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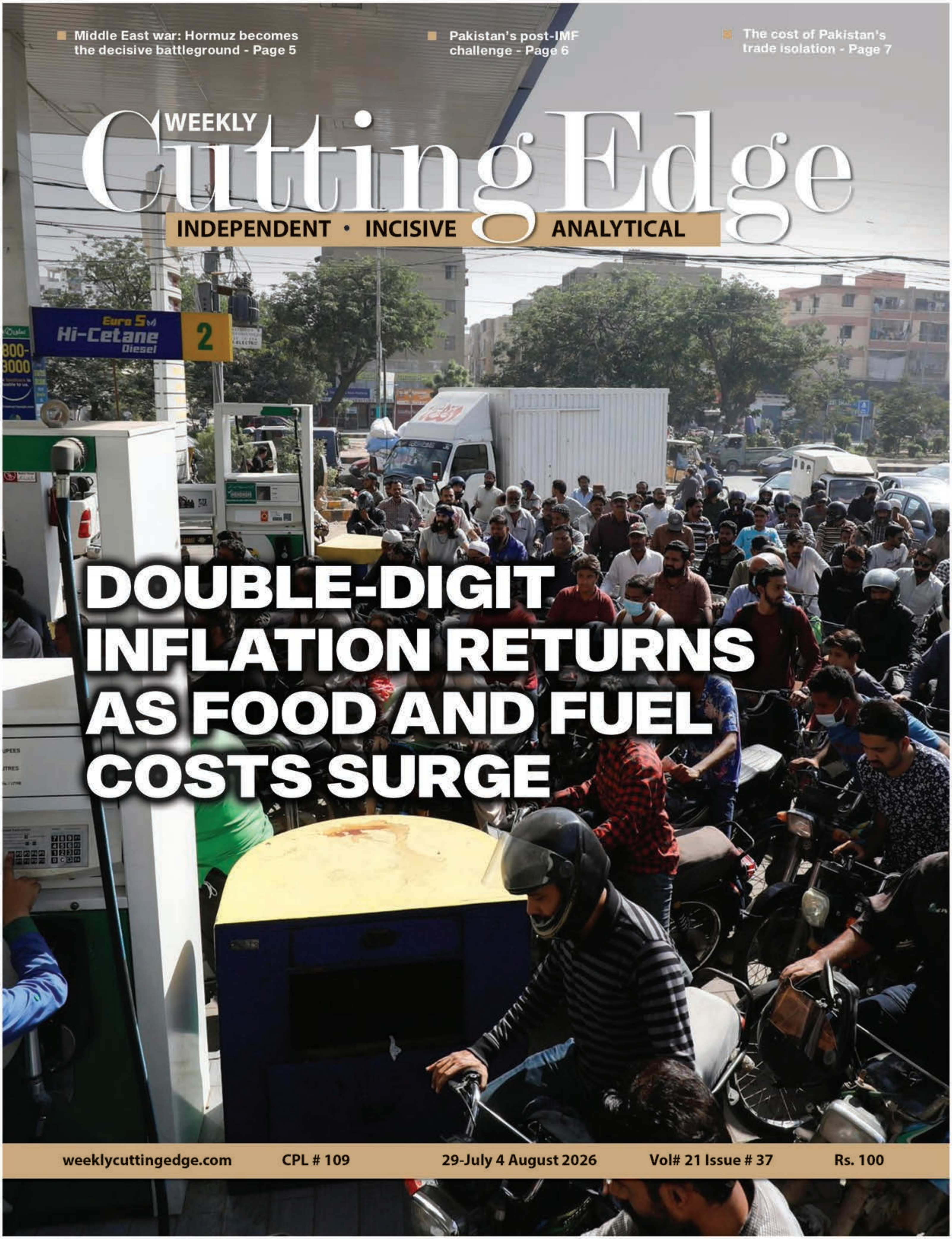

DOUBLE-DIGIT INFLATION RETURNS AS FOOD AND FUEL COSTS SURGE

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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, 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.

Founding Editor
Dr Niloufer Mahdi
Sub-Editor
Rizwan Ahmad
Communication Manager
Usman Riaz
Webmaster
Imran Shoukat

Editorial Office:
Treet Corporation Limited
2-H, Gulberg-II, Lahore
Phone +92-42-35817141-47,
Fax: +92-42-35817138
weeklycuttingedge@gmail.com
editor@weeklycuttingedge.com
info@weeklycuttingedge.com
Printed by Creative Vorks,
Plot# 203, Green Light Street,
Mughal Park, Bund Road, Lahore.

For subscription, please contact
info@weeklycutting.com

Double-digit inflation returns as food and fuel costs surge

Farhan Khan

Pakistan's consumer price index rose 11.1 percent year-on-year in June 2026, marking the third consecutive month of double-digit inflation and underscoring the growing strain on household budgets. The figure followed readings of 10.9 percent in April and 11.7 percent in May, confirming a clear acceleration after a period of more moderate price growth earlier in the fiscal year.

The upturn did not appear overnight. Inflation had been climbing steadily since July 2025, when it stood at a relatively contained 4.1 percent. By February 2026 it had reached approximately 7 percent. The subsequent sharp rise coincided with the outbreak of conflict in the Middle East and the disruption of oil shipments through the Strait of Hormuz. Global petroleum prices climbed rapidly, and Pakistan felt the impact through higher domestic fuel and energy costs. Transport expenses and utility bills rose across the board, feeding into a wide range of goods and services.

For the full fiscal year 2025-26, the average rate of CPI inflation settled at 7.1 percent—noticeably higher than the 4.5 percent recorded in 2024-25. Core inflation, which strips out volatile food and energy items, reached 8.7 percent. The trimmed mean measure, another gauge of underlying pressure, stood even higher at 9.6 percent. These elevated core readings have reduced the scope for the State Bank of Pakistan's Monetary Policy Committee to lower the policy interest rate in the near term, limiting one traditional tool for supporting growth.

While higher oil and gas prices have exerted a broad-based influence, a less-discussed but equally significant driver has been the surge in food prices, particularly wheat and wheat flour. Wheat prices jumped by nearly 65 percent and wheat flour by more than 55 percent. The Pakistan Economic Survey had projected a positive outcome for the 2025-26 wheat crop, with acreage and production expected to rise by 4.3 percent and 4.4 percent respectively. Latest estimates from the United States Department of Agriculture, however, show output falling from 31.81 million tons in 2024-25 to 28.40 million tons in 2025-26—a decline of 10.7 percent. Analysts attribute part of the shortfall to the withdrawal of a minimum procurement price policy that previously offered farmers a price floor.

The Sensitive Price Index, which tracks 51 essential items particularly relevant to lower- and middle-income households, rose 13.5 percent for the bottom two income quintiles. By comparison, inflation for the top quintile measured 10.1 percent. Combined with relatively weak GDP growth and rising unemployment, the heavier burden on poorer households suggests that a majority of the population experienced a decline in living standards during 2025-26—a continuation of a troubling pattern observed over the past five years.

Regional comparisons highlight Pakistan's relative vulnerability. In June 2026, India's inflation stood at 4.4 percent and Bangladesh's at 9.2 percent, both lower than Pakistan's 11.1 percent. Differences in fuel pricing policy appear to have played a role. Both India and Bangladesh maintained lower prices for high-speed diesel while allowing higher petrol prices after the Middle East disruption began. Industrial electricity tariffs in India were approximately 20 percent lower, and in Bangladesh 34 percent lower, than those charged in Pakistan, placing Pakistani exporters at a competitive disadvantage.

Looking ahead to 2026-27, the International Monetary Fund and the government's Annual Plan project average inflation remaining near 7 percent. That baseline assumes a stabilisation of external conditions. Should conflict in the Middle East resume and the Strait of Hormuz face renewed closures, Brent crude could again approach or exceed the peak of around 114 dollars per barrel seen in 2026. In such a scenario, Pakistani inflation could remain in double digits and potentially climb toward 15 percent.

Addressing the inflation problem requires a dual focus. Containing the pass-through of international oil prices is important, yet the more immediate domestic priority is preventing further sharp rises in food prices, especially wheat and flour. Restoring a credible minimum support price mechanism, combined with improved crop forecasting, better seed and input availability, and timely procurement operations, could help stabilise production incentives and reduce price volatility. Strengthening strategic wheat reserves and improving storage and distribution networks would further limit sudden shortages.

On the energy side, gradual rationalisation of electricity tariffs for industrial users, coupled with accelerated investment in domestic generation and transmission efficiency, would ease cost pressures on manufacturing and exports. Targeted, time-bound subsidies for the most vulnerable households, delivered through transparent mechanisms, can cushion the impact of essential food and energy price increases without creating open-ended fiscal burdens.

Monetary policy will need to remain cautious while core inflation stays elevated. At the same time, fiscal discipline—particularly containing non-essential expenditure and improving revenue mobilisation—will be essential to avoid adding demand-side pressure. Coordination between the federal and provincial governments on agriculture policy, energy pricing, and social protection can improve the effectiveness of these measures. The current episode of elevated inflation is the product of both external shocks and domestic supply-side weaknesses. Oil price volatility originating from geopolitical tensions cannot be controlled by Pakistan alone. What can be controlled is the country's vulnerability to food price spikes and the competitive disadvantage created by high industrial energy costs. Unless policymakers act decisively to stabilise wheat production and moderate the cumulative impact of food and fuel inflation, the living standards of the majority of households risk further erosion in the year ahead. The data from 2025-26 already show the human cost of inaction; the coming months will test whether that lesson has been learned

Middle East war: Hormuz becomes the decisive battleground

Nasim Ahmed

The Middle East conflict has entered its most dangerous and strategically significant phase, with the focus shifting from conventional military exchanges to the struggle over the world's most vital maritime chokepoint—the Strait of Hormuz. Although the United States has temporarily paused its latest round of airstrikes because of concerns over diminishing ammunition stockpiles and the need to reassess military objectives, Washington has made it clear that the pause does not signal a retreat. Rather, it reflects a calculated effort to prevent a wider regional war while safeguarding global energy security. Recent reports indicate that the United States has slowed offensive operations even as diplomatic efforts intensify, though officials have emphasized that military action could resume if negotiations fail.

The Trump administration's principal objective remains ensuring the uninterrupted flow of commercial shipping through the Strait of Hormuz. Nearly one-fifth of the world's traded oil passes through this narrow waterway, making it indispensable to the global economy. Washington argues that freedom of navigation is a fundamental principle of international law and insists that Hormuz must remain fully open to merchant vessels regardless of the ongoing conflict. Iran, however, views the issue through a different strategic lens. Tehran considers the Strait of Hormuz its foremost leverage against Western military and economic pressure. Rather than permanently closing the passage, Iranian leaders seek some degree of authority over shipping movements, believing that control over Hormuz enhances their bargaining position in any future negotiations. This fundamental disagreement has transformed the strait into the central bone of contention in the conflict.

Compounding the crisis is the growing threat to another critical maritime corridor—the Bab el-Mandeb Strait at the southern entrance to the Red Sea. Iran-backed Houthi forces have resumed attacks on Saudi targets, leading to renewed exchanges of fire between the Houthis and Saudi Arabia. The possibility that both Hormuz and Bab al-Mandeb could face simultaneous disruptions has alarmed governments and financial markets alike, as together they carry a substantial share of global energy supplies and international trade.

The conflict has also expanded geographically. Kuwait and Bahrain, after repeatedly coming under Iranian attacks targeting military facilities and strategic infrastructure, have reportedly responded with counterstrikes against Iranian positions. These developments underscore how rapidly the confrontation has evolved from a bilateral dispute into a broader regional conflict involving multiple Gulf states. The danger is that every retaliatory action raises the risk of further escalation and miscalculation.

President Donald Trump appears determined to avoid precisely such an outcome. While his administration has demonstrated its willingness to use military force, it has stopped short of once again launching a full-scale war against Iran. Several considerations explain this cautious approach.

Foremost among them is the global energy market. Any prolonged conflict that significantly disrupts Gulf oil exports could

send crude prices soaring, fuel inflation, and slow economic growth worldwide. Higher fuel prices would not only affect consumers but also complicate economic policy in the United States and other major economies. Consequently, Washington's strategy has been to apply military pressure while leaving the door open for diplomacy.

International opinion, meanwhile, largely supports the principle that commercial navigation through the Strait of Hormuz should remain unrestricted. Many countries that are otherwise reluctant to take sides in the conflict nevertheless agree that one nation should not be allowed to impede a maritime passage critical to the world economy. This broad consensus strengthens Washington's diplomatic position even among states that oppose further military escalation.

Yet military pressure alone is unlikely to produce a lasting settlement. The eventual resolution of the Iran–United States confrontation will depend largely on diplomacy. Regional mediators possess a unique advantage because they maintain communication channels with both Washington and Tehran and enjoy greater credibility than outside powers.

Pakistan is particularly well placed to contribute constructively. Maintaining cordial relations with Iran, the Gulf monarchies, China, the United States, and other regional actors, Islamabad can encourage dialogue while advocating restraint. Turkey likewise has experience in mediating regional disputes and commands influence across the Muslim world. Qatar, which has repeatedly facilitated negotiations involving rival powers, continues to provide an important diplomatic bridge. Oman has also remained a key intermediary in efforts to reduce tensions.

For these mediators, the challenge is formidable. Any peace initiative must address not only immediate military concerns but also broader issues of maritime security, regional stability, sanctions, and mutual confidence-building. A durable agreement may require internationally supervised mechanisms that guarantee freedom of navigation while addressing Iran's security concerns without allowing any disruption of global commerce.

The stakes extend far beyond the Middle East. Prolonged instability in Hormuz or Bab al-Mandeb would disrupt global supply chains, increase shipping costs, raise insurance premiums, and place additional pressure on already fragile world economic growth. Import-dependent economies in Asia, Europe, and Africa would bear the consequences through higher energy costs and inflation.

Despite the current escalation, diplomacy remains the only realistic path toward a sustainable peace. Military operations may alter tactical realities, but they cannot resolve the political disagreements underlying the conflict. If Pakistan, Turkey, Qatar, Oman, and other credible intermediaries succeed in bringing Washington and Tehran back to meaningful negotiations, the region could yet avoid a prolonged and devastating war.

The coming weeks are therefore likely to determine whether the Middle East moves toward de-escalation or sinks deeper into confrontation. The future of the Strait of Hormuz—and with it the stability of global energy markets—will remain the decisive issue shaping both the conflict and the prospects for peace.

Pakistan's post-IMF challenge

Muhammad Ali

S&P Global's decision to upgrade Pakistan's long-term sovereign credit rating to 'B' from 'B-', while maintaining a stable outlook, is welcome news for an economy that has spent the past four years struggling with persistent balance-of-payments pressures, dwindling external buffers, and recurring fears of financial instability.

The upgrade, the first in nine years, reflects a measurable improvement in Pakistan's external position, fiscal management, and progress in implementing reforms under the International Monetary Fund programme. It could also improve the country's access to international capital markets and, over time, help reduce the cost of external borrowing.

But the rating upgrade should not be mistaken for a clean bill of economic health. If anything, the decision carries an important warning: Pakistan's recent stability remains dependent on preserving the discipline that helped produce it. The assessment is based largely on improved institutional stability, progress under the IMF programme, and the expectation that official financing will continue while commercial credit lines are rolled over to help the country meet its external obligations. This is a vote of confidence in the direction of economic policy, but it is also a reminder of the weaknesses that continue to make Pakistan dependent on external support. The distinction matters.

Pakistan's economic history demonstrates that external financing can buy valuable time, but it cannot create lasting economic stability by itself. The country has repeatedly experienced periods of stabilisation in which reserves improve, external pressures ease, and economic activity begins to recover. Yet once the immediate crisis recedes, governments have often returned to policies that generate rising imports, widening fiscal and current-account deficits, and renewed dependence on borrowing. The result has been a familiar cycle.

A period of stabilisation is followed by consumption-led growth. Imports rise faster than exports, external financing needs increase, and the country eventually returns to a balance-of-payments crisis. The latest rating upgrade should therefore be viewed as an opportunity to break that cycle rather than simply another reason to celebrate improved access to borrowing. There are already signs that Pakistan is preparing for a post-IMF environment in which faster growth becomes the dominant policy objective. Higher growth is certainly necessary. Pakistan cannot achieve meaningful improvements in living standards without stronger economic expansion, greater investment, and increased employment.

The question, however, is how that growth is financed and what drives it. If easier access to international capital simply allows Pakistan to borrow more cheaply to finance consumption, imports, and recurrent expenditure, the country will eventually return to the same vulnerabilities that produced the previous crisis. A stronger credit rating can become a liability if it encourages governments to postpone the difficult reforms required to improve the economy's productive capacity.

This is the central danger. The discipline imposed by depleted reserves and the imminent threat of default is powerful, although extremely painful. When a country faces an immediate external financing crisis, governments are forced to take decisions that might otherwise be politically difficult. Imports are restricted, expenditure is controlled, and reforms are implemented under intense pressure.

Once that pressure eases, however, the political incentives change. Governments may be tempted to delay reforms that impose short-term costs in favour of measures that produce quicker political benefits. Tax reforms can be postponed, loss-making public-sector enterprises can remain unreformed, energy-sector inefficiencies can continue, and politically popular spending can take precedence over long-term fiscal sustainability.

Pakistan must resist that temptation. The improved external position and the S&P upgrade should instead be used to institutionalise the reforms that have helped restore stability. The objective should be to make fiscal discipline, improved revenue collection, export expansion, energy-sector reform, and better public-sector management permanent features of economic policy rather than temporary measures adopted only during an IMF programme.

The rating upgrade also provides an opportunity to attract long-term investment. Improved credibility can encourage international investors to consider Pakistan more seriously, but investment will not follow a rating upgrade alone. Investors require predictable policies, reliable energy supplies, effective institutions, security, contract enforcement, and a competitive business environment.

The government must therefore use its improved credibility to expand productive capacity rather than merely increase borrowing. Pakistan's export sector requires particular attention. External stability cannot depend indefinitely on remittances, official financing, and the rollover of commercial credit lines. The country must earn a greater share of its foreign exchange through competitive exports of goods and services. This requires investment in technology, skills, infrastructure, value addition, and industrial productivity. It also requires consistent policies that encourage businesses to invest for the long term rather than merely survive from one economic crisis to the next.

The same principle applies to fiscal policy. A sustainable improvement in the country's creditworthiness must be based on a stronger revenue system and more disciplined expenditure. Borrowing can help finance productive investment, but it cannot substitute indefinitely for fiscal reform. The S&P upgrade is therefore important precisely because it provides Pakistan with a degree of breathing space. But breathing space should be used to build resilience, not to return to the policies that created the need for external assistance in the first place.

The government should recognise that improved creditworthiness is an asset that can easily be squandered. If the country uses its enhanced credibility to finance consumption and postpone reform, the current improvement may prove temporary. If it uses that credibility to attract investment, strengthen exports, improve productivity, and institutionalise economic discipline, the upgrade could mark the beginning of a more durable transformation.

The real test is not whether Pakistan can borrow more easily after the rating upgrade. It is whether the country can finally reduce its dependence on borrowing. That is the opportunity before policymakers now. The improved stability must support sustainable economic change rather than cheaper financing for another cycle of consumption-led growth. Pakistan has been given a chance to consolidate its gains. It must not waste it.

The cost of Pakistan's trade isolation

Shahid Hussain

Pakistan's latest trade figures reveal a troubling contradiction. The country occupies a strategically important geographical position at the crossroads of South Asia, Central Asia, China and the Middle East, yet remains one of the least regionally integrated economies in Asia. While countries across the world are increasingly strengthening regional trade links and building interconnected supply chains, Pakistan continues to conduct a disproportionately small share of its trade with its immediate neighbours.

The figures for the last fiscal year expose the extent of this disconnect. Pakistan exported goods worth approximately $3.9 billion to nine regional countries, but more than two-thirds of that amount went to China. At the same time, total exports to the region declined by 11 percent from the previous year. This means that less than one-third of Pakistan's regional exports reached all other neighbouring and regional markets combined.

The imbalance is even more striking on the import side. Pakistan imported nearly $20 billion worth of goods from the region, with almost 98 percent originating in China. The scale of this concentration highlights two separate but related weaknesses: Pakistan has failed to diversify its export markets across the region, while also becoming heavily dependent on a single regional source for imports.

This is not the pattern of a deeply integrated regional economy. It is a relationship dominated by one major trading partner, with limited commercial engagement with the countries that share Pakistan's borders and immediate geographical neighbourhood.

The situation is particularly concerning because regional trade can offer important advantages to developing economies. Neighbouring markets are often more accessible than distant markets because of geographical proximity, shorter transport routes, lower logistics costs, and similarities in consumer preferences. For Pakistan, the countries surrounding it should represent natural destinations for manufactured goods, agricultural products, pharmaceuticals, textiles, construction materials, and services. Yet the country has failed to fully exploit this potential.

Trade with Afghanistan, which has historically been one of the most important regional markets for Pakistani exports after China, has also declined. Bilateral trade has remained suspended since October, imposing a direct cost on Pakistani businesses and exporters that previously relied on access to the neighbouring market. Whatever the political and security disagreements between the two countries, the economic consequences of shutting down trade cannot be ignored. Pakistani exporters lose customers, businesses lose revenue, transporters lose activity, and border communities lose economic opportunities. At a time when Pakistan is struggling to expand exports and earn foreign exchange, voluntarily losing access to an important neighbouring market is particularly costly.

Pakistan's broader regional trade performance reflects a deeper policy failure. The country has not been able to convert its geography into an economic advantage. Its location offers potential access to some of the world's largest and fastest-growing markets, but inadequate connectivity, political tensions, security concerns, regulatory barriers, and inconsistent trade policies continue to limit that potential.

While other regions have moved towards greater economic integration, Pakistan appears to be moving in the opposite direction. Regional economic cooperation has become an increasingly important tool for countries seeking to expand exports, attract investment, develop supply chains, and strengthen industrial competitiveness.

Modern production is rarely confined to a single country. Components are manufactured in one location, assembled in another, processed elsewhere, and exported to global markets. Countries that become part of these regional supply chains can benefit from investment, technology transfer, job creation, and increased exports. Pakistan, however, remains largely disconnected from these networks.

The government must therefore rethink its regional trade policy. Pakistan cannot realistically aspire to sustained industrial growth while remaining economically isolated from its immediate neighbourhood. Market access must be expanded, trade barriers reduced, cross-border infrastructure improved, and customs procedures streamlined. Improved connectivity is particularly important. Efficient roads, railways, border crossings, warehousing facilities, payment systems, and digital trade infrastructure are essential for increasing regional commerce. Trade agreements alone cannot produce meaningful results if goods remain stuck at borders or businesses face unpredictable regulations.

The country must also strengthen its export capacity. Regional integration will not succeed merely by opening markets. Pakistani businesses must be able to produce goods that are competitive in terms of quality, price, reliability, and delivery. This requires investment in technology, skills, energy, logistics, research, and value addition. Regional trade should therefore be treated as an instrument of industrial policy rather than merely a political issue.

This shift is particularly urgent because Pakistan continues to rely heavily on remittances to finance its imports at a time when export performance remains weak. Remittances provide vital support to the economy and millions of households, but they cannot serve as a permanent substitute for export earnings. A sustainable external position requires the country to generate foreign exchange through the production and sale of goods and services to international markets.

Greater regional integration can play an important role in achieving that objective. Neighbouring countries offer potentially large and relatively accessible markets for Pakistani manufactured goods, agricultural products, pharmaceuticals, textiles, information technology, logistics, and professional services. Pakistani businesses should be able to compete more actively in these markets rather than remain overwhelmingly dependent on a small number of destinations. The potential gains extend beyond exports. Regional trade can encourage foreign investment, stimulate industrial clusters, improve transport infrastructure, and create incentives for businesses to meet international standards. Greater commercial interaction can also create economic interests that support broader stability.

Pakistan's economic isolation is therefore not simply a trade problem. It is an industrial, investment, employment, and external stability problem. The country cannot continue to rely on remittances and external borrowing while allowing its export base to remain narrow and its regional trade relationships underdeveloped. Nor can it afford to treat commercial relations with neighbouring countries as an afterthought in its broader economic strategy.

Pakistan's geography is an asset. But geography alone does not create economic opportunity. Roads, railways, trade agreements, reliable institutions, predictable policies, and competitive industries are needed to convert location into growth. The government must therefore make regional economic integration a central pillar of its trade and industrial policy. Expanding market access, resolving trade barriers, improving cross-border connectivity, and building export capacity should be pursued as long-term national economic priorities.

Pakistan has spent too long watching opportunities in its neighbourhood pass by. If it continues to remain disconnected from regional supply chains and markets, it will struggle to achieve the industrial growth and export expansion it urgently needs. Greater regional integration is no longer an option that Pakistan can afford to postpone. It is an essential requirement for building a more productive, competitive, and financially sustainable economy

Can daily price adjustments transform Pakistan's fuel market?

Husnain Shahid

The government's decision to introduce daily petroleum price adjustments is a welcome reform that could make fuel pricing in Pakistan more transparent, predictable, and responsive to international market conditions. Under the new mechanism, the Oil and Gas Regulatory Authority (Ogra) will revise prices daily using Platts benchmark rates and disclose the various components that determine the final retail price.

The reform comes at a time when global oil markets have become increasingly volatile because of geopolitical tensions and disruptions to energy supplies. In such an environment, a pricing system that relies on lengthy intervals between revisions can create sharp distortions. International prices may change significantly during the period between two domestic adjustments, leaving consumers, dealers, and the government exposed to sudden price shocks.

Daily adjustments offer a more flexible alternative. By allowing changes in global oil prices and exchange rates to be reflected more promptly in domestic prices, the new system can reduce the gap between international market conditions and what consumers pay at petrol stations. Instead of allowing price pressures to accumulate over several days or weeks before being passed on in a single large increase, smaller and more frequent adjustments can distribute the impact more gradually. This could help reduce the severity of sudden fuel price shocks.

The reform also has the potential to improve transparency. If Ogra publicly discloses the components used to calculate the daily price, consumers will have greater visibility into the factors determining the cost of petrol and diesel. International benchmark prices, exchange rate movements, taxes, margins, and other components can be assessed more clearly rather than being hidden within a complicated periodic pricing process. Transparency is particularly important in a sector that has traditionally been vulnerable to political intervention.

Under a system based on regular government announcements, authorities may face pressure to delay price increases for political reasons or postpone price reductions to protect fiscal revenues. While such decisions may offer short-term political or financial benefits, they can distort the market and create uncertainty for businesses and consumers. A more formula-based daily mechanism can reduce the scope for such discretion. When international prices and exchange rate movements are directly reflected in domestic prices, the government has less opportunity to delay or manipulate adjustments for political convenience.

The new system may also help discourage panic buying and hoarding. When consumers and market participants expect prices to be adjusted regularly, there is less incentive to rush to petrol stations before a large anticipated increase. Similarly, fuel retailers may have fewer opportunities to accumulate inventories at lower prices in anticipation of a sudden upward revision.

This issue is particularly important because the previous weekly or fortnightly pricing system created opportunities for speculative inventory gains. When global prices rose but domestic prices remained unchanged until the next scheduled revision, petrol pump owners could purchase or hold fuel at a lower price and benefit when the retail price was subsequently increased. The value of their existing inventory effectively rose because of the delay between international market movements and domestic price adjustments.

Consumers, meanwhile, ultimately faced the higher replacement cost. Daily price revisions can substantially reduce this gap. When domestic prices move more closely in line with international benchmarks, the opportunity to profit from predictable pricing delays becomes considerably smaller. The system can therefore improve market efficiency while reducing the possibility of windfall gains created by an opaque or delayed pricing mechanism.

India's experience demonstrates that daily fuel price adjustments are not an untested concept. The country has revised petrol and diesel prices on a daily basis since June 2017. The system allows smaller and more frequent changes based on international oil prices and exchange rate movements rather than relying primarily on large periodic adjustments. Pakistan can draw useful lessons from that experience. The opposition of petrol pump owners should not be allowed to derail the reform. Their concerns deserve consideration, particularly where they relate to legitimate operating costs, cash-flow pressures, inventory management, and regulated profit margins.

However, policymakers must distinguish between genuine commercial concerns and profits generated primarily by an opaque pricing structure. In a properly functioning market, petrol pump owners should earn fair returns through regulated margins and efficient operations. If existing margins do not adequately cover legitimate business costs, they should be reviewed on the basis of actual expenses, investment requirements, and reasonable returns.

But allowing dealers to continue benefiting from predictable pricing gaps is not a sustainable solution. The government should also ensure that the transition to daily pricing is properly managed. Consumers must be provided with easily accessible information about price calculations, while Ogra should establish clear mechanisms for monitoring compliance and preventing manipulation at the retail level. Transparency will be essential to public acceptance. If consumers can clearly see why prices have changed on a particular day, they are more likely to understand fluctuations even when prices rise. Conversely, a system that merely changes prices daily without disclosing the underlying calculations could create new confusion rather than resolving existing concerns.

The reform should therefore be accompanied by regular publication of all price components and a clear explanation of how international benchmark rates and exchange rate movements are incorporated into the final price. The broader objective should be to establish a fuel market in which prices reflect economic realities rather than political timing. Pakistan's previous system allowed price changes to accumulate, encouraged speculation, and created opportunities for political intervention. Daily adjustments cannot eliminate the impact of international oil price volatility, but they can make that impact more gradual, transparent, and predictable.

The government should remain open to addressing legitimate concerns raised by the petroleum industry. However, it should not reverse a reform simply because it disrupts a system that created benefits for some market participants at the expense of greater transparency and fairness for consumers. A modern petroleum pricing system should reward efficiency, not speculation. Petrol pump owners should earn through legitimate margins and effective operations, while consumers should not be forced to bear the cost of artificial pricing delays.

If implemented transparently and consistently, daily petroleum price adjustments could represent an important step towards a more efficient and accountable energy market in Pakistan. The success of the reform will ultimately depend on the credibility of the formula, the transparency of the data, and the government's willingness to allow market conditions—not political convenience—to determine fuel prices.

TTP revamps operational strategy

Raza Khan

While, as part of its new operational strategy, the banned Tehreek-e-Taliban Pakistan (TTP), a terrorist organisation dubbed by the state as Fitna-tul-Khawarij, has started carrying out massive terrorist attacks in Pakhtun-inhabited parts of Balochistan, as is evident from the July 6 Mangi Dam attack in Ziarat near Quetta in which 27 police officials were martyred, the TTP has also refurbished its overall operational plans. At the same time, the group is facing growing factionalism.

Under its new operational strategy, the TTP has established strong links with Baloch separatist armed groups such as the Balochistan Liberation Army (BLA) and the Balochistan Liberation Front (BLF). Another very important strand of the refurbished operational strategy of the TTP is to expand the theatre of its operations across the length and breadth of Khyber Pakhtunkhwa (KP) province. It may be mentioned that since the resurgence of the TTP in 2022, the group has been carrying out terrorist attacks on security forces in the southern parts of KP, stretching from Kohat district, southwest of Peshawar, to Tank and Dera Ismail Khan districts in southernmost KP, bordering Balochistan.

For instance, on July 15, the TTP carried out a three-pronged attack on police in Lower Dir district, approximately 550 kilometres away from Dera Ismail Khan and the nearby contiguous TTP heartland of South Waziristan district of KP. In the Dir attack, at least three policemen were martyred and several others injured during a combing operation in the area. It was an extensive search-and-strike operation by the police, during which special teams searched and cleared three valleys. A few days earlier, militants belonging to the TTP emerged after years of absence in the high valleys of Swat, an adjoining district of Lower Dir. Surprisingly, Pakistani media carried rare images of Taliban militants in the previously unknown upper valleys of Swat. Thus, expanding its operations once again to the northern parts of KP appears to be a key component of the TTP's new strategy.

It must be noted that the TTP has been making a strong comeback since the Afghan Taliban returned to power in Afghanistan in August 2021. The resurgence of the TTP since that time has been attributed to several factors, including strong support from the Afghan Taliban regime in Afghanistan. The TTP's entire command and control structure relocated to Afghanistan in the face of massive military operations by Pakistan's security forces following the loathsome December 16, 2014 terrorist attack on a school in Peshawar, in which around 150 schoolchildren and staff members were butchered by the TTP.

The Afghan Taliban's support for the TTP has taken various forms. Firstly, the Afghan Taliban set free all TTP inmates from Afghan jails who had been arrested during the rule of President Ashraf Ghani. Secondly, it provided the TTP with a free field to prepare for terrorist attacks across the border inside Pakistan, including by providing them with multiple sanctuaries along the 2,640-kilometre-long Pakistan-Afghanistan border. Thirdly, it insisted that Pakistan enter into dialogue with the TTP to pave the way for the return of its leaders and fighters to their ancestral areas in Pakistan. Fourthly, it provided logistical and financial support to the TTP.

Another very important factor behind the resurgence of the TTP since 2021 has been profound political instability, or rather a political crisis, in Pakistan. The TTP's resurgence since 2022, particularly in KP province and specifically in its Merged Tribal Districts (MTDs), has been facilitated by deep political crisis and instability in the country. For instance, since the removal of former Prime Minister Imran Khan in April 2022, Pakistan has experienced a deep political crisis. As Mr Khan and his Pakistan Tehreek-e-Insaf (PTI) have enjoyed massive public support in KP, particularly in the MTDs, while also governing the province, the TTP has taken huge advantage of the political crisis to carry out its deadly activities in KP. Before this period, there had been an almost complete stoppage of terrorist attacks by the Afghanistan-based TTP.

The TTP's new operational strategy also includes making certain key adjustments to its longstanding and previous positions. In this regard, what is quite obvious to observe is that the TTP has stopped declaring the Pakistani government a stooge of the United States since the latter withdrew all its troops from Afghanistan in 2021. Such propaganda is no longer tenable and could not win supporters for the TTP among the masses. The group had previously used this propaganda as a major justification for its emergence, arguing that the Pakistani state was siding with the United States in the War on Terror and was thus committing a 'sin' in its view.

With this adjustment in its propaganda, there has also been a major change in the group's demands. Of late, the TTP has apparently given up its longstanding demand for the enforcement of Shariah, or Islamic rule, in Pakistan and for carrying out large-scale terrorist attacks across the country for this purpose. Such a demand does not appear plausible in an Islamic country, while making it cannot win widespread support across Pakistan because the group became notorious for its hundreds of massive attacks between 2008 and 2016, in which thousands upon thousands of Pakistanis, mostly Pakhtuns, were killed.

The TTP has now reduced its demands from the Pakistani state to the demerger, or reversal of the merger, of the Pakhtun tribal lands — the former Federally Administered Tribal Areas (FATA) — with Khyber Pakhtunkhwa and the withdrawal of Pakistani troops from the tribal lands along the border with Afghanistan. Obviously, the TTP is in search of solid ground to use as a base because remaining in Afghanistan is not sustainable, particularly as the group's fighters have also come under heavy attacks by the Pakistan Air Force inside Afghanistan. Therefore, the group appears to believe that it would be better to convince the Pakistani government to provide it with sanctuaries in the former FATA so that it can gain breathing space.

Providing the TTP with any space within Pakistan yet again would be a grave mistake by Pakistani authorities, as the group would only use it for its resurgence. It is also important to note that, along with adjustments to its demands as part of its operational strategy, the TTP also appears to have adjusted its ideological positioning. Of late, the group has started presenting itself as a more Pakhtun nationalist force instead of a Pakistani nationalist group or, more importantly, a purely religious outfit.

This strand of the TTP's strategy is aimed at taking advantage of deep anger and frustration among Pakhtuns in Pakistan towards the government over decades-long counterterrorism, specifically anti-TTP, military operations and the displacement of millions of Pakhtuns from their homes.

Recently, Jamaat-ul-Ahrar, a strong faction within the TTP, parted ways with the parent organisation, blaming the TTP leadership under its chief, Noor Wali Mehsud, for the elimination of Umar Khalid Khurasani, one of its former key commanders. All Pakistani Taliban organisations that are part of the TTP have pledged allegiance to the Afghan Taliban chief, Haibatullah Akhundzada. Although most TTP factions have their own organisational structures, they share common objectives. The most important objective is to follow in the footsteps of the Afghan Taliban, which captured power in Afghanistan, and replicate that model in Pakistan.

Jamaat-ul-Ahrar has announced that it is reviving its own organisational structure and separating itself from the TTP, claiming that it has nothing to do with the activities of the TTP anymore. In fact, Jamaat-ul-Ahrar has refused to accept the Afghan Taliban's advice against carrying out large-scale terrorist attacks in Pakistan, a position that the TTP has partially agreed to. However, the Jamaat-ul-Ahrar faction has strong reservations about this strategy.

Jamaat-ul-Ahrar is of the opinion that the TTP must carry out attacks not only in the Pakhtun-dominated KP province but also in other provinces and Islamabad. Most Jamaat-ul-Ahrar militants hail from Pakistan's Mohmand district, including its slain chief, Umar Khalid Khurasani.

While the TTP's revised operational strategy has made it more lethal in its attacks, the factionalism within the organisation has provided the country's counterterrorism authorities with a significant opportunity to create further cracks within the group and weaken its operational capabilities.

Pakistan's flood risk demands better data

Dr. Zaheer Ahmad Babar

Having endured one of its worst floods last year, Punjab is preparing for the possibility of high floods this year despite the situation remaining normal so far. The decision reflects a cautious approach shaped by uncertainty, particularly the absence of vital upstream river-flow data from India following its unilateral suspension of the Indus Waters Treaty.

In circumstances where early-warning systems are deprived of critical information, preparing for the worst is not an overreaction. It is a necessary precaution. Flood forecasting plays a crucial role in protecting lives and limiting damage. Accurate and timely information allows authorities to evacuate vulnerable communities, reinforce embankments, regulate reservoirs, protect infrastructure, and coordinate emergency responses before floodwaters arrive. The more time authorities have, the greater their ability to reduce the human and economic cost of a disaster.

When upstream river-flow data is unavailable, however, the task becomes considerably more difficult. Officials are forced to rely on estimates, indirect information, and alternative sources that may not provide the same level of accuracy or timeliness. As a result, forecasts become less reliable and the window available for emergency action becomes shorter. For communities living along Pakistan's rivers, this uncertainty can have serious consequences.

The problem is particularly concerning as climate change continues to produce more frequent and intense extreme weather events. Heavy monsoon rains, sudden flooding, glacial melt, and unpredictable weather patterns are increasing the risks faced by communities in vulnerable areas. In such an environment, the availability of accurate and timely hydrological information is not simply a technical matter. It is a critical component of public safety.

That any country would withhold information capable of helping protect downstream populations for political leverage is deeply regrettable. The humanitarian consequences of such a policy can be considerable, particularly in a region where millions of people live along river systems that cross national borders.

Yet while Pakistan must continue to highlight the risks created by the withholding of upstream data, it must also confront its own shortcomings in flood management. The devastating floods of recent years have exposed persistent weaknesses in the country's disaster-preparedness systems. Early-warning mechanisms remain inadequate in many areas, coordination between government departments is often weak, and land-use planning has failed to prevent construction and settlement in vulnerable floodplains.

The unchecked encroachment of riverbeds and flood-prone areas has further increased the risks faced by communities. In many cases, development has taken place without adequate consideration of natural drainage patterns or the potential movement of floodwaters. Repeated disasters have produced repeated promises of reform. Yet many of the underlying weaknesses remain unresolved.

This is why the provincial authorities' decision to adopt a more proactive approach this year is encouraging. Preparing for a worst-case scenario, strengthening vulnerable points, improving emergency coordination, and taking precautionary measures can help reduce the risks faced by communities if water levels rise unexpectedly.

When information is incomplete, caution is justified. However, emergency preparedness cannot become a substitute for a comprehensive and modern flood-management system. Preparing for the worst each year is necessary only because Pakistan remains insufficiently equipped to predict and manage extreme weather events.

The country needs sustained investment in modern forecasting technology, weather monitoring, hydrological data collection, satellite-based surveillance, and real-time communication systems. Flood warnings must reach vulnerable communities quickly and in a form they can understand and act upon. Flood defences also require greater attention. Embankments, barrages, drainage systems, reservoirs, and protective infrastructure must be properly maintained and strengthened where necessary. At the same time, land-use policies must prevent further encroachment into areas that naturally serve as floodplains.

Disaster management also requires better coordination. Federal and provincial authorities, district administrations, rescue services, meteorological agencies, irrigation departments, and local communities must be able to operate through clearly defined systems before and during an emergency. The experience of recent floods has shown that the scale of damage depends not only on the intensity of rainfall or river flows. It is also determined by the quality of preparation.

A powerful flood may be unavoidable. The scale of its human impact is not always inevitable. Pakistan must therefore pursue two objectives simultaneously. It should continue to highlight the risks created by the withholding of upstream river-flow information and demand greater transparency and cooperation on matters affecting the safety of downstream populations. At the same time, it must strengthen its own capacity to manage floods under conditions of uncertainty.

The absence of reliable upstream data makes preparation more difficult, but it cannot become an excuse for failing to improve domestic systems. Pakistan must develop forecasting mechanisms capable of drawing on multiple sources of information and must ensure that authorities can respond effectively even when critical data is unavailable.

Climate change makes this task increasingly urgent. Extreme weather events are becoming more unpredictable, and traditional assumptions about rainfall and river flows are becoming less reliable. The country cannot continue relying primarily on emergency responses after disasters occur. The decision to prepare for high floods despite currently normal conditions is therefore a sensible response to uncertainty. But it should also serve as a reminder of the larger challenge facing Pakistan.

The country needs stronger flood defences, better forecasting systems, improved land-use planning, more effective institutional coordination, and greater investment in disaster resilience. Protecting lives and livelihoods requires preparation long before floodwaters arrive.

Pakistan should continue to expose the humanitarian consequences of withholding vital upstream river-flow data. But it must also ensure that its own flood-management weaknesses do not compound the dangers created by external uncertainty.

In an era of increasingly severe climate-related disasters, preparing for the worst is prudent. Building a system capable of preventing the worst consequences is essential.

How Israel uses settler-soldier terror to colonise the West Bank

Mariam Barghouti

The violent scenes playing out in the West Bank over the past few days are painfully familiar. Settlers setting fire to homes and places of worship, Palestinian villages coming under vicious attacks, families forced to leave their homes at gunpoint with nothing but what they can carry, and the Israeli army carrying out lethal raids.

This latest episode of violence is framed as a consequence of a deadly confrontation in the village of Tal in the northern West Bank, where Israeli settlers who attacked the community were confronted by Palestinian men. Two settlers died.

In its aftermath, Israeli Prime Minister Benjamin Netanyahu pledged to increase military operations in the West Bank to target "terrorist hotbeds" while Defence Minister Israel Katz said the expansion of Israeli outposts and settlements in the West Bank is now a strategic and important aspect of Israeli security.

Listening to Israeli officials, one may think Israeli military operations and settlements in the West Bank are a reaction. But they are not. They are a strategy – a strategy of colonisation. For years, the presence of the Israeli military in the West Bank was justified by the presence of Israeli settlers. Perhaps this may have held some truth in the past, but within the past five years, the distinction between a soldier and an average Israeli settler has diminished to the fact that one wears a uniform and has a chain of command while the other dresses in jeans and can shoot on a whim.

There may be little difference between the two, but each plays a specific role in an important strategic sequencing. First, the Israeli army weakens Palestinian communities through military operations that sweep through villages and towns, destroying infrastructure, detaining, torturing and even killing Palestinians. Then, the settler incursions increase and finally the administrative arm of the government consolidates territorial reconfiguration.

This is what happened in Jenin. The Israeli army launched several deadly offensives on the city and the refugee camp, the latest being "Operation Iron Wall" in 2025. Then the settlers came. Today, three new Israeli settlements are being built near the city with others under way in Tulkarem.

Not only do the Israeli government and security apparatus provide protection to Israeli settlers, but the reverse is also true. For years, Israeli soldiers who have committed torture, rape and murder against Palestinians were acquitted due to support and lobbying from settler groups. This is precisely why reporting on Israeli violence in the West Bank as "settler violence" does not tell the full story. Settler violence suggests sporadic lawlessness that operates outside the state, rather than a well-thought-out strategy of colonisation of illegally occupied land.

For years, Palestinians spoke of settler violence as a warning of what might come. Every year of the past decade set new records in settlement expansion, land dispossession, frequency of Israeli violence and Palestinians killed. Every olive harvest disrupted, every outpost expanding over the hills was understood as part of a gradual encroachment whose ultimate consequences remained just over the horizon.

Today, that horizon has collapsed. The Palestinians are living in a constant state of colonial terror, besieged and abandoned. They are expected to survive under conditions in which women are forced to endure miscarriages while stuck at checkpoints, where schools are teargassed by the army, where children never get to school because settlers attack their bus. Every day the space to exist safely shrinks.

While land is stolen, Palestinian bodies are treated as objects through which Israelis perform domination, publicly and repeatedly. Stories of displacement, torture and humiliation punctuate daily Palestinian life. Perhaps this is precisely why last week, Forouq Ramadan, a resident of Tal, decided to capture a gun from an invading Israeli settler and shoot him.

That moment is significant because Israel's violent response in the West Bank over the weekend was not really over the fact that an Israeli was killed. It was over the idea that a Palestinian man could successfully capture the weapon of an armed Israeli settler and shoot him dead. In any case, this violent episode is now used as yet another opportunity to accelerate the colonisation project. This is why it should not be identified as an "escalation". It is not a separate incident of settler violence; it is part and parcel of a colonisation strategy.

What happened in Tal and what is happening in the West Bank today cannot and should not be divorced from what's been happening regionally.

Settler violence, genocidal military campaigns, illegal eviction orders for entire communities, mass detentions all function within the same strategic logic: territorial acquisition. Israel will constantly search for justifications and recycle the same security narrative that has effectively shielded it from international scrutiny for decades.

The recent events in the West Bank are not extraordinary but serve as a reflection of the overarching reality. Territorial fragmentation and conquest advance faster than the world is willing to acknowledge. This is not a security issue. This is a territorial project. While the methods differ, Israel is reshaping the landscape in Gaza, in the West Bank, in Jerusalem and even in Syria and Lebanon in the same direction.

There was a time when Israeli territorial expansion into the West Bank was a warning sign for the world. Today, it is a reality well beyond the occupied Palestinian territory. And yet, the world still frames it as an issue of "Israeli security".

Israel and the cost paradox of the Iran war

Abdulla Banndar Al-Etaibi

Since the outbreak of war on February 28, the US-Israeli conflict with Iran has been framed as an existential crisis for Tel Aviv and Tehran. Yet a calm, structural reading of the past five months of fighting and faltering truces reveals a striking paradox: the party that incited this war has become the one least exposed to its fire and the one collecting most of its returns.

While Iranian missiles and drones fall on critical Gulf infrastructure, while Asian and Arab consumers absorb the bill for the closure of the Strait of Hormuz, and while American troops die in Iranian strikes, the Tel Aviv stock exchange keeps setting records, the shekel keeps rising, and Israel's defence industries post unprecedented earning numbers.

Israel is bearing the least cost of a war that is eroding its adversary's defences and devastating its neighbourhood. A security doctrine Iran built for four decades is now unravelling. It was premised on moving confrontation away from Iranian territory through a network of proxies and allies, from Hezbollah in Lebanon to the Houthis in Yemen and various armed factions in Iraq. That network was the core of Iranian deterrence and the lever of its expansionist policy. The current war has dealt this doctrine the harshest blow in its history.

Hezbollah entered 2026 already exhausted by its 2024 war with Israel and by the loss of strategic depth in Syria. In March, it committed a fatal error by intervening on Tehran's behalf and drawing a devastating Israeli response. Then the United States put pressure on the Lebanese government to act against Hezbollah, leading to a prohibition on the group's military activities and talk of disarmament.

The pro-Iranian Iraqi factions also intervened on behalf of their benefactor, but suffered losses in US strikes. The US managed to block the return of the pro-Iran Nouri al-Maliki to the prime minister's post in Iraq and install a relatively unknown banker, Ali al-Zaidi. His government now is under severe pressure to move against pro-Iran factions and disarm them by the end of September or suffer punitive economic measures from the US.

The Houthis, having learned from Hezbollah's fate and the cost of their previous rounds of confrontation with Washington, were reluctant to join the fray. They have now been compelled to act, but not against the US or Israel directly; they are targeting Saudi interests, thus facing off with one of the largest armies in the world, as well as Yemeni forces loyal to the internationally recognised government.

The net result is that Iran increasingly bears the burden of the war alone. Israel's first and perhaps most important strategic gain lies here: the war is accelerating the erosion of the network Iran spent more than four decades building, and with it the strategic logic of surrounding Israel with multiple fronts.

At the beginning of the war, Israel did absorb direct Iranian missile barrages, but many of them were taken down by the Iron Dome and the additional air defence systems deployed by the US. By contrast, the Gulf states faced much more intense Iranian attacks that went beyond military targets and struck energy and civilian infrastructure.

In the current escalation, Iranian strikes have concentrated on civilian infrastructure across the Gulf states and Jordan, while deliberately avoiding both Israel and the American naval assets off the Iranian coast. Tehran understands that striking US aircraft carriers would open the gates of hell upon it, and that hitting the Israeli interior again would widen the war at the very moment it is trying to preserve some space for talks with Washington. It has opted instead to pressure Washington through its Gulf neighbours.

The consequence is that Israel's home front has effectively exited the target set. The cost of deterrence that Israel, as an instigator of this war, should be paying has been transferred to Gulf civilians who have no hand in it, some in states furthest removed from any normalisation with Israel. As US air strikes continue to degrade Iranian missile capabilities, military infrastructure and senior command, Israel enjoys the strategic advantages of this sustained pressure without absorbing equivalent retaliation on its own territory. While Israel is successfully transferring the military costs of war to the US and the Gulf, its economy is doing well. The Bank of Israel, even after cutting its forecast because of the war, still expects the economy to grow by 4 percent in 2026, ahead of most developed economies even in peacetime. The projected growth for 2027 is 5.5 percent.

The markets are more eloquent still. The shekel has appreciated by roughly 20 percent against the US dollar over the past year; the Tel Aviv-35 Index keeps setting records; and in March, at the height of the war, Google completed its $32bn acquisition of Israeli cloud cybersecurity startup Wiz. Global capital, in other words, is pricing this war as an opportunity to reshape the region in Israel's favour, not as a risk to it. Then there is the direct war economy. In June, the Israeli Ministry of Defence announced that defence exports reached $19.2bn in 2025, up nearly 30 percent for a fifth consecutive record year, led by the missile and air defence systems whose chief marketing asset is precisely their battlefield performance. Every new engagement is, from the vantage point of Israel's defence industries, a live demonstration before prospective clients.

In the energy sector, Israeli gas output from the Leviathan and Tamar fields is on track to exceed three billion cubic feet (85 million cubic metres) per day this year, with the surplus piped for export to Egypt, where it is liquified and sold on a global market with skyrocketing prices.

Israel's shipping industry remains relatively untouched by the war, with its Mediterranean ports operating at capacity. Meanwhile, the blockade Iran imposes on the strait punishes the Gulf and their Asian partners.

None of this suggests that Israel is fighting a cost-free war. Defence spending has surged, economic output has fallen below its pre-war trajectory, and prolonged mobilisation imposes significant social and fiscal burdens. But strategy is measured not by the absence of costs, but by the relationship between costs and gains, and by that measure Israel's position appears far stronger than that of its principal adversary. This is the central paradox of the current war. Israel's greatest gains have not come from battlefield victories, but from the transformation of the regional strategic environment: accelerated pressure on Iran's proxy architecture, dispersed Iranian military attention across multiple theatres, and a significant share of the war's immediate costs shifted onto other regional actors. The distribution of those costs has become profoundly uneven.

Whether that asymmetry proves temporary or becomes the foundation of a new regional order remains to be seen. Preserving it will likely be the main goal of Israeli Prime Minister Benjamin Netanyahu as he visits Washington this week.

Balancing fiscal discipline with economic reality

One of the strongest features of the recent budget is its continued emphasis on fiscal responsibility. Successive governments have struggled with chronic budget deficits, excessive borrowing and a narrow tax base. The present budget attempts to address these weaknesses by improving revenue collection, expanding documentation of the economy and strengthening tax administration. If these reforms are implemented fairly and consistently, they can gradually reduce Pakistan's dependence on debt, and enhance investor confidence.

Equally encouraging is the government's continued focus on export promotion, information technology, agriculture, infrastructure development and social protection. The increase in allocations for federal social protection programmes demonstrates recognition that economic reforms must not ignore the most vulnerable segments of society. At the same time, salary and pension increases, together with an increase in the minimum wage, provide some relief to working families.

However, for millions of households, inflation remains the defining economic reality. For salaried employees and pensioners, purchasing power has really eroded significantly over recent years. The business community faces its own difficulties. Higher taxation, increasing compliance requirements and rising input costs continue to affect profitability, particularly for small and medium-sized enterprises.

These businesses account for a substantial share of employment and deserve greater policy support through easier access to finance, lower regulatory burdens and improved energy reliability.

Agriculture, the backbone of Pakistan's rural economy, also requires sustained attention. Budgetary allocations for water management, mechanisation and modern farming techniques are laudable. However, as Pakistan's experience has repeatedly demonstrated, effective implementation — not budgetary announcements — is the true measure of success. Perhaps the most immediate structural issue remains tax equity. A relatively small number of documented taxpayers continues to shoulder a disproportionate burden, whereas significant segments of the informal economy remain outside the tax system. Sustainable reform demands that taxation be both broad-based and equitable.

Another matter deserving attention is public expenditure. More than Rs8 trillion has been allocated for debt servicing alone, illustrating the enormous financial burden inherited from years of borrowing. Every rupee spent on interest payments is a rupee unavailable for schools, hospitals, research, infrastructure and poverty reduction. This reality underscores the importance of maintaining fiscal discipline and reducing wasteful expenditure.

Pakistan possesses rather significant comparative advantages: a strategic geographic location, abundant natural resources, an expanding technology sector, a resilient entrepreneurial class, and one of the youngest populations in the region. Harnessing these strengths requires a long-term national economic vision that rises above political divisions. Pakistan has repeatedly demonstrated resilience in the face of adversity. If this budget is implemented with due integrity, administrative efficiency and, indeed, political continuity, it could become an effective and important milestone in the country's march on the road to economic recovery. If implementation falters, however, the opportunity may once again be lost.

Shahid M. Murtaza
Karachi

Europe's heatwave is Pakistan's warning

The record-breaking heatwave that has swept through Europe in recent weeks should not be dismissed as a distant weather event. Scientists have warned that human-caused climate change has now become significantly severe, with continued fossil fuel emissions playing a major role. For Pakistan, this is not someone else's crisis, but another reminder of the climate risks that we are already facing. Happenings in Europe should not be viewed as someone else's emergency.

Pakistan is experiencing increasingly frequent and intense heatwaves, accelerating glacier melt, shrinking water resources and growing pressure on agriculture. What Europe is experiencing today serves as a reminder that climate change is no longer a threat; it is a reality.

As climate impacts intensify, calls are growing worldwide for major polluters and fossil fuel corporates to contribute more towards the costs of climate adaptation and recovery. Pakistan contributes only a tiny fraction of global greenhouse gas (GHG) emissions, but continues to face some of the gravest consequences of climate change. Climate justice demands that those most responsible for the crisis should shoulder a greater share of the response.

The European heatwave should serve as a call to action. Pakistan must continue strengthening heatwave preparedness, water conservation, climate-resilient infrastructure and the transition to cleaner sources of energy. At the same time, it should support international efforts that promote greater accountability for the environmental costs associated with fossil fuel emissions. The choices we make today will ensure wellbeing of future generations.

Maheen Zahra
Lahore

TRNC transit visa crisis

Before the Covid pandemic, the Turkish Republic of Northern Cyprus (TRNC) and the Republic of Turkiye Directorate of Migration Management had introduced a transit visa requirement for citizens of 57 countries, including those from Pakistan. At the time, the requirement was generally applied only to first-time travellers. Once individuals had entered TRNC and obtained lawful status, they were not normally required to repeat the same process on their subsequent visits. Recently, this rule has been changed and is being applied across the board, including those who already hold valid legal status in TRNC. This change has created serious difficulties for the Pakistani community, which consists of more than 30,000 individuals living, studying, working and doing business in TRNC.

The minimum time that is required for the whole Turkiye transit visa process for TRNC is two to three months. This long and uncertain processing period makes it extremely difficult for Pakistani residents to travel to Pakistan to visit their families because they fear they may not be able to return to TRNC in time to resume their studies or jobs. This situation is causing significant emotional, financial, social and humanitarian hardship.

It is also a matter of concern that the change in transit visa rule is being applied more strictly to Pakistani nationals, while in case of citizens of the other countries within the same bracket, the requirement is mainly applied to first-time travellers. The government in Pakistan should raise the matter with the relevant Turkish and TRNC authorities, and provide relief to the affected individuals and their families.

Dr Muhammad Asif
Girne, TRNC

Fatal marketing

The tragic death of a young boy in India after he accidentally swallowed a small toy placed inside a consumer product package has once again highlighted the serious dangers associated with promotional marketing gimmicks that prioritise sales over public safety. While manufacturers may use such tactics to boost product demand, the risks posed by inserting tiny toys or similar objects inside food or consumer product packaging can lead to irreversible consequences, including choking incidents and loss of precious lives. It is, therefore, imperative for regulatory authorities, including those in Pakistan, to ensure that no promotional item capable of causing harm is included within product packages.

Mumraiz Khan
Karachi

Back pain? Try swimming, study says

Dennis Thompson

Suffering from low back pain? A few laps in the swimming pool might help, a new study says.

An eight-week swimming program significantly improved function and pain among a group of people with back problems, researchers reported recently in the British Journal of Sports Medicine. "They improved by about 50% from where they were before starting the program," lead researcher Deborah Wareham, a doctoral student at Macquarie University in Sydney, said in a news release.

For the new clinical trial, researchers recruited 76 adults aged 26 to 74 who'd been battling low back pain for at least three months. Half were randomly assigned to take part in an eight-week individualized swimming program, supported by four telehealth coaching sessions with a physical therapist. "They weren't regular swimmers, but they were able to swim 25 meters and feel confident in the water," Wareham said. They had a goal of performing three 30- to 45-minute swimming sessions by the end of the trial. The other half didn't swim, but did receive education also presented to the swimming group. The education covered concepts like "Pain does not always equal harm;" "The back is made for movement;" "Flare-ups are likely;" and "The best management is to keep moving." "Swimming is commonly recommended as an exercise for people with chronic low back pain, but there was a complete lack of evidence about whether it actually works," Wareham said. "We undertook this study because we felt there was an urgent need for research to determine if swimming was effective or not for chronic back pain."

Scientists find the secret of birdsong's 'spectacular diversity'

Victoria Gill

Scientists in France say they have discovered the building blocks of the incredible diversity of birdsong. A team analysed more than 100,000 songs from 3,000 bird species and revealed that they are all composed of eight fundamental types of sound that the researchers call "motifs". Each song, they say, is made up of combinations of these motifs - three types of trill, three types of whistle, chaotic notes and harmonies. Birdsong is one of the natural world's most sophisticated forms of sound-based communication. Its variety and complexity has fascinated biologists, but with so many different songs, it has been difficult to study on a global scale. Lead researcher and University of Saint-Etienne PhD student Quentin Bacquelé explained: "The diversity is huge. And if you go to Asia, Africa, Amazonia, you will hear totally different songs."

In a new study, he and his colleagues used a global database of birdsong - recordings uploaded by thousands of volunteers. This meant they could analyse about 116,000 songs from more than 3,000 birdsong species. They studied patterns in the songs - how each song shifted and changed through time. And with the help of AI, they could then compare the thousands of songs to each other - to find what connected them.

The scientists said this unveiled "a simplicity underlying the spectacular diversity of birdsongs". A key finding was that the environment the birds evolved in - from tropical forest to temperate landscape - shaped how they "composed" their songs. So birds adapted for tropical forests use different acoustic building blocks, or motifs, to those from temperate regions. Simpler motifs, like flat whistles, Bacquelé explained, are often found in tropical environments, apparently because they help the birds make themselves heard through the busy, biodiverse soundscape and dense vegetation.

Does this disappearing organ hold the secret of longevity?

Sarah Shamim

Nestled beneath the sternum in the upper chest is a soft, overlooked organ that quietly shrinks with age.

This organ, the thymus, was named by the Greeks, who believed it was home to the soul. The word itself means soul in Greek. Long seen as an organ that outlived its usefulness after childhood, the thymus is now attracting renewed interest. Scientists increasingly believe it could hold clues to one of humanity's constant hopes — increasing longevity. Here is more about the thymus, its function and the latest research about it. The thymus is a gland located beneath the breastbone, in front of the heart. It is relatively large in newborns and is already well developed before birth, but it gradually shrinks and becomes less active with age. The thymus is where T lymphocytes or T cells mature. Immature T cells first arise from stem cells in the bone marrow and then travel to the thymus. There, they develop into functional T cells, a type of white blood cell that can hunt down infected or cancerous cells and help coordinate the body's immune response. "The thymus begins to shrink surprisingly early in life, with the process starting during childhood and accelerating around puberty. It continues to decrease in size throughout adulthood," Paola Bonfanti, a professor of epithelial cell biology and regenerative medicine at the University College of London's Institute of Immunity and Transplantation, told Al Jazeera.

Vision-restoring chip wins EU approval

Tim Fernholz

Science Corporation, a startup developing novel brain-computer interfaces (BCI), won approval from Europe's medical device regulator to begin selling a device that restores vision lost from age-related macular degeneration. The company said the device, called PRIMA, also received a designation from the US Food and Drug Administration that is the first step toward an expedited regulatory review, which could see the device used to treat two rare kinds of blindness. Millions of people around the world suffer from age-related macular degeneration, which destroys the light-sensitive cells at the back of the eyes, making it difficult to read and recognize faces. To use the device, patients suffering from this loss of vision undergo an hour-long outpatient procedure that plants a small chip in the back of their eye. Then they wear camera-equipped glasses that transmit a view of the world to the chip. Max Hodak, Science Corp.'s founder and CEO, says the product gives functional vision to people who have lost it. "One of our patients in France finished a 300-page novel a little while ago, and sent us the book," Hodak told TechCrunch. "We have a sketch on the wall [that] one of our patients drew of the Sydney Opera House. There are videos of patients playing crossword puzzles and filling in Sudoku." Hodak is known as the co-founder and former president of Neuralink, Elon Musk's BCI startup. He left in 2021 to start Science Corp., with plans to develop a novel BCI based on a hybrid of silicon chips and living cells. But first, the company had to prove its processes and develop a sustainable business. "The thing that the space needs is a company making $100 million a year of revenue," Hodak said. "There's this risk that the whole thing enters a winter, and so we think it's important to build a sustainable business as we develop these longer-term technologies."


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