



Tackling Covid-19

Policy Options for Pakistan

Pandemic Policy Monograph Series | No. 2

13 May 2020

The coronavirus pandemic has turned the world upside down and is changing the established global systems. It has put almost every sector under great stress, hitting the global economy, healthcare services, education, cultural and religious norms, sociopolitical connections, sports, entertainment, etc. Institute of Policy Studies (IPS) has attempted to compile a monograph series, based on its ongoing webinars titled ‘Covid-19: Global Challenge, National Response’, to provide better understanding of the implications of the crisis and put forward recommendations that would help in formulating a national policy to tackle Covid-19.

Institute of Policy Studies
Islamabad

© 2020
Institute of Policy Studies

Compiled and edited by:
Asim Ehsan, Arif Jamshed

Webinar Team:
Muhammad Arslan Sarwar, Farrukh Zeb, Farhan Syed, Shafaq Sarfaraz

For queries and feedback:
outreach@ips.net.pk

Disclaimer
The views of the experts shared in this document do not necessarily
mean endorsement by the Institute

Institute of Policy Studies
Islamabad
Nasr Chambers, 1-MPCHS Commercial, E-11/3, Islamabad
Tel: +92 51 8438391-3
www.ips.org.pk | www.ipsurdu.com

CONTENTS

Executive Summary 4

Chapter 1 6

Covid-19: Emerging Trends in Diplomacy & International Relations and Pakistan

Ambassador (r) Syed Abrar Hussain

Chapter 2 8

New Stratagems in the Strategic Arena and Pakistan's Reorientation

Brig. (r) Said Nazeer Mohmand

Chapter 3 12

Impact of Global Oil Crisis on Shipping Sector: Challenges and Prospects for PNSC

Cdre (r) Syed Muhammad Obaidullah

Chapter 4 14

Coronavirus Pandemic – A Look at the Brighter Side of a Global Threat

Mirza Hamid Hasan

Covid-19 Crisis – Policy Options 17

Executive Summary

The coronavirus pandemic has badly impacted every country around the globe without distinction between the highly developed and poorest nations. In fact, the pandemic has hit more severely the technologically advanced nations, urban societies and big economic powers. In this perspective the Institute of Policy Studies is conducting a webinar series titled 'Covid-19: Global Challenges, National Response' and compiling the proceedings in the shape of monographs. The series cover different social and economic aspects of Covid-19 with the objective to identify issues and help stakeholders in dealing with the pandemic. The exercise also contributes in defining policy guidelines and way forward for sustainable society and economy.

The second monograph of the series includes proceedings of webinars that covered the international arena, diplomacy, evolutions in strategic domain, maritime economy, global oil market, and threats and opportunities thrown up by the global crisis. In the global arena, meetings and conferences have turned into online mode. Though this has decreased the burden on government treasuries by doing away with receptions at airports, guards of honor, banquets, etc., it has impacted negatively too as opportunities of swaying political opinion and garnering positive sentiments at physical meetings have been lost. At a time when globally coordinated efforts are required to check the spread of the pandemic, two economic giants (USA and China) entered into a blame game for proliferation of the virus and forcing international organizations (WHO and UN Security Council) into their tussle.

The spread of Covid-19 has emerged as a threat to not only the underdeveloped economies, it also poses serious challenges to the first world countries. The 15-day ceasefire in Yemen, which has been extended by one month by the coalition, is a positive aspect, however the pandemic has not made the Indian government stop atrocities against the Kashmiris and Indian Muslims. It is believed that a new world order would emerge from the crisis with shattering of old

alliances and emergence of China as the champion of international politics. As far as Pakistan is concerned, the Foreign Office is working efficiently for paving the way for economic relief, repatriation of thousands of Pakistanis and urging the UN to focus on health issues in Indian Occupied Kashmir and forcing India to lift the many months' long curfew in Kashmir. Generally, the Foreign Ministry was able to deal with the Covid-19 crisis to the best of its abilities but failed to convince Iran to keep returning Pakistani pilgrims in quarantine.

In the context of strategic arena, hot pursuits of war objectives and gains as a tactical outreach have been either halted or withdrawn from being serious business. The technologically most advanced nations are crumbling in despair and it has been proved that physical security tools, platforms and deployment strategies cannot ensure a nation's survival in a Covid-19-like crisis; only food security can do that. The future strategies and doctrines will be reshaped to fight short, intense and multi-directional limited wars for which smart, agile and small armies would be required. These will not require huge logistic stamina and so defense spending will automatically be reduced. The security dynamics and war paradigms are changing from physical and ideological to the subtler, soft and porous frontiers of hybrid, microbiological and human chain epidemic reactions to which Pakistan should not remain oblivious.

The global oil crisis started with a clash over output between Saudi Arabia and Russia, which later worsened due to outbreak of Covid-19. There are clear signs that due to the pandemic the slowdown of maritime economy is worse than it was during the global financial crisis of 2007-08 when the all-time high value index of freight rates dropped to the lowest ever within days and could not recover even after 10 years. The plummeting prices of oil in global markets may not benefit Pakistan much due to low domestic demand and fully exhausted storage capacities. Pakistan National Shipping Corporation (PNSC) has emerged as the success story of state-owned

enterprises by earning net profits of Rs2.5 billion annually for the last 20 years. However, only 15% of the total volume of Pakistan's international trade (100 million tons) is carried by PNSC and none in the category of oil and energy, which is costing the country around \$5-6 billion in freight charges annually.

However, looking at the brighter side of the pandemic, the reduced demand for energy and low oil prices have led to lower import bill and resultantly relieved pressure on the country's foreign reserves. Some small-level employment opportunities have been created in hand sanitizer manufacturing plants and both mainstream and cottage facemask industry. There is a potential for developing low-cost indigenous ventilators too. Logistic problems in international trade and shipping pose considerable risk to the energy supply line of the country but this may be taken as a motivating factor to expedite

development of domestic sources of renewable energy.

The lockdown has enhanced the condition of our environment and given hope for normalization of global temperatures. Lower pollution levels have improved marine, land and atmospheric ecology and hence reduced the need for international environmental funding. Almost all educational activities are being conducted online, which is reducing costs, saving time and providing more convenience to students and teachers. This will help in provision of quality education at low cost and with greater supervision by parents. Covid-19 will likely bring about a major change in work systems, possibly leading to reduction in various diseases caused by stress and unhealthy lifestyles and ultimately providing more leisure time. A general revival of higher levels of spirituality in life due to the pandemic may result in society adopting higher moral values and should also bring reduction in crime levels.

Chapter 1

Covid-19: Emerging Trends in Diplomacy & International Relations and Pakistan

Ambassador (r) Syed Abrar Hussain

The Covid-19 pandemic has not just affected health but economy, society and politics as well. Along with that it has transformed diplomacy and affected international relations. There are various aspects of this discussion. Firstly, the changes in diplomatic format; secondly, its role in international relations; thirdly, what the post-Covid-19 world would look like in terms of international politics; fourthly and most important for us is to consider how Pakistan can survive in this brave new world.

The world of diplomacy, where meetings and conferences are considered essential, has opted for online communication. Almost all scheduled meetings have to be done through video conferences following the virus outbreak. The European Council was the first to hold a video conference summit about the coronavirus. The UN Security Council voted via email for the first time in history. The World Bank, IMF and G-20 leaders are all holding their sessions online. Lately, Pakistan also hosted a video conference of SAARC member states to discuss the Covid-19 pandemic.

The trend of physical contact has ended and so have the centuries' old rules of protocol. The level of reception at the airport, the guard of honor presented, the meetings granted and the banquets hosted for visiting dignitaries were all social cues indicating the relationship between two nations. Consequently, Covid-19 has considerably lightened the load on government treasuries worldwide, however the above mentioned protocols were also tools to sway political opinion and garner positive sentiment.

Now let us take a look how Covid-19 is affecting international relations. The rapid spread of the disease and the global economic effects should dictate a united effort. The World Health Organization should be strengthened, and joint efforts made to counter the disease and reduce the speed of its spread. There is also a need to fight the expected global economic recession together at the international level. But unfortunately two major world powers are busy in mudslinging based on conspiracy theories and blame each other to be the cause of this crisis. The US was

insistent in the UN Security Council meeting of April 9 that the Council should mention the birthplace of Covid-19, i.e. China. On the other hand, according to China, this is irrelevant and not covered by the Security Council mandate at all. In the past month US President Donald Trump has labeled Covid-19 as the Chinese virus. He has also blamed WHO for not providing timely warnings and spreading misinformation and suspended funding to the organization for two to three months. The US is the biggest donor to WHO and provided \$400 million out of its \$6 billion budget last year.

Some Western analysts believe that a number of third world governments will fall as a result of rising inflation, unemployment and poverty caused by the spread of Covid-19. However, the same could be true for the first world countries. Their current rulers and their entire political systems depend on whether their governments can efficiently handle their current circumstances and stabilize the economic situation. In the short term, Covid-19 has led to cessation of hostilities in most war zones such as the ceasefire announced in Yemen.

However, the Kashmiris in India have gained no relief. Conversely Prime Minister Narendra Modi no longer has to face countrywide protests against his policies and anti-Muslim strategies and practices of the BJP government persist. A systematic campaign is underway to demonize Muslims and extremist Hindus are maligning Muslims for spread of Covid-19. This has brought reactions from the OIC and some Arabs at individual level.

Now let us move to our next point and try to imagine how a post pandemic world would look like. Alongside the political and social effects of Covid-19, the world faces crippling economic consequences of global recession. In only three weeks, 15 million Americans became unemployed. Europe and the rest of the world are not far behind. The question is will the world emerge as a better place by default after this pandemic. Will the US and NATO coalition be forced to recall their troops under economic pressure? Will there be peace in Afghanistan, Syria, Iraq, Yemen,



Palestine and Kashmir? Can the USA and the rest of the world learn to let go of weapons of mass destruction including biological weapons? Only time will answer these questions but we must be prepared for any situation.

The general analysis about the post Covid-19 world is that China will emerge as the victor in international politics and the US may lose its hold on the world as a superpower. However, some analysts think that Europe could become an opponent instead of a trade partner of China. New centers of power could emerge to fulfill the vacuum. This could shatter old alliances and create new ones, creating a new world order all together.

Pakistan's Foreign Office has been fighting on multiple fronts to contain the Covid-19 crisis faced by Pakistanis across the globe. It is responsible for economic diplomacy, it must take care of Pakistanis living abroad, it has to gain aid and cooperation from friendly nations and also enlighten the world about the difficulties of people in Indian Occupied Kashmir.

On April 12, Prime Minister Imran Khan appealed for a global initiative for Pakistan's debt relief. Following up on the appeal, the foreign and finance ministers called their counterparts in various countries. Subsequently, a meeting of the G-20 finance ministers and governors of central banks on April 15 extended support to a time-bound suspension of debt service payments for the developing countries.

The Foreign Ministry and Pakistani missions abroad are working tirelessly to arrange the repatriation of thousands of Pakistanis from dozens of countries alongside helping Pakistani communities in every possible way. They are providing Pakistanis with relief and assistance wherever required. Two officers – Junaid and Salman – from the Pakistan Embassy in

Beijing went to Wuhan at the beginning of the outbreak to take care of Pakistani students stuck there, knowing well that they would not be allowed to return until the lockdown is lifted. It was 76 days before they could leave Wuhan. Pakistan's president and foreign minister also visited China as a gesture of solidarity. During their visit they addressed Pakistani students in Wuhan via video link and inquired about their welfare.

The foreign minister wrote letters to the UN secretary general and to the president of the UN Security Council bringing to their attention the threat to the health of the people of Indian Occupied Kashmir, and urged that India lift all restrictions on Kashmir to ensure residents could survive the disease. Meanwhile the OIC has expressed deep concern over rising anti-Muslim sentiments and Islamophobia in India where the Muslim minority is blamed for spread of the coronavirus. The OIC Independent Permanent Human Rights Commission (IPHRC) has also condemned the unrelenting vicious Islamophobic campaign in India.

Generally, the Pakistan Foreign Ministry was able to deal with the Covid-19 crisis to the best of its ability though there is always room for improvement. Pakistan did, however, failed to convince Iran to keep returning Pakistani pilgrims in quarantine. The government also failed to make alternate arrangements to contain them in quarantine on Pakistani soil, leading to the spread of the disease to the general public. However, after that learning curve Pakistani authorities were careful to check and quarantine all incoming traffic.

The Foreign Office, in coordination with the Prime Minister's Secretariat and PIA, is involved in repatriation of thousands of nationals from abroad. However, the operation deserves more attention and its speed should be accelerated for the benefit of the stranded Pakistanis and their families.

Chapter 2

New Stratagems in the Strategic Arena and Pakistan's Reorientation

Brig. (r) Said Nazeer Mohmand

The Covid-19 crisis will out of necessity give rise to a new world order based on review of policies and strategies, and reorientation of survival concepts and doctrines. Pakistan cannot afford to remain oblivious to this transformation and will have to align itself with the altering world and swiftly change the business as usual model to business for the future.

Covid-19 has brought about significant changes in various segments of the society and the strategic arena is no exception. The global village has been reduced to a global prison. Soft borders, fast and assured lines of communication, people-to-people contacts and total dependency on technology have been reduced to irrelevant. This is affecting all spheres of life and relationships between all partners. The technologically intensive dependence strategies are at a loss to address and keep pace with the damage being inflicted by the pandemic. Global economic activism, trading and supply chain management, transportation, tourism and industry dependent economy have been put in an idling condition or blocked to such an extent that interdependency is becoming irrelevant.

The Covid-19 pandemic has impacted every segment from economic to social structures of individuals, societies and countries. In this regard, described below is the undoing of some established narratives and phenomenon on which the world was relying before the outbreak and the need to rethink and fix the fault lines in our social and economic structures to get things back on track.

War as a strategic tool: The hot pursuit of war objectives and gains as a strategic outreach has been either frozen or relegated to not being a serious business.

Fallacy of developed and underdeveloped: Europe, the US and Japan – the icons of developed nations – are crumbling in despair along with the underdeveloped nations. The vast separating lines between the two have become topsy-turvy.

Tangible is turning into intangible and vice versa: The uncertainty and unpredictability has erased the

myth of empirical science and strategic response potentials. Threat is vibrant, more visible and responses untenable.

Amenity versus immunity: There are more amenities and less immunity. The comfort of life is no more disease resistant but rather more prone to infection.

Rural versus urban: Rural societies, being closer to nature, are more compartmented whereas urbanized societies have social distancing by default and design and provide food for thought for strategic planning how to maintain a balance between the two.

From exploration to exploitation: The use of Mother Nature's resources for the benefit of mankind is acceptable but its exploitation beyond abuse is even refused by nature. Now nature is determined to teach human beings how to retain their humanity.

Energy crisis to energy prices: Oil being the mother of all energies is in deep crisis. Oil-based economies are shrinking and industrial growth is crumbling whereas agriculture-based business is shining.

Physical and food security: Physical security tools and their deployment strategies cannot ensure a nation's survival in a crisis like Covid-19. But food security can guarantee such survival. The dynamic change in the strategic paradigm is visible.

Creature versus Creator: Even if the creature surpasses all limits and breaks all codes and chains and becomes a diabolical monster the Creator prevails in the final analysis. The strategies of the survival of the fittest or the richest prove hollow in the realm of modern nation states.

The question whether coronavirus is a non-state actor incubated in some high-tech and high-security lab or the natural product of pollution, mutation or replication remains but we have to be prepared for such threats in the future too. Pakistan has to learn from the experiences and response potential of other nations and communities and formulate strategies according to its own environment and requirements.

Pakistan's Response Options and Strategic Plans

Security dynamics: The dynamics of security are changing from physical and ideological to the subtler, soft and porous frontiers of hybrid, microbiological and human chain reactions. Human chain reactions are now the epidemic hotbeds. As such Pakistan's strategic direction should be its unconventional deterrence for avoidance of war. Conventional deterrence should be forward poised and anchored on border obstacles rather than men and tools of war. Strategies and doctrines will be reshaped to fight short, intense and multi-directional limited wars. Along with that the model of a high-tech, agile and small standing army with skill-based reserves for fighting calamities such as coronavirus should be incorporated.

Agriculture-based economy: The barren lands of Balochistan, coastal belt and deserts of Sindh should be exploited for agriculture growth and the agro-based industry expanded for food security processing and preservation. Agriculture production should be more organic than hybrid and the farming be naturalized rather than going for the mutation process.

Small cities and compartmentation: A nation-wide survey and mapping of the population and broad census covering multiple aspects of the demographic complexion should be carried out to determine strategies for the social sectors, urban and rural planning, administrative arrangements and crisis management both at the micro and macro levels.

National database: A national database should be set up for identification of calamity prone areas, vulnerable communities, and threat profiling in order to devise strategies for a targeted approach, disaster management and resource allocation.

Back to nature: All social, business and educational activities should be synchronized with the human clock. Strategies based on natural time zone activity should be prepared and implemented.

Wealth or health: Care and cure of human life and its preservation should be prioritized by carving out new health strategies with intense budget allocations. Research centers, indigenization of medicines and electro-medical equipment, and naturalization of medical facilities should be strategic health

undertakings. This is the top priority of the world and should be of Pakistan as well.

Life and lifestyle: Currently lifestyle has become limited or confined while life must go on and survive. So, for such lockdowns where lifestyle has become confined there is food for thought that how we should shape our lives.

Haves and have-nots: Now is the time for the haves to open their resources and doors for the have-nots. This is a short-time provision rather than a long-time issue. But if this short-time issue is settled than the have-nots would survive this crisis and have a better future.

Future planning of urban centers: Pakistan's demographic complexion shows that almost 70% is agro-based or rural and there are 45,000 to 50,000 villages. There the coronavirus crisis is not visible physically to some extent and psychologically to a large extent whereas it is very much visible as well as threatening in the urban centers. Future planning of urban centers should be such that there is a natural compartmentation for better management. Migration from villages and occupation of agro-based land by real estate developments is a phenomenon that should be checked and balanced so that there is no ingress. If strategies or such mapping are carried out on population as well as land basis, then these will help in evolving future plans.

Think tanks and research: There has been a huge growth of think tanks after 9/11 and a lot of studies and research is being conducted. But these are not finding their way to the power corridors and the decision makers. The government should provide a window of opportunity to the think tanks by arranging seminars for presentation of their research and studies on various issues to the decision makers so that these researches are collated and from there policy parameters and guidelines could be formulated.

Adaptable industries: The industrial base will also have to be reoriented. We should have an industry that can serve a dual or triple purpose. These should be technically viable to switch from one production to another according to the need of the time. This is a necessity as the current pandemic has shown.

Change business as usual to business for the future: The coronavirus is not the final episode of

nature or incubator and such episodes will keep on reoccurring because of the skies, land and water that we have polluted. We must be visionary enough to be prepared and stocked to detect and stop such threats. For this to happen the National Disaster Management Authority has to be more potent and broad-based. We have also seen that in such crises big units like the provinces are not very viable, active or responsive. Small units or administrative pockets are more practical and have a more targeted approach. That is another aspect how to redo this; more provinces or divisional management in a future setup. There should be a mixture of technocrats and experts versus politicians and bureaucrats. Unless there is a complete blend, a single community or decision-making body would prevail in such crises. We should not take things as business as usual once this crisis ends because this state could be disturbed again one day and therefore we should plan for business for the future.

The whole world is investing in war machine and a huge part of the global economy that should have been spent and invested for welfare, progress and peace is being spent on defense budgets or defense industry or arms trade.

As far as wars, defense spending, ties, tools or trade are concerned, these are going to face recession and the big platforms are going to be reduced or become obsolete. In future there will be smart, agile and small armies. Both Pakistan and India have large populations and they have a large defense orientation. Future wars will be of limited duration and not complete annihilation or all out wars. For these, huge logistics stamina will not be required and as such defense spending will automatically be reduced. No country can afford mutually assured destruction.

Pakistan can opt for an obstacle orientation to secure its border with India. This way it would not have to deploy a huge army at the border. On the other hand, India will have to hike its spending to counter the obstacle-based and multiple defensive lines. A part of the army should be kept in reserve and it should be trained in various fields so that it can participate as a potent force in efforts during natural calamities. Pakistan's orientation should now move towards a welfare instead of a security state. This is because the facets of war have changed a lot in the form of cyber, hybrid and propaganda wars.

During the present crisis, India might engage in some misadventure because a limited war is an option for the country. The biggest human rights violations and tragedy is happening in India and Israel. Pakistan should develop a proper narrative to highlight the lockdown in Kashmir by India and show its various facets, including health issues due to coronavirus, to the world.

The media should also become part of the pandemic campaign instead of conducting debates on politics and non-issues. Media has a major role to play in changing people's mindset. They should do a reshaping of the environment so that the nation's aspirations are for development, welfare, education and health instead of non-issues.

Currently decision making is done by humans but the world is moving towards global networking where decisions will be made based on information. This will open new vistas of research, curriculum, etc. In future every aspect of life would be digitalized, even the armed forces, because unless you are digitalized you would not be able to respond to threats.

Wars will continue to be fought over material resources such as oil and minerals for some time in the future. Even hybrid wars will be over these resources, however, soft measures will be used more than hot measures. In the future, resources will be in the form of technology and this will be used to forge alliances. Hybrid, cyber and space wars have added new dimensions to the mix. As such the country which is dominant in space will also be the prevailing force on Earth.

In the future world, matrix and Nano chips will play an important role in turning people's minds. These could be ingested with food or drinks, could read a person's mind and faculties and could also be used for mind control. It would be deliberate folly if we do not prepare ourselves for attacks from this dimension because some such technologies are already in place. Unless we have threat perception we will not be able to create proper response potential and gain the required tools to neutralize such threats. At the same time, we also have to evolve strategies so that we would have policy options when faced with such threats.

The Covid-19 pandemic is the first global war after the Second World War and has affected every country in

the world without any distinction. It has shaken the world into adopting new thinking, strategies and doctrines. It has exposed the global fault lines such as Trump blaming China and WHO for the mess in the US instead of acknowledging his own shortcomings in not initiating an early and effective response.

Every country is ready to invest more in research, protective measures, human tools and expertise

against the coronavirus. The country which is able to take the lead in this matter will be able to survive in any future crisis compared to the countries that lag behind in these aspects. A global regime under the auspices of the UN should be launched to effectively and forcefully counter the pandemic instead of countries making individual efforts in this regard.

Chapter 3

Global Oil Crisis and its Impact on Shipping Sector: Challenges and Prospects for PNSC

Cdre (r) Syed Muhammad Obaidullah

Maritime affairs, which include oil and gas, hydrocarbons, fishing, shipping, ship construction, operation and breaking, contribute significantly to the overall economic situation of a country. A number of recent events have had a significant impact on the global economy and will continue to do so for some time. As such how would the global situation impact a country like Pakistan that has persistent problem of fragility of foreign exchange reserves.

The coronavirus has had an impact around the globe like never before. Last time something like this happened was during the 2007-08 global financial crisis when the whole financial system based on debt collapsed and the economy fell into recession. The impact of the crisis was felt in every sector, particularly the shipping industry. This can be understood by an example. Pakistan National Shipping Corporation (PNSC) bought a ship in July 2008 for \$72 million. In September 2008 the price of a Capesize ship (largest dry cargo ship) went down to \$50 million from around \$150 million. Similarly, freight rates came down substantially and Baltic Dry Index (reported around the world as a proxy for dry bulk shipping stocks as well as a general shipping market bellwether) which was at an all-time high at 10,500 points in July 2008 dropped below 1,000 points in a matter of days and has not recovered even after 12 years and nowadays it hovers around 600 points (433 points on May 12).

The global oil turmoil started with discord on volume of output between Saudi Arabia and Russia that later got resolved due to intervention of the US president. However, the outbreak of Covid-19 pandemic made this resolution insignificant and the US and Canadian oil markets dived into negative prices.

In the context of Covid-19 and focus on fuel, there is no demand for oil due to suspension of air operations, transport and rail services and lowest industrial production activity. This situation has impacted global oil markets but more so the US oil market (WTI) and Canadian oil market, which turned negative due to

storage issues both for suppliers and buyers and cost concerns for suppliers in shutting down their drilling units even though there was no demand. Prices plummeted when buyers refused futures contracts for May due to the above mentioned reasons. Consequently, oil prices of these markets turned negative. On January 1, 2018, the price of one barrel of oil was \$61 and the graph was declining while the outbreak of Covid-19 intensified the misery. The situation became so bad that WTI crude oil futures plummeted to minus \$37 per barrel on April 20 because oil extractors face more costs by shutting down their drilling sites than to trade future sales in negative.

Pakistan buys Brent and Dubai crude which stands at around \$20 per barrel, therefore, the negative prices of US and Canadian markets may not benefit Pakistan at all. Pakistan may not gain much benefit even from the low prices of Brent and Dubai crude due to very low oil demand in the country because of the pandemic. Two of the country's five oil refineries were shut down due to exhaustion of storage capacities and not a single barrel of crude was imported by the refineries in April. Another aspect is the new regulations from International Maritime Organization (IMO) in January 2020 that mandate diesel to have sulfur content of 0.5% rather than 3.5%. This hindered export of processed oil of Pakistani refineries.

Pakistan imports three types of petroleum products: crude oil (11 million tons annually), processed oil (12.5 million tons annually) and LNG (3-4 million tons annually). Now this equation is changing slightly as most of the independent power producers have shifted to LNG from diesel. Another important aspect is the government's positive initiation of almost completely banning the import of crude oil. This is because import of processed oil and supplying it to end user costs less to the government than crude oil.

The PNSC is the national flag carrier and a state-owned corporation under the administrative control of the Ministry of Maritime Affairs. Its current fleet

comprises 11 vessels with a total deadweight capacity of 831,711 metric tons and contributes significantly to Pakistan's import and export volumes and earns foreign exchange for the government exchequer.

The PNSC, for the last 20 years, has been earning more than Rs2.5 billion as net profit annually. It was like other wilting state-owned enterprises till 2000 and its share price was only Rs1.50 which jumped to Rs150 per share in just one year due to bold decisions of the management. The international trade volume of Pakistan is around 100 million tons annually and only 15% of it is carried by PNSC while the rest 85% of cargo is moved by international flag carriers. In the context of oil and energy shipping, 100% of the country's trade is done through international carriers

which costs Pakistan \$5-\$6 billion annually as freight charges. Pakistan can save this big amount (equivalent to the latest IMF Extended Fund Facility that Pakistan would receive over 39 months) by assigning trade carrying to PNSC and allowing it to buy more crude and processed oil tankers.

The times ahead will be tough on the economic side due to the pandemic since the major chunk of foreign reserves of Pakistan is contributed by remittances and exports. Exports fell around 9% in March as compared to the previous month and due to reduction in global economic activity remittances fell too, which makes the reduced oil prices less of an opportunity for Pakistan.

Chapter 4

Coronavirus Pandemic – A Look at the Brighter Side of a Global Threat

Mirza Hamid Hasan

The world is currently gripped by a massive crisis of a nature and gravity that it finds difficult to tackle for a number of reasons. Firstly, the world is yet to pinpoint with certainty the source and nature of the beast that is threatening its survival. Secondly, such a threat has not been seen or experienced in history before. While widespread epidemics and pandemics have been breaking out from time to time in recent as well as remote past, they were different from the current Covid-19 pandemic in many ways. For one, their spread was much slower and their expanse was also smaller. This was mainly due to lesser human mobility within and across countries and continents for business, tourism, education, etc. Another reason for slower spread was that a disease's communication followed the appearance of the symptoms and therefore contact with the affected persons could be avoided. In contrast the Covid-19 virus has a long incubation period during which the infected person as well as those exposed to him are unaware of the virus communication taking place.

The slower spread of the disease in the past epidemics gave time to health experts and medical professionals to identify the source and nature of the pathogen and develop a cure or vaccine or both. So, it became easier to control the epidemic. The human body also developed antibodies and immunity against the disease in the meantime.

Another big difference between the past and the present pandemics is that due to rapid spread, large expanse covering the entire globe and lack of a vaccine or cure so far, nothing short of a total lockdown can contain the disease and save lives. On the other hand, the total, or even large-scale lockdown, severely impacts almost every sphere of activity but most of all it affects economies that in themselves cover a very broad range of human activities and livelihoods. Therefore, the stark choice before every country is between saving human lives and economy and livelihoods.

It would be in order to identify the larger areas of human activity that have been impacted by the spread of Covid-19 and the resultant lockdown, or the lack of

it, before we get down to identifying the apparent or potential positive opportunities in those areas.

The most severely affected areas of course are the quantum of economic growth and functioning of the industries, businesses and trade that contribute to economic growth, employment and provision of livelihoods. I will leave the detailed review and analysis of these factors to our economic experts and restrict myself to highlighting the benefits resulting from both the reduced demand for energy due to lockdown as well as from falling energy prices in the world market. This leads to lowering the country's import bill and reducing corresponding pressure on foreign currency reserves. I will also identify some small employment opportunities created by Covid-19. The other areas covered are environment, education, health, and social and sociological benefits.

Employment Opportunities

While the rest of the world is in the process of rebooting their economies, China has shown a way for utilizing the opportunity offered by the global demand for personal protective equipment (PPE) and medical equipment to counter Covid-19 by producing large quantities of face masks including N-95, test kits and ventilators. In Pakistan also, in a short time, a major hand sanitizer manufacturing plant has come up in Karachi and a face mask cottage industry has sprouted up in the country. There is also news of development of an indigenous low-cost ventilator, though it is still at the prototype stage. The government has also given certain incentives and allowed the reopening of construction industry in the country. These developments have created some employment opportunities.

Energy

Our main users of energy are industry, power sector, transport and agriculture along with the commercial, institutional and household sectors. Except for agriculture and household all other sectors have suffered large-scale closure due to lockdown and thus resulted in substantially reducing demand for energy.



Educational institutions and business establishments have largely been closed whereas transport has been operating at a much smaller scale. Just to give a rough idea of reduction in demand, our petroleum imports fell by more than 37% from Rs170 billion in February to Rs106 billion in March. This reduced the burden on our foreign exchange reserves as well as the government's budgetary expenditure. Logistical problems in international trade and shipping caused by Covid-19 disruption pose a considerable risk to our energy supply line in an emergency situation. This should act as a motivating factor to expedite development of domestic sources of renewable energy and oil/gas.

Environment

Prolonged lockdown and large-scale closures of industry and transport have already brought about a decrease in emissions of greenhouse gases worldwide and resulted in visible environmental improvement and logically an improvement in global temperatures. Reports from various sources are already indicating a return of aquatic and atmospheric wildlife to their natural habitats due to lower pollution levels and improved marine and atmospheric ecology. This environmental improvement would likely reduce our projected expenditure on mitigation and adaptation measures. It may also reduce our dependence on international environmental funding for adaptation which was already in jeopardy due to US withdrawal from its commitments to COP-21 made in November 2015. In fact, nature seems to be taking care of the environmental degradation and global warming brought about by human beings through a temporary closure of detrimental human activities on the planet and carrying out repair and maintenance work. Hopefully humanity would learn a lesson for future from this episode and reduce the level of anthropogenic activities damaging our planet. They should also plan short, periodical lockdowns for repairing the damage already caused.

Education

The educational system and teaching methodology have already undergone a fundamental change during the lockdown and closure of educational institutional. All educational activities are now being conducted online. This change would now be long term and perhaps permanent for a number of reasons. These

include cost reduction, time saving, flexibility, and convenience for both students and teachers. This should also make quality education affordable for a large section of students who are unable to afford it presently. It would also allow greater parental supervision and control over children resulting in better grooming and character building, the opportunities for which are very limited in the existing schooling environment.

Health

Diseases of the modern age like hypertension, diabetes, heart disease and various psychological problems are largely the result of stress caused by economic rat-race, unhealthy lifestyles, overwork and lack for rest and sleep, etc. The Covid-19 pandemic will likely bring about a major change in work systems by promoting work from home and flexible timings. This would not only reduce stress and give relief from stress-related ailments, it would also provide more time for family, friends and leisure. This change will bring about an improvement in the working population's health and reduce their own and their employers' health bills.

Family and Social Life

The modern lifestyle has badly affected the family structure and social norms and values. Mobile phones and internet, while providing valuable tools for acquiring knowledge, information and communication, have also made people self-centered and unsocial, creating many problems within the families and the society at large. Hopefully huddling together with the family during long lockdown periods will lead to a re-bonding of the family and restore stronger family structure and better social etiquette and courtesies. Thus leaving a positive impact on the family members' temperaments and behavior with each other as well as the outside world.

Sociological Benefits

A large part of humanity has drifted away from spirituality, God and religion, thus creating a myriad of problems in society. Extreme fear generated by natural calamities beyond human control inevitably prompts people to turn to religion and God to seek help and protection. Covid-19 has also caused people of almost all faiths to bow before God and seek forgiveness and deliverance from the calamity. A sort

of large-scale spiritual revival has been witnessed on social media as well places of worship. Man seems to have realized his mistake of drifting away from his Creator. Let us hope and pray that this change is not transitory and fear of Covid-19 is replaced by fear of

God. A general revival of higher levels of spirituality in life should logically result in the society adopting higher moral values. This should also bring down crime levels in the society.



Covid-19 Crisis – Policy Options

In the given uncertain circumstances, the following recommendations are being presented as some of Pakistan's policy options in various arenas, both international and domestic.

1. Diplomacy and International Relations

1.1 Support all global efforts to combat Covid-19 pandemic while promoting collective efforts in this regard at regional forums such as Organization of Islamic Cooperation, South Asian Association for Regional Cooperation, Economic Cooperation Organization, etc.

1.2 Consider innovative ways and capacity building of foreign service officials for virtual diplomacy which is required by the country at all levels in the absence of physical meetings.

1.3 Make efforts to improve economic diplomacy, especially in view of the expected economic difficulties and global recession.

1.4 Build a strong relationship with Pakistani expatriates who are seen only as a source of foreign exchange and funding during times of crises. The government should play a proactive role now that they themselves are in need of help. The operation to repatriate thousands of nationals from abroad deserves more attention and its speed should be accelerated.

1.5 Make all-out efforts to highlight the plight of people of Indian Occupied Kashmir and the anti-Muslim policies of Indian government, especially attitude of the pro-government Hindu extremists towards Indian Muslims, during the current pandemic.

2. Strategic Arena

2.1 The security dynamics are changing from physical and ideological to the subtler, soft and porous frontiers of hybrid, microbiological and human chain epidemic reactions. Pakistan's strategy should be unconventional deterrence for war avoidance. The deterrence should be forward poised and anchored on border obstacles while strategies and doctrines should be reshaped to fight short, intense and multi-directional limited wars.

2.2 Human life should be prioritized by carving out new health strategies with intense budget allocations. Research centers, indigenization of medicines and electro-medical equipment and naturalization of

medical facilities should be strategic health undertakings.

2.3 The government must be visionary enough to be prepared and stocked to detect and stop future threats. For this to happen the National Disaster Management Authority has to be more potent and broad-based.

2.4 Every country is ready to invest more in research, protective measures, human tools and expertise against the coronavirus. It must be kept in mind that the nation which is able to take the lead in this regard will be able to survive in any future crisis.

2.5 Think tanks should be encouraged to present their research and studies to the decision makers for more coordinated and well-structured efforts towards short-term and long-term planning.

3. Social and Food Security

3.1 Exploit the barren lands of Balochistan, coastal belt and deserts in Sindh for agriculture growth and expand agro-based industry towards food security processing and preservation. Agriculture production should be more organic than hybrid and farming should be naturalized rather than going for a mutation process.

3.2 Carry out a nation-wide survey and mapping of the population and broad census covering multiple aspects of the demographic complexion to determine strategies for the social sectors, urban and rural planning, administrative arrangements and crisis management both at the micro and macro levels. In this regard, small units or administrative pockets are more viable and have a more targeted approach.

3.3 Set up a national database for identification of calamity prone areas, vulnerable communities, and threat profiling so as to devise strategies for targeted approach, disaster management and resource allocation.

3.4 Future planning of urban centers should be such that there is a natural compartmentation so that there could be more efficient management. Large-scale migration from villages and occupation of agriculture-

based land by real estate developments should be checked and balanced to stop ingress.

3.5 Synchronize all social, business and educational activities with the human clock. Natural time zone activity based strategies should be prepared and implemented.

4. Domestic Economy

4.1 The industrial base should be reoriented to serve a dual or triple purpose. The industries should be technically viable to switch from production of one type of goods to another according to the need of the time such as the current pandemic.

4.2 Logistical problems in international trade and shipping caused by Covid-19 disruption pose a considerable risk to the country's energy supply line in an emergency situation. This should act as a motivating factor to expedite development of domestic sources of renewable energy and oil and gas.

4.3 The pandemic has thrown up some small employment opportunities, particularly in the manufacturing of personal protective equipment (PPE), face masks, hand sanitizers and indigenous low-cost ventilators, though the latter are still at the prototype stage. Some of these products could find export markets if the government provides some incentives.

5. Maritime Economy

5.1 Pakistan can save \$5-\$6 billion annually in the domain of freight charges by assigning its shipments to PNSC, the organization which has been earning Rs2.5 billion profit annually for the last 20 years.

5.2 Keeping in view the exceptional performance of PNSC, the government should work on enhancement of its fleet which would result in savings of billions of dollars to the country.