

PREFACE

Islamabad Policy Institute is proud to present this year's report Pakistan Outlook 2021 – Politics, Economy & Security. The report analyzes important trends in an effort to help the readers understand the happenings in the country, and how those could affect the events in the year ahead.

We had, in our inaugural edition last year, given an in-depth analysis and forecast of the political, foreign policy, security, and economic trends in the country. New additions in this year's edition are overviews of the energy and public health sectors.

The various issues discussed in this report have been explored through both domestic and international lens by the experts, who have contributed to this report.

Year 2020 has rightly been described as the lost year because of the COVID-19 pandemic. The year has been defined by the disruptions in the routine lives, the resulting economic losses and the deaths it caused. Pakistan luckily escaped the worst partly because of younger population, climate, and some aggressive containment measures.

However, Pakistan's external security environment remained very challenging particularly because of unabated tensions with India, while domestically political polarization, and sectarian and communal strife intensified. Challenges in the energy sector, be it the June 2020 Petrol Crisis, gas shortage, or the mounting circular debt, kept reminding us of the structural reforms that are yet to be implemented in these sectors.

The path to recovery would not be easy. Shadows of 2020 would hang over 2021. The clearest and surest route out of the acute phase of the pandemic is in the availability of the vaccine, which in our assessment may not be possible on a mass scale before the second part of the year. Besides, the challenge of timely procuring the vaccine, the government would have to ensure the ability to handle the vaccine's more onerous cold chain requirements.

Economic recovery during 2021 would remain slow and prone to shocks and hidden vulnerabilities. Prospects of job growth, therefore, aren't too bright either.

Political stability in the country would remain under stress because the government and opposition have still not been able to develop a spirit of accommodation and compromise for each other. However, there is no imminent threat to the Pakistan Tehrik-e-Insaf government.

On the external front, little improvement is expected in relations with India. Meanwhile, a review of policy on Gulf and Middle East is likely after last year's developments in the region, but no largescale changes are expected. One of the major priorities for the government would be to engage with Biden administration especially with regards to preparing for a post-Afghan peace process bilateral engagement.

Digitalization was taking place at a very rapid pace even before the onset of the pandemic, but it has accelerated in an unprecedented manner because of social distancing enforced by COVID-19 including greater work from home. This phenomenon is only likely to grow further. Therefore, there would have to be greater focus on cyber-security.

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Finally, we would like to thank the readers for their interest in the report and we encourage you to continue to send us your invaluable feedback and ideas for further improvements in it.

Syed Muhammad Sajjad Shabbir
Executive Director