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PAKISTAN'S MOMENT: WAR, DIPLOMACY, AND THE ISLAMABAD CHANNEL



PAKISTAN MUSLIM LEAGUE - NAWAZ
RESEARCH AND POLICY PLANNING UNIT

FROM THE EDITOR'S DESK

Dear Readers,

The ongoing US–Israel–Iran conflict has already demonstrated how quickly modern warfare can escape its initial objectives and produce consequences far beyond the battlefield. What began as a targeted military campaign has evolved into a multi-layered crisis — military, economic, and geopolitical — whose effects are being felt well beyond the immediate theatre. The longer this trajectory continues, the greater the risk that escalation becomes structural rather than episodic, drawing in additional actors and closing off pathways to de-escalation.

One of the clearest lessons from the past weeks is the fragility of assumptions underpinning contemporary deterrence. Advanced military systems have not prevented sustained retaliation, nor have they insulated critical infrastructure from disruption. Instead, the conflict has revealed the vulnerability of interconnected systems — energy supply chains, shipping routes, financial markets — on which the global economy depends. The strain on these systems is no longer hypothetical; it is already visible in rising costs, disrupted trade flows, and mounting uncertainty in global markets.

For states in the wider region, the risks are even more immediate. Prolonged conflict raises the likelihood of miscalculation, unintended escalation, and spillover across borders. It also intensifies internal pressures, from economic stress to social fragmentation, particularly in countries with complex domestic fault lines. In such an environment, the distinction between external conflict and internal stability becomes increasingly blurred.

A negotiated pathway, therefore, is not a concession to weakness but a recognition of strategic reality. The objective is not to resolve all underlying disputes in a single framework, but to stabilise the situation sufficiently to prevent further deterioration. Even limited agreements — on ceasefire maintenance, maritime security, or communication protocols — can serve as building blocks for broader engagement.

The alternative is a continued cycle of escalation in which each round of action produces diminishing strategic returns and increasing systemic costs. History offers ample evidence that wars prolonged beyond their initial logic rarely deliver decisive outcomes; they instead reshape regions in ways that are difficult to control and costly to reverse.

The present moment, fragile as it is, still offers an opening. Preserving and expanding that opening through sustained diplomatic engagement is not merely desirable — it is necessary.

Sincerely,
Saira Bano
Editor-in-Chief

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Rana Mashhood Ahmad Khan, Saira Bano, Attaullah Tarar, Badar Shahbaz



PAKISTAN'S MOMENT: WAR, DIPLOMACY, AND THE ISLAMABAD CHANNEL



RANA MASHHOOD AHMAD KHAN

In late February 2026, the United States and Israel launched Operation Epic Fury, a large-scale assault aimed at crippling Iran's nuclear and military leadership, striking over 1,250 targets within forty-eight hours, including an elementary school full of children, and killing Supreme Leader Ayatollah Ali Khamenei. Iran responded swiftly with a coordinated and sustained campaign of ballistic missile and drone attacks on Israeli cities and American bases across the Gulf, demonstrating significant preparedness and operational depth. By the fourth week, many global assessments indicated that Iran had held its ground militarily and leveraged its control over the Strait of Hormuz to exert substantial pressure on the global economy, complicating efforts by its adversaries to achieve a decisive outcome.

THE ECONOMIC AFTERSHOCKS

The Strait of Hormuz, through which roughly one-fifth of global oil supplies pass, became the central pressure point of the conflict when Iranian forces

effectively disrupted tanker traffic in its opening days, sending shockwaves through the global economy. Oil prices surged sharply, but the crisis extended far beyond energy markets. Significant damage to Qatar's energy infrastructure, including Ras Laffan Industrial City and key transport hubs like Hamad International Airport, triggered widespread disruption across global supply chains, exposing the vulnerability of interconnected systems.

The downstream effects quickly spread across critical sectors. Shortages in petrochemical feedstocks began to affect pharmaceutical production, while disruptions to fertiliser supplies threatened agricultural output and food security, particularly in developing countries. At the same time, heightened risks in the Gulf drove up shipping insurance costs and forced major trade

“ THE ACHIEVEMENT WAS NOT AGREEMENT, BUT THE DIALOGUE ITSELF. ”

“ PAKISTAN STEPPED INTO THE VACUUM LEFT BY TRADITIONAL MEDIATORS WHEN QATAR AND OMAN WERE NO LONGER ABLE TO OPERATE AS NEUTRAL CHANNELS. ”



Prime Minister Muhammad Shehbaz Sharif holds a trilateral meeting with President Recep Tayyip Erdoğan and Amir of Qatar Sheikh Tamim bin Hamad Al Thani on the sidelines of the 5th Antalya Diplomacy Forum. Antalya, 17 April 2026



The Iranian delegation arrives at Nur Khan Air Base in Rawalpindi for the Islamabad Talks. 12 April 2026

rerouting, adding delays and expenses to global commerce. Even as limited traffic resumed through the strait, the conflict fundamentally altered market dynamics, with long-term economic damage and slower global growth widely anticipated.

THE MEDIATOR VACUUM AND PAKISTAN'S ASCENT

In past regional crises, mediation often fell to Gulf states such as Oman and Qatar, whose neutrality and diplomatic agility enabled them to bridge difficult divides. In this conflict, however, both countries were directly affected by Iranian retaliation. Critical infrastructure in Qatar, including facilities linked to American military operations, came under attack, while key Omani ports were also struck. As a result, both states were effectively removed from their traditional intermediary roles, creating a vacuum at a moment of acute escalation. In the absence of credible alternative intermediaries, the responsibility of sustaining communication began to shift toward actors with both the capacity and the incentive to prevent further escalation.

Pakistan stepped into this gap, driven primarily by strategic necessity rather than diplomatic ambition. A destabilised Iran posed immediate risks for Pakistan, including cross-border insecurity, sectarian tensions, and broader regional instability. With a significant Shia population and deep socio-cultural linkages to Iran, any collapse or prolonged chaos across the western border carried potential domestic repercussions. Additionally, security assessments highlighted the risk of a fragmented Iran becoming a staging ground for hostile activity, potentially compounding pressures across multiple fronts. These considerations made active diplomatic engagement imperative.

At the same time, Pakistan had to carefully manage its longstanding security relationship with Saudi Arabia, which had itself been targeted during the conflict. Despite these sensitivities, there appeared to be an understanding in Riyadh that Pakistan's mediation efforts were aligned with wider regional stability and did not undermine bilateral ties.

Pakistan's effectiveness as a mediator stemmed from a convergence of relationships that allowed it to



Prime Minister Muhammad Shehbaz Sharif meets US Vice President JD Vance on the sidelines of the Islamabad Talks. Islamabad, 11 April 2026

engage all sides with credibility. Direct channels with the United States enabled high-level communication at a critical juncture, while longstanding ties with Iran — including diplomatic representation of Iranian interests in Washington — provided institutional familiarity and trust. Simultaneously, deep economic, military, and diaspora linkages with Gulf states allowed Pakistan to maintain credibility across the Arab world. Broader relationships with countries such as Turkey, China, and Central Asian states further enhanced its diplomatic reach, enabling it to align positions and build support for a negotiated process. This combination positioned Pakistan among the few actors able, at that moment, to engage all sides with credibility and facilitate a structured dialogue.

The mediation effort itself was coordinated across Pakistan's civilian and military leadership, including Prime Minister Shehbaz Sharif, Chief of Defence Forces Field Marshal Asim Munir and Deputy Prime Minister and Foreign Minister Ishaq Dar. Political outreach, security engagement, and diplomatic management were conducted in parallel, allowing Pakistan to facilitate indirect talks and sustain momentum toward de-escalation. This whole-of-state approach enabled Islamabad to position itself at the centre of the diplomatic process at a time when few other actors were able to operate across all sides simultaneously.

In the weeks preceding the Islamabad talks, Pakistan was already deeply embedded in intensive regional consultations. It participated in high-level engagements in Saudi Arabia and hosted a quadrilateral meeting in Islamabad involving the foreign ministers and senior officials of Saudi Arabia, Türkiye, and Egypt, designed to coordinate positions on de-escalation ahead of direct US–Iran engagement

“ PAKISTAN'S DIPLOMATIC ENGAGEMENT EXTENDED BEYOND ISLAMABAD, INVOLVING SUSTAINED SHUTTLE DIPLOMACY ACROSS RIYADH, ANKARA, AND TEHRAN TO PRESERVE THE FRAGILE CEASEFIRE FRAMEWORK BEFORE AND AFTER THE FIRST ROUND OF TALKS. ”

THE ISLAMABAD TALKS: OPENING THE OFF-RAMP

On 11–12 April 2026, Islamabad hosted the first structured round of indirect US–Iran talks since 1979 at the Serena Hotel, with Vice President JD Vance leading the American delegation and Speaker Mohammad-Bagher Ghalibaf representing Iran. Pakistan acted as the sole mediator, facilitating nearly 21 hours of indirect engagement on key issues including the Strait of Hormuz, sanctions relief, nuclear constraints, and broader regional de-escalation. The round was not designed to produce a formal agreement; rather, its purpose was to test whether a viable ceasefire framework and negotiating channel could be sustained. Although no document or MoU was signed, both sides informally agreed to maintain the ceasefire and continue engagement with the mediator.

Following this initial breakthrough, Pakistan intensified regional diplomacy to stabilise the process. The Prime Minister undertook high-level visits to Saudi Arabia, Qatar, and Turkey, while the Chief of Defence Forces, Field Marshal Asim Munir, engaged directly with the Iranian leadership. These parallel



Foreign Ministers of Saudi Arabia, Türkiye, and Egypt arrive in Islamabad for the second round of consultations on the regional situation. 29 March 2026

efforts helped reinforce confidence in the ceasefire mechanism and secure continued political buy-in from key regional stakeholders.

Only after these diplomatic consultations did preparations for a second round of talks begin in Islamabad. Despite mixed public signalling and lingering mistrust between Washington and Tehran, backchannel communication has remained active and increasingly structured. As a result, both sides are now expected to reconvene in Islamabad in the coming days, with Pakistan continuing to play a central coordinating role in preserving momentum and preventing the collapse of the fragile diplomatic track.

THE ROAD AHEAD

Pakistan has done what Pakistan does best when given the opportunity and when its vital interests are engaged. We have leveraged our strengths — our relationships, our geography, our institutional memory, and our strategic position — to open a space where warring parties can take an off-ramp from catastrophe.

We have not imposed a solution. We have not dictated terms. We have not presumed to tell great powers how to resolve their differences. We have simply provided a venue, a channel, and a credible guarantee that what is said in Islamabad will be conveyed accurately

and received seriously. We have demonstrated that a nation often defined by its perceived weaknesses can, when the moment demands, summon its deepest strengths to serve the cause of peace.

The world economy, battered and scarred, breathes a tentative sigh of relief. The Strait of Hormuz, though still tense, sees the first cautious movements of commercial traffic. The spectre of a wider regional war, a conflagration that could have drawn in multiple states and non-state actors, has receded, at least for now.

But the work is not complete. The ceasefire is fragile. The gaps between the parties remain wide. The second round of talks will test the limits of diplomacy as severely as the first, and perhaps more so, as the parties move from establishing a process to grappling with substance.

Pakistan has built the bridge. We have illuminated the off-ramp. We have shown the world that even in its hour of deepest peril, a path to understanding exists. The ball is now in the courts of Washington and Tehran. How they play it will determine whether the Islamabad talks become a footnote in a continuing war or the first chapter of a more stable Middle East ■

Rana Mashhood Ahmad Khan is the chairman of the Prime Minister's Youth Programme.



PAKISTAN'S ECONOMIC PERFORMANCE

A DATA-DRIVEN ASSESSMENT



DR RANA KHALID MEHMOOD

Pakistan's macroeconomic performance over FY2025 and FY2026 reflects a statistically verifiable transition from stabilisation to recovery. During FY2025, macroeconomic imbalances — particularly high inflation, external account stress, and fiscal pressures — necessitated policy tightening. As a result, FY2026 (Jul–Mar) shows measurable improvements: inflation declined to 5–6 per cent, GDP growth reached 3.7 per cent in Q1, and the current account recorded a marginal surplus of \$8 million. These outcomes are supported by coordinated fiscal and monetary policy, reflecting improved policy management under challenging global conditions.

INFLATION: A MAJOR POLICY ACHIEVEMENT

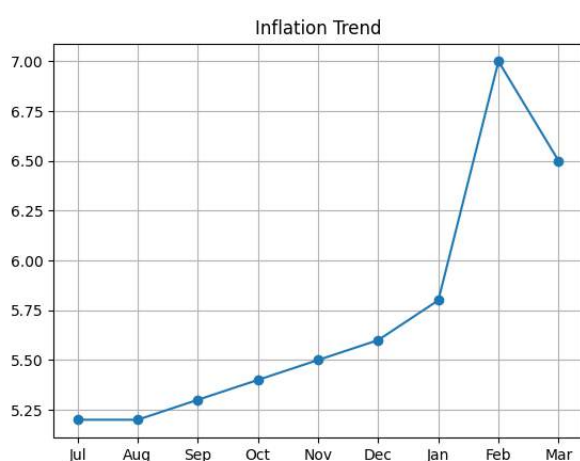
Inflation declined significantly, averaging 5.2 per cent during Jul–Dec FY2026 and 5.5 per cent during Jul–Feb, while YoY inflation stood at 7.0 per cent in February 2026. This disinflation reflects the impact of a 10.5 per cent policy rate, ensuring a positive real interest rate of approximately 4–5 per cent. The stabilisation of prices has reduced demand-side pressures and improved purchasing power, indicating effective inflation control. Continued policy discipline will be important to sustain this trend.

ECONOMY

As shown in Table 1, inflation remained within a relatively narrow band during FY2026, indicating stabilisation following the volatility of the previous year.

Period	Inflation
Jul–Dec FY26	5.2%
Jul–Jan FY26	5.2%
Jul–Feb FY26	5.5%
Feb 2026	7.0%

Table 1: Inflation Trend | Source: MoF



MONETARY POLICY

The policy rate remained at 10.5 per cent throughout FY2026, implying a positive real interest rate of approximately 4.8 percentage points based on average inflation of 5.2–5.5 per cent (Jul–Feb). This real rate differential appears to have contributed to the moderation in inflation to mid-single-digit levels during the fiscal year.

On the financial side, lower inflation reduced the erosion of real returns on deposits, supporting deposit mobilisation and liquidity expansion within the banking system. This, in turn, contributed to a pickup in private sector credit demand, particularly for working capital financing.

Monetary transmission is also reflected in real sector outcomes. Despite a restrictive stance, LSM growth accelerated from 4.8 per cent (Jul–Dec) to 5.8 per cent (Jul–Feb), while GDP growth reached 3.7 per cent in Q1 FY2026. This suggests that the monetary stance remained sufficiently tight to contain inflationary

pressures while allowing output expansion in key sectors, particularly manufacturing.

ECONOMIC GROWTH

GDP growth reached 3.7 per cent in Q1 FY2026, reflecting a recovery from the low-growth environment of the previous year. However, the sectoral composition indicates that growth remained uneven, with industry emerging as the primary driver. The industrial sector expanded by 9.4 per cent, significantly outpacing agriculture (2.9 per cent) and services (2.4 per cent). As shown in Table 2, this divergence suggests that the recovery has been industry-led rather than broad-based.

Within the industry, LSM growth increased from 4.8 per cent (Jul–Dec) to 5.8 per cent (Jul–Feb), indicating sequential strengthening. Disaggregated indicators reinforce this trend: automobile production increased by 56 per cent, while trucks and buses output rose by 89 per cent, pointing to improved transport demand, logistics activity, and capital utilisation.

In contrast, agricultural growth remained moderate, likely reflecting structural constraints, while growth in services suggests a lagged response to improvements in the real economy. Sustaining higher growth will require broader sectoral expansion beyond industry.

Sector	Growth
Agriculture	2.9%
Industry	9.4%
Services	2.4%
GDP	3.7%

Table 2: GDP Growth | Source: SBP

EXTERNAL SECTOR PERFORMANCE

The current account recorded deficits of \$737 million in Q1 and \$624 million in Q2 FY2026, resulting in a cumulative deficit of \$1.36 billion during the first half of the fiscal year. This position reversed in Q3, which posted a surplus of \$1.369 billion, bringing the cumulative balance to a marginal surplus of \$8 million during Jul–Mar.

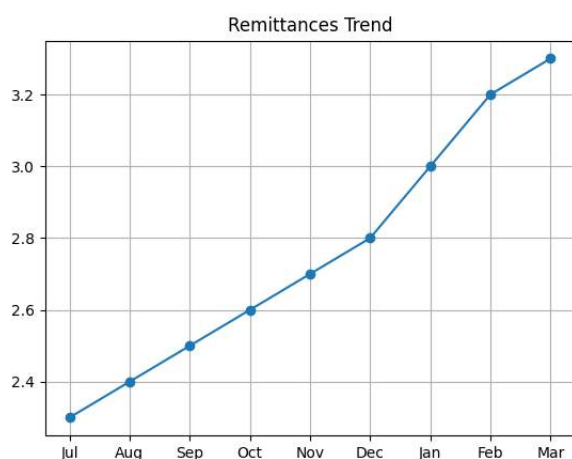
The adjustment was largely concentrated in Q3, particularly in March 2026, which recorded a surplus

of \$1.07 billion. This pattern indicates that the improvement in the external balance occurred toward the latter part of the period rather than as a gradual progression.

Remittance inflows appear to have played a key role in this adjustment, particularly in Q3, while exports remained relatively stable and supportive. On the import side, the shift from deficit to near balance suggests a degree of containment in external outflows. Overall, the data indicate a shift from deficit to near balance within FY2026, although the sustainability of this adjustment will depend on continued inflows and import management.

Indicator	Value
Current Account	+ \$8m
Q1	-\$737m
Q2	-\$624m
Q3	+ \$1.369bn
March	+ \$1.07bn

Table 3: External Sector | Source: SBP



EXTERNAL FINANCING RESILIENCE

Pakistan’s external financing position during FY2026 reflects measured resilience under significant repayment pressures, supported by timely inflows and effective liquidity management. During the period,



the country met \$1.3 billion in Eurobond maturities while managing additional external obligations of approximately \$3.5 billion payable to the UAE.

Despite these outflows, stability was supported by financial inflows, including \$2 billion from the Kingdom of Saudi Arabia (April 2026), which helped ease pressure on foreign exchange reserves. As a result, reserves remained around \$20.5 billion, indicating that external financing requirements were managed without triggering balance-of-payments stress.

Viewed alongside the current account improvement to an \$8 million surplus (Jul–Mar FY2026), these developments suggest that stability was achieved through a combination of inflows, controlled outflows, and improved external account performance. This reflects strengthened external debt management and continued support from bilateral partners.

FISCAL PERFORMANCE

Fiscal performance showed improvement, with a surplus of 0.4 per cent of GDP and a primary surplus of 3.2 per cent. Revenue growth remained around 9–10 per cent, reflecting continued fiscal consolidation.

“ PAKISTAN’S MACROECONOMIC PERFORMANCE REFLECTS A TRANSITION FROM STABILISATION TO RECOVERY, SUPPORTED BY COORDINATED FISCAL AND MONETARY POLICY. ”



“ INFLATION DECLINED TO THE 5–6 PER CENT RANGE, SUPPORTED BY A POSITIVE REAL INTEREST RATE AND SUSTAINED POLICY DISCIPLINE. ”

The primary surplus is particularly significant as it indicates the government’s ability to meet non-interest expenditures through its revenues, aligning with broader stabilisation objectives. Sustaining fiscal discipline will remain important to support macroeconomic stability and manage debt dynamics.

Investment & financial sector

Foreign Direct Investment (FDI) inflows reached approximately \$1.2 billion during Jul–Feb FY2026, indicating a gradual recovery in capital inflows. These were primarily concentrated in energy, manufacturing, and infrastructure.

The Pakistan Stock Exchange also recorded strong performance, with the KSE-100 Index crossing 184,000 points — among the highest levels in its history. This reflects improved investor confidence in a stabilising macroeconomic environment.

Banking sector indicators show improved liquidity conditions, supported by lower inflation and stabilised macroeconomic variables. This facilitated a gradual increase in private sector credit, indicating improved borrowing capacity and reduced financial uncertainty.

Global risks

Brent crude oil prices remained elevated within the range of \$104.66–\$106.11 per barrel (March 2026), driven by geopolitical tensions between the United States and Iran. For Pakistan, higher oil prices increase import payments and exert pressure on the external account.

While the current account recorded a marginal surplus during Jul–Mar FY2026, sustained high oil prices could widen external imbalances. Continued policy vigilance will therefore be required to manage external risks.

CONCLUSION

Pakistan’s economy has transitioned toward recovery, as reflected in key macroeconomic indicators during FY2026. Inflation declined to the 5–6 per cent range, GDP growth reached 3.7 per cent in Q1, and the current account shifted from deficits in the first half to a marginal surplus of \$8 million during Jul–Mar. Fiscal performance also improved, with a surplus of 0.4 per cent of GDP and a primary surplus of 3.2 per cent, while foreign exchange reserves remained around \$20.5 billion despite external repayment pressures.

These indicators collectively point to measurable macroeconomic stabilisation, supported by improvements in price stability, growth momentum, fiscal discipline, and external account management. Sustaining this recovery will depend on broadening growth across sectors, maintaining policy discipline, and managing external vulnerabilities ■

Dr Rana Khalid Mehmood holds a PhD in Economics and is the focal person for overseas Pakistanis at the Prime Minister’s Youth Programme (PMYP).



WHERE DAUGHTERS RISE, NATIONS THRIVE



SAFDAR ALI DANISH

The evolving landscape of women's empowerment in Punjab has gained remarkable momentum under the leadership of Maryam Nawaz Sharif. Her government has placed women at the centre of policy-making, not merely as beneficiaries but as active contributors to governance, economy, and social transformation. This shift reflects a broader vision: a Punjab where women are visible, valued, and empowered across all sectors of life.

Historically, the role of women has often been underestimated, encapsulated in Hamlet through the phrase "Frailty, thy name is woman." However, the contemporary reality of Punjab stands as a compelling rebuttal to this outdated notion. The rise of a female chief minister, coupled with the growing presence of women in administration, law enforcement, and public service, dismantled this stereotype. Today,

Punjab's women embody resilience, leadership, and excellence, proving that strength, not frailty, defines their identity.

This year's Women's Day celebrations in Punjab reflected a new social reality where women are breaking barriers and redefining possibilities. From

“ THE GOVERNMENT HAS ALLOCATED FUNDS FOR THE ESTABLISHMENT OF DAYCARE CENTRES IN ALL PUBLIC SECTOR INSTITUTIONS TO SUPPORT WORKING MOTHERS, ENABLING THEM TO BALANCE PROFESSIONAL AND PERSONAL RESPONSIBILITIES WITH DIGNITY. ”

“ ACROSS PUNJAB, FEMALE DEPUTY COMMISSIONERS, EDUCATION CEOS, AND POLICE OFFICERS ARE DEMONSTRATING ADMINISTRATIVE COMPETENCE, TRANSPARENCY, AND PUBLIC-CENTRED GOVERNANCE. ”



Newly inaugurated day-care centre at the University of Home Economics in Lahore.

classrooms to corporate offices, from sports arenas to law enforcement institutions, women are stepping forward with confidence and determination.

A defining feature of this transformation is the emphasis on education. Under the Honhaar Scholarship Programme, a significant majority of scholarships have been secured by girls purely on merit. Their achievement is a testament to their talent, resilience, and intellectual capability. As rightly emphasised by the Chief Minister, with even minimal support, these young women have the potential to conquer the world. The message is simple yet powerful: dream big, and the state stands ready to help turn those dreams into reality.

Beyond education, women are increasingly visible in administrative leadership. Across Punjab, female deputy commissioners, education CEOs, and police officers are demonstrating administrative competence, transparency, and public-centred governance. Their presence not only enhances institutional performance but also inspires a new generation of young girls to envision themselves in positions of authority.

The government's commitment to women's empowerment extends into sports and physical development. Addressing the inaugural ceremony of the Pink Games, the Chief Minister encouraged youth — especially girls and women — to actively participate in sports. The participation of more than 3,400 female athletes symbolises a vibrant and

confident Punjab, where women are encouraged to excel not only academically but also physically and socially. This initiative sends a strong message that empowerment is holistic, encompassing both mental and physical strength.

Social welfare initiatives further reinforce this commitment. Under the Dhee Rani Programme, mass wedding ceremonies have been organised to support underprivileged families. A notable event in Sargodha brought together 156 couples, including individuals from minority communities and persons with disabilities. Each couple received financial assistance through ATM cards worth Rs200,000, enabling them to begin their married lives with dignity. Such initiatives reflect a compassionate governance model that prioritises inclusivity and social justice.

Women's safety remains a central pillar of the government's policy framework. Innovative measures such as the introduction of panic buttons on roads and the establishment of Virtual Women Police Stations have significantly enhanced security. These initiatives ensure that women can pursue their ambitions without fear.

Economic empowerment and mobility have also been prioritised. Programmes such as e-bikes for women have provided them with greater independence and access to education and employment opportunities. Due to the government's encouragement and facilitation, we now frequently see women and young girls riding bikes on the streets.



Chief Minister Punjab Maryam Nawaz with women cadets at the passing-out parade at Chung Police Training College, April 2024

The government has allocated funds for the establishment of daycare centres in all public sector institutions to support working mothers, enabling them to balance professional and personal responsibilities with dignity. In addition, the government has upgraded working women's hostels throughout Punjab and plans to add more facilities to provide affordable and safe accommodation for working women. These measures collectively address structural barriers that have historically limited women's participation in the workforce.

The introduction of the Punjab Rehmat Card further highlights the government's commitment to social protection. Designed to support widows and orphaned children, this digital welfare initiative ensures that financial assistance reaches vulnerable women and children transparently and efficiently. In its initial phase, more than 40,000 vulnerable families are expected to benefit, reflecting a humane approach to governance.

At the heart of these initiatives lies a transformative vision articulated by the chief minister herself. She has consistently emphasised that no one should underestimate women's potential. Her assertion that women can govern provinces, lead institutions,

manage economies, and serve in law enforcement is not rhetorical; it is increasingly visible in the lived realities of Punjab. Her leadership symbolises not only personal achievement but also collective empowerment.

Reinforcing this vision on Women's Day, she declared that every woman is a leader and every daughter is a dreamer. She positioned herself not merely as the first female chief minister of Punjab but as the voice of every woman who has ever been silenced. This narrative resonates deeply in a society where women are steadily reclaiming their space and redefining their roles.

Today, Punjab stands as a leading province in Pakistan in terms of opportunities available to women in education, development, and leadership. The daughters of Punjab are no longer confined by limitations; they are emerging as leaders, innovators, and changemakers, shaping the future ■

Safdar Ali Danish holds an MPhil in English Literature and is an educationist who writes regularly for Horizon on public policy, education reform, and social development in Pakistan.



US-IRAN TENSIONS A HIDDEN RISK TO PAKISTAN'S REMITTANCE ECONOMY



DR RANA KHALID MEHMOOD

Escalating tensions involving the United States, Israel, and Iran have once again injected uncertainty into the Middle East. While much of the immediate analysis has focused on oil prices and regional security, the implications for labour mobility and remittance-dependent economies such as Pakistan are equally consequential.

For Pakistan, remittances are not merely a source of household income; they constitute a cornerstone of macroeconomic stability, supporting the balance of payments and helping finance the current account deficit. According to the State Bank of Pakistan, remittance inflows reached approximately \$30 billion during the first nine months (July–March) of FY2025–26, keeping the country on track to potentially surpass \$40 billion by year-end. Monthly inflows have

remained robust, hovering between \$3.2 billion and \$3.7 billion in early 2026, with March witnessing a notable surge, partly driven by Ramadan-related transfers. However, a closer examination reveals an emerging structural imbalance that could undermine this stability over the medium term.

Data from the Bureau of Emigration indicates that Pakistan sends abroad an average of around 60,000 workers per month. In March 2026, however, this figure declined sharply to approximately 48,000 —

**“ REGIONAL INSTABILITY IS QUIETLY
RESHAPING LABOUR DEMAND IN
GULF ECONOMIES. ”**

“ A SLOWDOWN IN LABOUR EXPORTS TODAY MAY TRANSLATE INTO WEAKER REMITTANCE GROWTH TOMORROW. ”



a significant contraction within a single month. The timing of this decline amid heightened geopolitical uncertainty warrants closer scrutiny.

The Gulf Cooperation Council (GCC) states, particularly Saudi Arabia, the United Arab Emirates, and Qatar, absorb the bulk of Pakistan’s migrant workforce, primarily in construction, oil and gas, and low- to semi-skilled services. These sectors are highly sensitive to both oil price volatility and broader geopolitical risk.

Periods of regional instability delay infrastructure projects, constrain fiscal spending, and slow private sector expansion, dampening labour demand. Uncertainty also disrupts forward planning, as firms postpone recruitment, governments reassess

development initiatives, and visa processing slows, collectively reducing labour intake.

This creates a paradox. Pakistan’s remittance inflows remain strong, buoyed by its existing overseas workforce and supported by improved formal remittance channels, exchange rate gains and tighter controls on informal transfers. Yet, the pipeline that sustains these inflows — the continuous export of labour — is showing early signs of stress.

The implications of this divergence are not immediate but are nonetheless significant. Remittances follow labour migration with a lag, as new workers begin contributing after several months. If labour exports were to remain at reduced levels, closer to 48,000 rather than 60,000 per month, for a sustained



period, Pakistan could face a measurable decline in incremental remittance growth over the next fiscal cycle.

Such a scenario would carry broader macroeconomic consequences. Remittances play a vital role in financing Pakistan's current account deficit, stabilising the exchange rate, and supporting foreign exchange reserves. A deceleration in inflows would increase external vulnerability at a time when the country remains exposed to global financial tightening and commodity price shocks.

A de-escalation of US–Iran tensions could restore confidence in the Gulf, accelerating activity in construction and energy while leaving tourism and services on a slower recovery path.

Given these uncertainties, Pakistan's policy response must move beyond reactive adjustments and address structural vulnerabilities in its labour export model. The country's heavy reliance on a narrow set of destinations, primarily GCC markets, and a concentration in low-skilled occupations amplifies its exposure to external shocks.

Diversification is therefore imperative, but it must be grounded in realism rather than aspiration. Although Pakistan has intensified its focus on skills development, the key constraint is no longer scale but alignment, ensuring that training meets the language, certification, and sector-specific requirements of destination markets. Similarly, while China presents opportunities under evolving economic corridors, labour mobility there remains constrained by regulatory and linguistic barriers.

In this context, government-to-government (G2G) agreements offer a more structured pathway. The recent arrangement with Italy, envisaging the deployment of 10,500 Pakistani workers over three years, is a step in the right direction. However, scaling such models will require institutional capacity, transparent recruitment mechanisms, and sustained diplomatic engagement.

Equally important is the need to enhance the quality of Pakistan's migrant workforce. Moving up the value chain — from low-skilled to semi-skilled and skilled labour — would not only increase earnings per worker but also improve resilience against cyclical downturns in specific sectors. This calls for closer coordination between technical training institutions, overseas employment agencies, and destination-country requirements.

In conclusion, Pakistan's remittance outlook in the near term remains robust, but underlying trends in labour migration signal emerging risks. The current geopolitical environment has exposed a fundamental vulnerability: the country's dependence on external labour markets that are themselves highly sensitive to global and regional shocks. Bridging the gap between strong present inflows and uncertain future supply will require proactive policy reform, strategic diversification, and a sustained focus on human capital development. Without such measures, today's resilience may give way to tomorrow's fragility ■

Dr Rana Khalid Mehmood holds a PhD in Economics and is the focal person for overseas Pakistanis at the Prime Minister's Youth Programme (PMYP).

ENTREPRENEURSHIP ON AIR



SABA ALI

Pakistan's evolving startup landscape is increasingly shaped by initiatives that aim to connect young entrepreneurs with capital, mentorship, and national visibility. The Prime Minister's Youth Programme (PMYP) has emerged as a central platform in this effort, equipping youth for a technology-driven economy.

A recent addition to this ecosystem is Perfect Pitch, a startup-focused reality television show supported by PMYP in collaboration with the Higher Education Commission. As a nationally broadcast platform, the programme introduces a new format for entrepreneurial engagement by bringing early-stage ventures directly before investors and audiences.

Airing on HUM TV, Perfect Pitch provides selected entrepreneurs the opportunity to present their ideas on national television, competing for financial awards and exposure to industry stakeholders. Structured across two seasons of ten episodes each, the show allocates Rs1 million per episode, while featuring up to 50 startups per season. In doing so, it combines funding support with visibility — two constraints often cited within Pakistan's startup environment.

The scale of interest in the programme is reflected in its first season, which received 465 applications from aspiring founders across diverse sectors. Following a multi-stage evaluation process, 75 startups were shortlisted, with a final cohort of 50 selected by the Project Experts Committee for on-screen participation. This selection process indicates both the demand for such platforms and the level of competition among early-stage ventures seeking exposure.

Production of Season 01 was completed within a short but intensive timeframe in November 2025. The episodes have since undergone post-production and are now prepared for broadcast. Scheduled for weekend prime-time airing, the show is positioned to reach a wide audience through both television and digital platforms, including those associated with PMYP, HEC, and HUM Network Limited.

Beyond its competitive format, the initiative also serves an educational function. By showcasing pitching techniques, business models, and investor feedback, it offers viewers insight into the practical



“ **PERFECT PITCH PROVIDES SELECTED ENTREPRENEURS THE OPPORTUNITY TO PRESENT THEIR IDEAS ON NATIONAL TELEVISION, COMPETING FOR FINANCIAL AWARDS AND EXPOSURE TO INDUSTRY STAKEHOLDERS.** ”

challenges of building and scaling a startup. Its multi-platform dissemination further enhances accessibility, particularly for students and young professionals across the country.

The emergence of such platforms signals a shift in how entrepreneurship is being mainstreamed in Pakistan. Media-driven initiatives like Perfect Pitch can help normalise startup culture and broaden access to networks that were previously limited to smaller, urban business circles. At the same time, their long-term impact will depend on sustained engagement, particularly whether participating startups are able to translate visibility into viable, growth-oriented enterprises.

As Pakistan continues to navigate economic pressures and employment challenges, initiatives that encourage entrepreneurship are gaining relevance. For many young viewers, platforms like Perfect Pitch may serve not only as entertainment but as an entry point into the possibilities of building their own ventures ■

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PICTURE GALLERY



PRIME MINISTER SHEHBAZ SHARIF, ALONGSIDE THE LEADERSHIP OF TURKEY AND QATAR, MEETS ON THE SIDELINES OF THE ANTALYA DIPLOMACY FORUM TO DISCUSS REGIONAL DEVELOPMENTS. ANTALYA, TÜRKIYE. 18 APRIL 2026,



IRANIAN FOREIGN MINISTER ABBAS ARAGHCHI MEETS CHIEF OF DEFENCE FORCES FIELD MARSHAL SYED ASIM MUNIR IN TEHRAN. 16 APRIL 2025



PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF MEETS CROWN PRINCE MOHAMMED BIN SALMAN IN JEDDAH. 16 APRIL 2026



FINANCE MINISTER MUHAMMAD AURANGZEB MEETS ASIAN DEVELOPMENT BANK PRESIDENT MASATO KANDA ON THE SIDELINES OF THE WORLD BANK-IMF SPRING MEETINGS. WASHINGTON, D.C., 16 APRIL 2026



PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF MEETS IRANIAN PARLIAMENT SPEAKER MOHAMMAD BAGHER GHALIBAF DURING THE ISLAMABAD TALKS. ISLAMABAD, 11 APRIL 2026



PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF MEETS US VICE PRESIDENT JD VANCE ON THE SIDELINES OF THE ISLAMABAD TALKS. ISLAMABAD, 11 APRIL 2026



IMF MANAGING DIRECTOR KRISTALINA GEORGIEVA MEETS FINANCE MINISTER MUHAMMAD AURANGZEB AND APPRECIATES PAKISTAN'S ECONOMIC REFORM PROGRESS ON THE SIDELINES OF THE SPRING MEETINGS. 16 APRIL 2026



CHAIRMAN PRIME MINISTER'S YOUTH PROGRAMME RANA MASHHOOD AHMAD KHAN CALLS ON PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF. ISLAMABAD, 7 APRIL 2026



MINISTER MUHAMMAD SHEHBAZ SHARIF CHAIRS A HIGH-LEVEL MEETING TO REVIEW AUSTERITY MEASURES IN LIGHT OF THE REGIONAL SITUATION. ISLAMABAD, 2 APRIL 2026



DIGITAL OPERATOR VEON CEO KAAAN TERZIOĞLU CALLS ON PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF. ISLAMABAD, 1 APRIL 2026



FOREIGN MINISTERS HAKAN FIDAN OF TÜRKIYE AND BADR ABDELATTY OF EGYPT CALL ON PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF. ISLAMABAD, 29 MARCH 2026



SAUDI FOREIGN MINISTER PRINCE FAISAL BIN FARHAN AL SAUD CALLS ON PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF. ISLAMABAD, 29 MARCH 2026



CELEBRATING 5G DIGITAL NATION PAKISTAN
Spectrum Auction License Ceremony
19th March 2026

PRIME MINISTER MUHAMMAD SHEHBAZ SHARIF ATTENDS THE SPECTRUM AUCTION LICENSE CEREMONY. ISLAMABAD, 19 MARCH 2026



PAKISTAN AND CHINA AGREE ON A FIVE-POINT INITIATIVE FOR PEACE AND STABILITY IN THE MIDDLE EAST DURING TALKS BETWEEN FOREIGN MINISTER WANG YI AND DEPUTY PRIME MINISTER ISHAQ DAR. BEIJING, 1 APRIL 2026

Meeting of the Foreign Ministers of Egypt-Kingdom of Saudi Arabia-Pakistan-Türkiye



FOREIGN MINISTERS OF SAUDI ARABIA, TÜRKIYE, AND EGYPT ARRIVE IN ISLAMABAD FOR THE SECOND ROUND OF CONSULTATIONS ON THE REGIONAL SITUATION. 29 MARCH 2026



SAUDI FOREIGN MINISTER PRINCE FAISAL BIN FARHAN AL SAUD HOLDS A COORDINATION MEETING WITH COUNTERPARTS FROM PAKISTAN, TÜRKIYE, AND EGYPT ON THE SIDELINES OF CONSULTATIONS IN RIYADH. 19 MARCH 2026



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