakistan Peoples Party (PPP) and Muttahida Qaumi Movement (MQM) appears unable to achieve on its own. Under these circumstances, Pakistan should seriously consider the formation of a national government comprising both the treasury and opposition benches in the National Assembly, along with major political parties that currently remain outside Parliament.

The concept of a national government is neither novel nor unprecedented. Throughout history, countries confronted with extraordinary crises have set aside political rivalries in favour of national unity. During the Second

World War (1939-1945), for example, Britain formed a national government under Prime Minister Sir Winston Churchill. That coalition brought together leaders from different political parties to deal collectively with an existential national threat. Pakistan today faces a different but equally complex combination of political, economic and security challenges that require a similarly unified national response.

The country's security situation has deteriorated significantly over the past few

other regions. The situation in Azad Jammu and Kashmir remains volatile, while conditions in Gilgit-Baltistan have yet to stabilise despite recent elections and the formation of a new government. Although Punjab and Sindh presently enjoy relatively better law and order compared to the country's western regions, significant security concerns continue to persist in the riverine Katcha areas along the Punjab-Sindh border and in Karachi, Pakistan's largest metropolitan city.



years. Balochistan, in particular, remains deeply troubled as separatist organisations such as the Balochistan Liberation Army (BLA) continue to launch deadly attacks against security personnel and civilians, especially those belonging to other provinces. Violence stretches from Mastung, south of Quetta, to the strategically vital port city of Gwadar, covering a distance of nearly 900 kilometres.

At the same time, the Tehreek-e-Taliban Pakistan (TTP) has intensified its militant campaign across Khyber Pakhtunkhwa, especially in the southern districts extending from Kohat to Dera Ismail Khan and Tank, adjoining Zhob district in neighbouring Balochistan. The resurgence of terrorism has once again become one of the country's gravest internal security challenges.

Political uncertainty is also visible in

Externally, Pakistan continues to face mounting regional security pressures. Relations with Afghanistan remain tense, with Islamabad repeatedly accusing the Afghan Taliban administration of providing sanctuary and support to the TTP. Pakistan has even carried out air strikes inside Afghan territory targeting alleged militant hideouts. Meanwhile, India has repeatedly warned that it reserves the right to conduct retaliatory or pre-emptive strikes inside Pakistan should another militant attack occur on Indian soil, regardless of whether Pakistan is directly involved.

Although Pakistan possesses sufficient military capability to deter aggression from both India and Afghanistan, the simultaneous challenges on multiple fronts create a legitimate concern about the overstretching of the country's armed forces. Sustained internal

counterterrorism operations, combined with external security pressures, place enormous demands on national defence resources.

Alongside these security concerns, Pakistan's economy continues to struggle. Despite official claims of improving macroeconomic indicators, overall economic growth remains modest, investment levels remain weak and industrial expansion has been sluggish. Inflation continues to burden households, while unemployment and underemployment have significantly reduced purchasing power. Poverty has expanded, and millions of Pakistanis continue to struggle to meet basic necessities. Rising utility costs, stagnant incomes and declining business confidence have further aggravated the economic hardship experienced by ordinary citizens.

Taken together, these political, economic and security challenges suggest that the present government lacks the capacity to comprehensively reverse the country's downward trajectory. This is precisely why the formation of a national government deserves serious consideration. Such an arrangement could pool the collective political wisdom, administrative experience and institutional resources of all major stakeholders to formulate a unified national strategy for confronting Pakistan's multiple crises.

It is also important to recognise the geographical distribution of political representation. The PML-N secured the overwhelming majority of its National Assembly seats from Punjab, while its coalition partners—the PPP and MQM—derive most of their parliamentary strength from Sindh. Following the controversial February 2024 general elections, these

parties joined together to form governments at the federal and provincial levels. Consequently, Punjab and Sindh have witnessed comparatively greater political stability, whereas Khyber Pakhtunkhwa and Balochistan continue to experience persistent political tensions and worsening security conditions.

In Khyber Pakhtunkhwa, despite the PTI enjoying a comfortable two-thirds majority in the provincial assembly, relations between the provincial and federal governments have remained confrontational. This prolonged political conflict has weakened institutional coordination, creating opportunities for militant groups such as the TTP to exploit internal divisions and expand their operational activities.

The situation in Balochistan is even more alarming. The decision of the Balochistan National Party-Mengal (BNP-M), one of the province's principal mainstream nationalist parties, to withdraw from parliamentary politics represents a serious setback for Pakistan's democratic system. Although the BNP-M has traditionally won only a limited number of parliamentary seats, its participation carried symbolic significance by providing constitutional political representation to an important segment of Baloch society.

If a national government is to become a practical reality, it must ensure meaningful representation of smaller provinces and federating units rather than merely symbolic inclusion. Political parties representing Balochistan, Khyber Pakhtunkhwa and other smaller regions should be given substantial roles in federal decision-making. Although constitutional limitations may prevent direct

representation of Azad Jammu and Kashmir and Gilgit-Baltistan in the federal cabinet, mechanisms should nevertheless be explored to ensure their perspectives are incorporated into national policymaking.

For such an arrangement to succeed, all major political parties—including the PML-N, PPP, PTI and other parliamentary stakeholders—must demonstrate flexibility and place national interests above partisan calculations. Unfortunately, successive coalition governments, regardless of which party led them, have often relied on representatives from smaller provinces primarily to secure parliamentary majorities rather than to genuinely address longstanding political grievances, constitutional concerns and developmental disparities. This pattern has gradually weakened federal cohesion and undermined public confidence in democratic governance.

Ultimately, the question is not merely whether the formation of a national government is constitutionally or politically feasible. The more important question is whether Pakistan's political leadership and the country's influential institutions possess the collective will to rise above their differences in the interest of national survival. Extraordinary crises require extraordinary responses. If all political stakeholders, state institutions and the powers that matter demonstrate sincerity, flexibility and statesmanship, the formation of a broad-based national government remains both a viable and potentially effective option for steering Pakistan away from prolonged instability. At this critical juncture, national unity may no longer be a matter of political preference but an imperative for safeguarding the country's future.

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# Why Pakistan's education emergency is failing 25m children

Rasheed Ali

More than two years after Pakistan declared a National Education Emergency, the country's biggest classroom remains the one that never existed.

Across dusty villages in south Punjab, flood-ravaged settlements of Sindh, remote valleys of Khyber-Pakhtunkhwa and the vast deserts of Balochistan, more than 25 million children wake up every morning without a school to attend. They are not merely statistics in government reports — they are the future doctors who never become doctors, engineers who never build bridges, teachers who never enter classrooms and innovators whose ideas

may never be heard.

A comprehensive policy review prepared by the Civil Services Academy (CSA) paints perhaps the clearest picture yet of why Pakistan's education crisis continues to deepen despite ambitious promises, repeated reforms and constitutional guarantees of free and compulsory education.

Its central conclusion is striking: Pakistan no longer suffers from a shortage of education policies. It suffers from a shortage of implementation.

The report argues that successive governments have produced strategies, road-maps and declarations, yet weak governance, fragmented administration, poor coordination,

inadequate financing and ineffective accountability continue to prevent those plans from reaching millions of children.

The National Education Emergency, announced with considerable political attention in May 2024, undoubtedly elevated education to the national agenda. Yet, according to the CSA review, the emergency has so far generated more announcements than measurable outcomes.

The result is a paradox. Pakistan possesses one of the region's most detailed education policy frameworks while simultaneously carrying the world's second-largest population of out-of-school children.

The crisis looks different in every prov-

ince.

Punjab carries the largest burden simply because of its population. Nearly ten million children remain outside schools, while another three million enrolled but later dropped out. The report suggests that access is no longer Punjab's only challenge; keeping children in school has become equally difficult. Rural districts continue to lag far behind urban centres, with south Punjab emerging as the province's educational fault line. Rajanpur, Dera Ghazi Khan and Muzaffargarh record some of the country's highest out-of-school rates despite years of reform initiatives.

In Sindh, the story changes dramatically. Children often make it to primary school but never beyond it. The province has tens of thousands of primary schools but only a fraction as many middle and secondary institutions, creating an educational bottleneck that forces thousands of students out of the system every year. Repeated floods have further crippled school infrastructure, while poverty, child labour and entrenched social norms continue to keep girls away from classrooms.

Khyber-Pakhtunkhwa faces another set of obstacles. Mountainous terrain, security concerns and severe shortages of female teachers make education inaccessible for many children, especially girls living in newly merged districts. In many communities, parents remain unwilling to send daughters to schools staffed exclusively by male teachers.

Balochistan presents perhaps the harshest reality. Children often travel extraordinary distances simply to reach a school. Thousands of educational institutions remain non-functional, while many operating schools lack electricity, sanitation or even boundary walls. Girls account for the overwhelming majority of children excluded from education, exposing the province's deep structural inequalities.

Even Islamabad Capital Territory, often viewed as Pakistan's educational showcase, has hidden pockets of exclusion where children living in informal settlements remain largely invisible to official planning. Similar geographical disadvantages continue to affect Gilgit-Baltistan and Azad Jammu and Kashmir.

Despite these diverse realities, the CSA report identifies one common denominator across Pakistan: governance failure.

For decades, policymakers have known where the problems lie. They have identified poverty, rapid population growth, teacher shortages, weak infrastructure and gender disparities. Yet implementation has repeatedly faltered because institutions responsible for education often operate in isolation, relying on fragmented databases and outdated demographic estimates.

The report argues that Pakistan cannot solve a problem it cannot accurately measure. Its most ambitious recommendation is the creation of a unified National Student Registry

linked with NADRA's B-Form database, allowing authorities to monitor enrolment, attendance and dropouts in real time. Such an integrated system, the report argues, would finally replace scattered provincial records with a single national picture of every school-age child.

The review also recommends recognising accelerated learning programmes so children who have dropped out can return to mainstream education without bureaucratic hurdles. Double-shift schooling, greater autonomy for district education authorities and perfor-

overlook children requiring inclusive learning environments. He advocates a nationwide survey to identify every out-of-school child, stronger inclusive education policies and a School Readiness Programme that mobilises university graduates to help bring excluded children back into classrooms.

While the report presents a sobering diagnosis, it also recognises signs of progress. Punjab has introduced free school meals, expanded public-private partnerships, outsourced underperforming schools and established technology-based learning centres.



mance-based funding are among the structural reforms proposed to improve efficiency and accountability.

Yet governance alone cannot resolve the crisis without money. Pakistan's education spending remains among the lowest in the region and far below internationally recommended levels. In several provinces, the overwhelming share of education budgets is consumed by salaries and routine administration, leaving little room for building schools, upgrading facilities or improving learning quality.

Education economist Dr Faisal Bari believes Pakistan's biggest failure is not technical but political. The country, he argues, has repeatedly declared education emergencies without introducing emergency-level responses. School infrastructure has failed to keep pace with population growth, teacher shortages persist, and poor learning outcomes convince many parents that education offers little economic return. Of every hundred children entering school, only a tiny fraction eventually reach university.

Equally concerning is the invisible population of children with disabilities. Education specialist Dr Abdul Hameed argues that conventional education models frequently

Officials say these initiatives have already enrolled hundreds of thousands of additional students, while flagship programmes such as Nawaz Sharif Schools of Eminence seek to improve learning outcomes in struggling districts.

Whether such interventions can be replicated nationally remains uncertain.

The CSA review ultimately delivers a warning rather than merely a critique. Pakistan's education crisis is no longer defined by a lack of knowledge. Policymakers understand the causes. They possess policy frameworks. They know which districts are struggling and why.

What remains absent is consistent execution. Every year of delay produces another generation of children who fall permanently behind. Every child who never enters a classroom represents not only a personal tragedy but also a national economic loss that compounds for decades.

The report's message is both simple and unsettling: Pakistan's education emergency will remain little more than a slogan unless governance, financing, accountability and political commitment finally move from paper to practice.

For the 25 million children still waiting outside the school gate, time is running out.

# The pitfalls of institutionalising US military aid to Israel

Said Arikat

US Senator Tom Cotton and pro-Israel allies are pursuing problematic legislation that has largely gone under the radar of most mainstream media. If passed, these bills and amendments would embed the US-Israel security relationship more deeply within the Pentagon's institutional framework, making it substantially harder for future presidents and Congresses to reconsider one of America's most consequential foreign policy commitments.

This comes at a crucial time. The 10-year Memorandum of Understanding between the US and Israel which grants the latter \$38bn in military aid is expiring in 2028. At this time, Washington should be discussing whether the arrangement continues to serve American interests, whether future aid should carry conditions, and whether the transformed Middle East warrants a different approach. Instead, Senate Republicans are building a legislative architecture that could preclude any change in policy.

Their strategy is trying to bypass the traditional foreign aid and military cooperation process by embedding amendments in large budget bills that have to pass. For example, a section of the National Defense Authorization Act (NDAA) for fiscal year 2027 would establish permanent integration of Israeli technology into US military research, procurement and manufacturing.

Senator Cotton's companion legislation, which is embedded into an intelligence authorisation bill, requires the president to expand US-Israeli intelligence cooperation on a list of subjects. It also restricts presidential authority to pause or limit intelligence-sharing. If these bills are passed with the amendments proposed by Cotton and his allies, foreign policy flexibility would give way to statutory permanence.

Supporters present these initiatives as routine improvements to an indispensable alliance. Their timing suggests otherwise. For decades, unconditional military aid to Israel attracted little opposition in Washington. That bipartisan consensus has begun to fracture.

The war in Gaza has produced unprecedented civilian destruction, repeated humanitarian crises, allegations of violations of international humanitarian law and growing diplomatic isolation for Israel. American opinion has shifted accordingly. By October 2025, the Pew Research Center found that 33 percent of Americans believed the United States was providing too much military support to Israel; 23 percent thought it was "about right"; 8 percent thought it was

not enough. A June 2026 survey by Quinnipiac University found that 48 percent of Americans thought their government was supporting Israel "too much".

Negative views of Israel among Americans have also spiked. The latest Pew Research poll shows 60 percent of Americans holding unfavourable views of Israel, up from 53 percent last year. Within Congress, lawmakers who once treated military assistance as politically untouchable increasingly advocate conditions, restrictions or reductions. It is precisely because

subject to periodic review, rather than becoming embedded in bureaucratic structures that future lawmakers struggle to alter.

Yet in recent years, nearly every proposal to condition military aid, strengthen human rights reporting, tighten oversight of weapons transfers or increase transparency over the use of American arms has failed in the face of overwhelming Republican opposition. Rather than defend unconditional aid through persuasion, the party increasingly seeks to minimise opportunities for meaningful debate.



the politics are changing that the legislative strategy has shifted from defending aid on its merits to redesigning the process by which it is approved. By embedding permanent cooperation mechanisms and statutory limits on presidential discretion inside the annual defence authorisation bill—a measure Congress cannot realistically allow to fail—Republicans raise the political cost of challenging unconditional assistance.

Legislators are forced into an impossible choice: accept provisions they oppose or risk accusations of undermining national security. Procedural necessity quietly replaces democratic deliberation. This is not simply legislative craftsmanship. It is entrenchment by design.

The constitutional implications extend well beyond Israel. Congressional authority over appropriations exists to ensure that foreign policy remains accountable to elected representatives. Alliances evolve, governments change, and strategic interests shift. Military assistance and cooperation should therefore remain sub-

The strategy also aligns closely with the long-standing objective of Israeli Prime Minister Benjamin Netanyahu and successive Israeli governments: to make American support as independent as possible from shifts in American politics. Institutionalising support before demographic and electoral change reshapes Congress has become critical. The deeper military cooperation is embedded within permanent Pentagon structures, the less leverage future administrations would possess and the less influence American public opinion would be able to exert.

This should concern supporters of Israel no less than its critics. Strong alliances derive their durability from democratic legitimacy, not procedural insulation. If military assistance remains strategically justified, it should be able to survive regular congressional scrutiny and public debate. A policy that requires institutional protection from democratic review implicitly acknowledges that public consent can no longer be assumed.

## Pharmacies without pharmacists

If physicians diagnose ailments and prescribe treatment, pharmacists ensure the effective use of medicines. Unfortunately, pharmacists remain unavailable to the general public in Pakistan, as many find themselves more comfortable working for leading pharmaceutical companies. Medicines are sold without pharmacists' supervision in pharmacies. A recent study found that only 1.6 per cent of patients interact with pharmacists. This is despite the fact that a single instance of misconduct can result in lifelong disability and emotional suffering for a patient. Furthermore, our healthcare system is bearing the brunt of this unchecked practice. The authorities concerned should ensure that patients consult professional pharmacists after receiving a diagnosis.

Hammad-ul-Hassan  
Lahore

## Disconnected San Saweri

People of San Saweri village in Shaheed Benazirabad district have been deprived of mobile network services since the signal tower of a private cellular company became dysfunctional. This tower, which once provided network coverage to at least 10-15 nearby towns and villages, has remained non-operational for the last about six years. With no other tower nearby, approximately 10,000 to 15,000 people are severely affected by the situation. Even when the tower was functional, the absence of electricity used to be a huge problem, as the tower was not equipped with standby power backup. Despite many complaints, the matter has not been resolved yet. The issue should be resolved as soon as possible.

Zaid Hussain  
Shaheed Benazirabad

## Jacobabad's summer nightmare

Jacobabad is among the hottest cities in Pakistan, with temperatures exceeding 50°C during summers. Frequent power outages and transformer tripping have worsened the lives of ordinary people. Businesses are also affected by power cuts. The authorities concerned should take immediate and effective steps to ensure uninterrupted power supply at least during the hottest hours of the day.

Abdul Aziz Gulwani  
Jacobabad

## From empty rhetoric to empty kitchens

As happens every year, year after year, when the government presented the federal budget 2026-27 in the rather cool chambers of parliament, filled with elegant but empty rhetoric, millions of Pakistanis continued to fight their battles amid sweltering temperatures, trying to survive a killing inflation, power outages, vanishing gas, and

empty kitchens. This annual ritual must cease being a sophisticated noose around the necks of a struggling nation. It must become a bridge to dignity, hope and sovereignty. The government boasts of economic stability and recovery, whereas ground reality is seriously devastating. Nearly half the population languishes below the poverty line. Over 11 million face acute food insecurity. Unemployment nears 22 per cent, with 22 million youth entering a jobless market every year. Thousands flee abroad in desperation, while others rot at tea stalls, wasting away all their energies and turning to drugs and crime. South Asia's lowest literacy rate persists, with over 25 million children out of school. Healthcare stands all but collapsed, families push children into labour, and despair drives some to suicide. The middle class — once the nation's backbone — is vanishing rapidly. This is not recovery. This is a sign of a nation sliding towards the abyss. A narrow taxation base and ballooning administrative costs devour resources. Chronic trade imbalances widen the gap further. Lenders force the state to squeeze the already-burdened masses. Rupee's purchasing power stands crushed, and people are left gasping for breath. True relief demands sacrifice from the top, not further extraction from the bottom. The spirit of sacrifice must extend beyond the masses to the privileged. Slogans and statistics can no longer be substitutes for relief. Most importantly, parliament — so united when protecting its own privileges — must now unite to reclaim national sovereignty. An indebted nation is not a free nation. The time has come to break the chains of debt. History will judge our representatives whether they chose courage and compassion, or presided over silent suffering. The people have endured enough. Now is the time for genuine statesmanship.

Qamer Soomro  
Shikarpur

## The flawed grading system at Virtual University

The federally chartered Virtual University (VU) grants a low grade point average (GPA) of 1.7 to students who have fulfilled all academic requirements, whereas other institutions under the Higher Education Commission (HEC) do not issue a passing degree for less than a 2.0 GPA. In addition, VU's examination system allows no choice in any question. This combination puts VU students at a disadvantage when compared with graduates from other universities. Most employers, public service commissions, and overseas institutions set 2.0 GPA as the minimum eligibility threshold. When a degree carries a lower GPA value, it leaves graduates unable to compete even though they have completed the same coursework. This situation appears to conflict with Article 25 of the Constitution, which ensures equal treatment and protection under the law.

The policy also seems inconsistent with the HEC's Undergraduate Education Policy 2020, which prescribes a 2.0 GPA as the minimum

standard for awarding an undergraduate degree. VU's 1.7 GPA practice diverges from this requirement, and may be questioned on legal grounds.

Articles 25A, 37, 38(d), 22(1)(b) and 10A of the Constitution further safeguard the right to education, the practical value of academic qualifications, non-discrimination, and procedural fairness. In essence, an exam format with no choice in questions, coupled with a passing grade below the national benchmark, does not meet these safeguards. The HEC and VU should adopt a better paper-setting system with choice options in questions, and align the grading scale with other universities under the HEC. Retaining a 1.7 GPA standard offers no academic benefit and only weakens the position of VU graduates. A degree awarded at 1.7 GPA is of no use in the job market. At best, it is something that looks presentable, but has no practical value.

Abdullah Faiz  
Khairpur

## The social cost of corporate loopholes

There has been a growing concern in the corporate world regarding the influence of CEO narcissism on an organisation's sense of business ethics. In many organisations, leaders with excessive self-focus and overconfidence often prioritise personal image, profits and short-term gains over legal and ethical responsibilities. Research regarding behavioural corporate finance indicates that CEOs with strong narcissistic tendencies, characterised by excessive self-confidence, dominance and a heightened need for admiration, are more likely to engage in aggressive tax strategies. While such strategies may enhance short-term financial performance and personal reputation, they often come at the cost of ethical responsibility and legal transparency. Recent studies in corporate governance also suggest that narcissistic CEOs are more likely to engage in aggressive tax planning and exploit loopholes to minimise tax payments. While such actions may temporarily benefit firm earnings, they ultimately harm national revenue systems, reduce public resources and weaken trust in institutions. In developing economies like Pakistan, where tax compliance is already a major challenge, such practices further deepen inequality and limit government capacity to invest in education, healthcare and infrastructure. This makes the issue not only a corporate governance concern, but also a broader social and economic problem. Regulatory bodies and tax authorities must strengthen monitoring systems and enforce stricter corporate transparency standards. At the same time, organisations should adopt better leadership selection processes that consider ethical behaviour and psychological traits, not just financial performance. Addressing this crucial issue is essential for building a fair, transparent, effective and accountable corporate environment that supports overall national development.

Rafia Rafique Ahmed Panhwar  
Dadu

## Water might secretly be a mix of 2 different liquids, scientists say

Larissa G. Capella

For years, scientists have suspected that, at the molecular level, water is two different liquids — a denser one and a less-dense one — that are constantly switching places. Catching real molecular evidence of this microscopic transformation has been hard. But now, with help from artificial intelligence, researchers say they've finally found it.



"It's hard to imagine — here is just one water, right?" said Xiao Cheng Zeng, a physical chemist at the City University of Hong Kong and co-author of the new study, told Live Science while holding a water bottle in the air. That puzzle sent him digging through scientific literature, where he found the possible explanation: the two-state hypothesis. "That got my attention. We have literature to talk about it but no evidence."

The findings, published in the journal *Nature Physics*, could not only prove this long-sought molecular change is real, but also help to explain dozens of water's weird behaviors. Most liquids become denser as they cool, but water behaves differently; it becomes denser until about 4 degrees Celsius, then starts to expand, which is why ice floats. Water also resists temperature changes better than similar liquids and has a viscosity that decreases under certain pressures. Scientists have documented various anomalies related to water and suspect they may be interconnected.

The two-state model is an attempt to be that unifying explanation. Zeng has been studying water since his postdoc days in the late 1990s, when he worked on liquid freezing.

## Hair dye and your health: What's new?

Julie Stewart

If you search for hair dye on social media, you'll mostly see inspo photos of women with brightly colored locks. But you'll also find clips warning you that dying your hair isn't so fun — it could cause cancer or reproductive health problems.



If you're one of the up to 80% of women in the U.S. who color your hair, you might see these headlines and wonder: What's really in my hair dye, and is it safe to use? "There's still a lot that we have to learn, but the data that exists so far, I think, is enough for us to be worried about what we're being exposed to," says Samantha Schildroth, PhD, MPH, a postdoctoral associate in environmental epidemiology at Boston University.

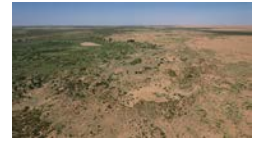
The concern with hair dyes isn't what they do to your hair — it's what happens when they enter the skin around it. "The scalp has a very rich blood supply," says Melanye Maclin, MD, a research and development dermatologist. "Those chemicals absorb into the scalp and enter the main bloodstream." In fact, hair dye users have significantly different levels of at least 11 metabolites circulating in their blood compared to those who don't use it, according to research published in *Scientific Reports*.

What does that mean for your health? It's hard to say for sure because there are no clinical trials that prove that one product or another increases risk. However, cohort and case-control studies have shown associations between hair dye use and some negative health outcomes. A recent study review of 96 articles suggests that women who use permanent or semi-permanent hair dye just once or twice have a 7% increased risk of breast cancer, while those who use it 35 to 89 times have a 31% increased risk. Permanent dye was also associated with a 250% increased risk of bladder cancer in people with certain genetic factors.

## 66 billion trees have been planted in China's Great Green Wall

Brian Owens

Trees in China that were planted as part of huge reforestation projects appear to grow faster than those in natural forests, a new study finds. This is possibly because the reforestation trees are responding more strongly to the rising atmospheric carbon dioxide, scientists say.



China is quickly turning green. The country has planted 66 billion trees since 1978, with plans for 34 billion more by the middle of this century, as part of its "Great Green Wall" to slow the spread of the Gobi and Taklamakan deserts. These new forests absorb large amounts of CO<sub>2</sub>, but it is unclear exactly how they differ from natural ones, study first author Yuhang Luo, a landscape ecologist at Peking University in Shenzhen, China, told Live Science.

Luo and his colleagues set out to study how differences between natural and planted forests, including species diversity, tree density and age, might affect how the forests respond to rising CO<sub>2</sub> and climate change. "Planted forests are widely used in climate mitigation strategies, but most global ecosystem models do not distinguish between forest types or represent age-related dynamics adequately," Luo said. "So we felt it was important to clarify how these factors interact — not just for scientific understanding, but also for improving the models and assumptions that underpin real-world forest policy and carbon accounting."

## Obesity's cancer link is worse than you think

Donavyn Coffey

Cancer deaths are dropping overall, but not the ones linked to obesity.

That's what mounting evidence now shows. A sweeping new report on U.S. cancer trends revealed that cancers linked to obesity are becoming more



common. Another study, presented in July at the Endocrine Society Annual Meeting in San Francisco, found that deaths from obesity-related cancers have more than tripled over the past two decades.

These include esophageal, colon and rectal, breast (postmenopausal), uterine, gallbladder, upper stomach, kidney, liver, ovarian, pancreatic, thyroid, meningioma (brain), and multiple myeloma — 13 types in all, now accounting for 40% of new cancer diagnoses in the U.S. Women, older adults, Native Americans, and Black Americans are especially vulnerable.

Second only to smoking, obesity ranks as one of the leading preventable causes of cancer. Yet even as the public's awareness of smoking's risks has dramatically increased, experts warn we've underestimated just how much excess weight — and the complex biology behind it — can fuel the disease. What exactly drives this link is not fully understood, but experts are homing in on some strong possibilities. It could be estrogen, fat cells, the microbiome, insulin resistance, or all of the above. One thing is sure: The public health threat of obesity is only increasing.

So what does this mean for cancer prevention, and how can you protect yourself? Behind the drop in overall cancer rates are significant declines in the number of smokers — and smoking-related cancers.

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